



OAKLAND UNIFIED  
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# **Governor's May Revise Financial Impact on OUSD**

**Wednesday, May 28, 2008**



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## **Agenda**

- Governor's May Revision Proposal
- Impact on OUSD financial position
- Unrestricted GF Impact on Budget
- Categorical GF Impact on Budget
- Preliminary Strategies

# Governor's May Revision Proposal

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- The May Revision places the state Budget short fall at \$17.2 billion
- No COLA for 2008-09
- 2.4% deficiated Revenue limit rescinded for 2008-09
- Categorical cuts maintained at the January proposal level – (approximate) 12% reduction
- One-time flexibility in selected state categorical funds (2007-08 carry over)

# Governor's May Revision Proposal

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- Increase AB 825 Transfer Levels
- Reduce Reserve for Uncertainty one-half of the required percentage
- Reduce Routine Restricted Maintenance Account (RRMA) funding level from 3% to 2% of GF
- Eliminate state Deferred Maintenance contribution

# Governor's May Revision

## Impact on OUSD

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- The drastic reduction in categorical program funding will remain in 2008-09
- Withdrawal of Proposition 98 suspension proposal. 2.4% revision; deficit factor will be 5.357%. OUSD could receive \$4 to \$5 million in additional revenue
- Flexibility in state categorical funding in the current year could mean that categorical program carryover could be converted to general purpose funds (one-time only with certain categorical program restrictions)

# Governor's May Revision

## Impact on OUSD

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- The RRMA funding requirement reduction from 3% to 2% could provide additional general fund revenues – because this account is linked to custodian and building and grounds staff we are predicting little benefit for OUSD
- The elimination of the state Deferred Maintenance match will reduce the funding by \$2.3 million. We have still budgeted our match.

# Governor's May Revision

## Impact on OUSD

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- For 2008-09 FY reduction in funds for the following programs: K-3 CSR, 9<sup>th</sup> grade CSR, Community Day School, Adult Education, Gifted & Talented, ROP, School Safety, Child Development, Supplemental Hourly programs
- We should plan on budgeting \$2.5 million for Instructional Materials block grant for 2008-09
- Mandated costs will not be funded in 2008-09
- State as deferred the July apportionment until September. District will have to borrow from other funds to cover the temporary shortfall

# Governor's May Revise: Unrestricted GF Impact on Budget

Data below accounts for all known, proposed changes to date

<b>3rd<sup>t</sup> Interim Data, Unrestricted General Fund</b>	<b>2007-08</b>	<b>2008-09</b>
<b>Beginning Fund Balance</b>	<b>\$18,371,084</b>	<b>\$20,524,637</b>
Revenues	\$260,774,872	\$245,983,581
Expenditures	\$258,621,319	\$247,323,380
Net Increase/(Decrease)	\$2,153,553	(\$1,339,799)
<b>Ending Fund Balance</b>	<b>\$20,524,637</b>	<b>\$19,184,839</b>
* 2.4% increase from deficated revenue limit – Gov's Prop. 98 suspension withdrawal		\$4,500,000
Categorical Carryover flexibility (one-time funds)		\$1,500,000
<b>Revised Ending Fund Balance</b>		<b>\$25,184,839</b>



# Governor's May Revise: Categorical GF Impact on Budget

Data below accounts for all known, proposed changes to date

<b>3rd<sup>t</sup> Interim Data, Unrestricted General Fund</b>	<b>2007-08</b>	<b>2008-09</b>
<b>Beginning Fund Balance</b>	<b>26,003,222</b>	<b>5,747,112</b>
Revenues	202,103,844	171,662,365
Expenditures less Contributions	222,359,954	171,235,826
Net Increase/(Decrease)	(20,256,110)	416,538
<b>Ending Fund Balance</b>	<b>5,747,112</b>	<b>6,163,649</b>
*Categorical Carryover funds from May Revise proposal (one-time funds)		3,000,000
<b>Revised Ending Fund Balance</b>		<b>9,163,649</b>

# Governor's May Revision Preliminary Strategies

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## Strategy Team:

- Study the impact of Unrestricted and Categorical budget reductions at school sites
- Review the impact in reductions in critical district-wide operations and services
- Delineate between one-time and on-going revenues and expenditures year-over-year
- Develop strategies to mitigate the impact of the state budget crisis without compromising long-term financial position