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By:



OAKLAND UNIFIED
SCHOOL DISTRICT

Community Schools. Thriving Students

June 28, 2011

Dear Directors,

During the Board Meeting on Wednesday, June 22, some questions were raised about the proposed budget for the 2011-12 school year. Specifically, you asked staff to create scenarios which would allow for funding of both family literacy and the high school programming outlined in the initial proposal. Furthermore, it was stated that at least one of the alternative scenarios should leave the District's "reserve for economic uncertainty", currently equal to 3 percent of general fund revenues, untouched. In response, staff has drafted two scenarios for you to consider. I am outlining them here so you have time to review prior to the Wednesday, June 29 Board Meeting. These scenarios were developed with the understanding that it would take an additional \$.9 million to restore family literacy and GED programs to the 2010-11 level, as per Director of Adult Education Brigitte Marshall.

Scenario #1

- Fund family literacy and GED programs with \$.9 million from unrestricted general fund reserve monies. This would require reducing the reserve to approximately 2.8 percent from its current level of 3 percent.

Scenario #2

- Leave the unrestricted general fund reserve monies untouched. Instead, use \$.9 million of the \$2.5 million set aside for early retirement in the Adult Ed fund to pay for family literacy. The \$.9 million originally planned for early retirement payments would have to be found through cuts in later years. Please note that our Trustee approved the early retirement plan based on full pay-off of the plan in the 2011-12 budget.

Note: The Districtwide obligation for early retirement payments is distributed over 5 years at a total cost of \$10.4 million

Current Early Retirement Payment Plan

\$6.2 million - Federal Jobs Bill

\$1.7 million - Unrestricted fund balance

\$2.5 million - Adult Ed Beginning Fund Balance

\$10.4 million - Total

As context, it's important to note that our flexibility is severely limited by the calendar and the statutory requirements for noticing employees in the event of potential layoffs. Also, any changes to the budget at this point would prevent us from submitting it to the Alameda County Office of Education (ACOE) by the July 1 deadline, which could result in the County issuing a budget for OUSD [E.C. 42127(d)] or withholding State or County funds from the District [E.C. 42128].

In the interest of developing the best possible budget that both protects the short and long-term interests of the District while addressing Board concerns, I am open to discussing these scenarios and alternative proposals you might suggest. I should make it clear, however, that the State Trustee has advised against making changes to the budget at this late date and expressed particular opposition to scenarios which deplete our reserves. Similarly, I do not recommend the scenarios presented above but, recognizing the complexity of the issue and the need for robust debate, we will consider arguments to the contrary as we navigate our way through these difficult financial times.

Education is still in a state of flux pending the enactment of a state budget. Our budget is "a living document" and can be revised at any time once there is more clarity regarding the state budget, the outcome of the Administrative Law Judge (ALJ) decision on the OUSD compliance audit, and the finalization of the OUSD 2010-11 ending balance. **After conversation with the Superintendent and our Trustee, I strongly recommend the Board adopt the budget as presented and make needed revisions when the state budget is final.**

Sincerely,

Vernon Hal