



OAKLAND UNIFIED
SCHOOL DISTRICT
Community Schools, Thriving Students

2019-20 Budget Development Process



iam OUSD

Discussion Topics

1. What is guiding our overall budget development process?
2. Why do we need to make budget reductions?
3. What are our options for Budget reductions?
 - a. How have initial projected savings been updated?
 - b. Do we need to reduce school site budgets?
4. What will inform our budget prioritization and decision making?
5. Questions/Comments



What is guiding our overall budget development process?

Our Vision And Mission Ground Us

Vision: All OUSD students will find joy in their academic learning experience while graduating with the skills to ensure they are caring, competent, fully-informed, critical thinkers who are prepared for college, career, and community success.

Mission: To become a **Full Service Community District** focused on high academic achievement while serving the whole child, eliminating inequity, and providing each child with excellent teachers, every day.



Key Principles: Quality, Equity, Access and Fiscal Sustainability

OUSD Governance Theory of Action

Key Principles:

- (1) creating a culture of continuous improvement;
- (2) shared decision-making;
- (3) equity;
- (4) sustainability;
- (5) scalability;
- (6) fiscal and academic solvency; and
- (7) maximizing the potential of every public school student in Oakland.



Built on Key Policies:

Results Based Budgeting ([BP 3150](#)), School Governance ([BP 3625](#)) and Quality School Development ([BP 6005](#), [BP 6006](#)) policies

Priorities and Policies to Guide the Work Ahead

OUSD VISION & MISSION

Where are we going and why?

ORGANIZATIONAL RESILIENCE

Teacher Retention & Recruitment

Leadership Development/
School Governance

BP 5032 Equity Policy

QUALITY COMMUNITY SCHOOLS

BP 6006: City Wide Plan

BP 6005: Quality School
Development

LCAP

FISCAL VITALITY

Fiscal Vitality Plan

AB 1840/AB1200

BP 3150

Results Based Budgeting Policy (BP 3150)

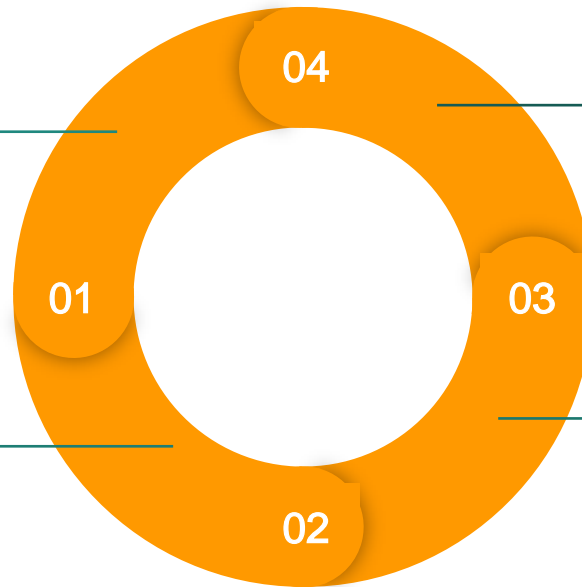
Guiding Principles

01	Continuous Improvement for school quality & student performance	<ul style="list-style-type: none">The allocation and expenditure of OUSD financial resources shall be aligned to the achievement of continuous improvement in school quality and student outcomes.
02	Maximize resources to school sites	<ul style="list-style-type: none">The allocation of OUSD financial resources to schools shall be maximized.
03	Account for varying student needs and neighborhood conditions	<ul style="list-style-type: none">The distribution of OUSD financial resources to schools shall account for varying student needs and neighborhood conditions.
04	Empowered School Governance Teams	<ul style="list-style-type: none">School governance teams shall be empowered to budget and expend OUSD financial resources.
05	Easy to Access Financial Information	<ul style="list-style-type: none">The general public shall have timely access to accurate, comprehensive, and easily comprehensible OUSD financial management information at the school, department, and district-wide levels.

3150 - Align Resources to School Quality and Student Achievement Goals

Adopt School Quality Improvement goals, benchmarks, and priorities

Hold Schools accountable for steady measurable progress on Plans for Student Achievement



Maximize Allocation of Unrestricted General Funds

Hold Central Office Departments Accountable to providing supports to schools based on their site plans

3150- Maximize Unrestricted Revenue to Schools

(Total ~\$415 Million including ~\$77M in S&C)

Note: We are still finalizing the exact numbers for total allocations.
Could change substantially.

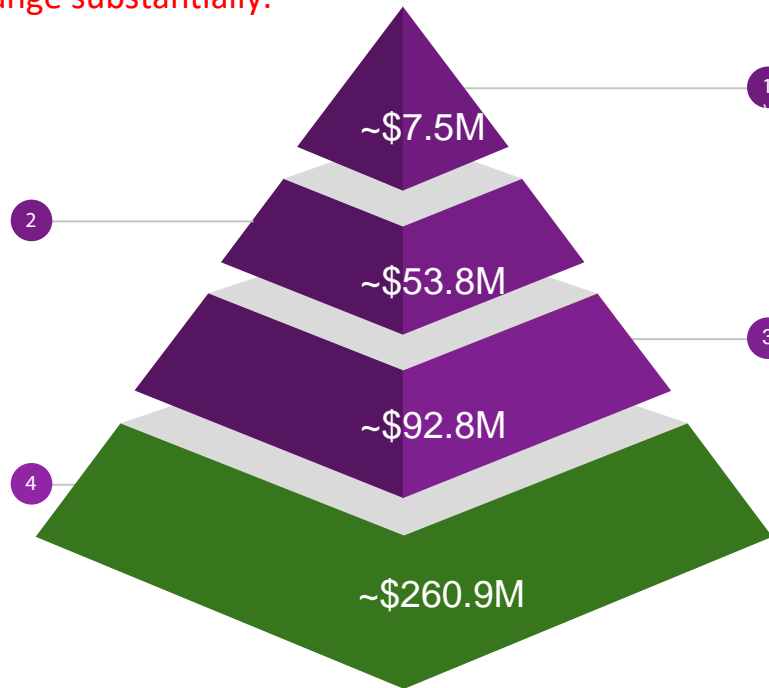
12% for Central Administrative services

12% = **\$49.8 M**. For example:
Indirect admin costs, both
mandatory expenses and
commitments

All Remaining Unrestricted Revenue to School Sites

Based on the projected student
enrollment and the following:

1. Gradespan
2. Free & Reduced Lunch
3. English Learners
4. Foster Care
5. high-stress neighborhoods



Legally Required District-Wide Obligations-

For example: State Loan ~\$6M,
Audit Findings ~\$1.5M, etc.

Specific Services to Schools

Named Services:

1. Special Education
2. Custodial and Buildings & Grounds
3. School Police & School Security Officers
4. School Nurses
5. School Counselors
6. Specified Enrichment Resources (i.e. summer school, music, art)

Budget Development Process



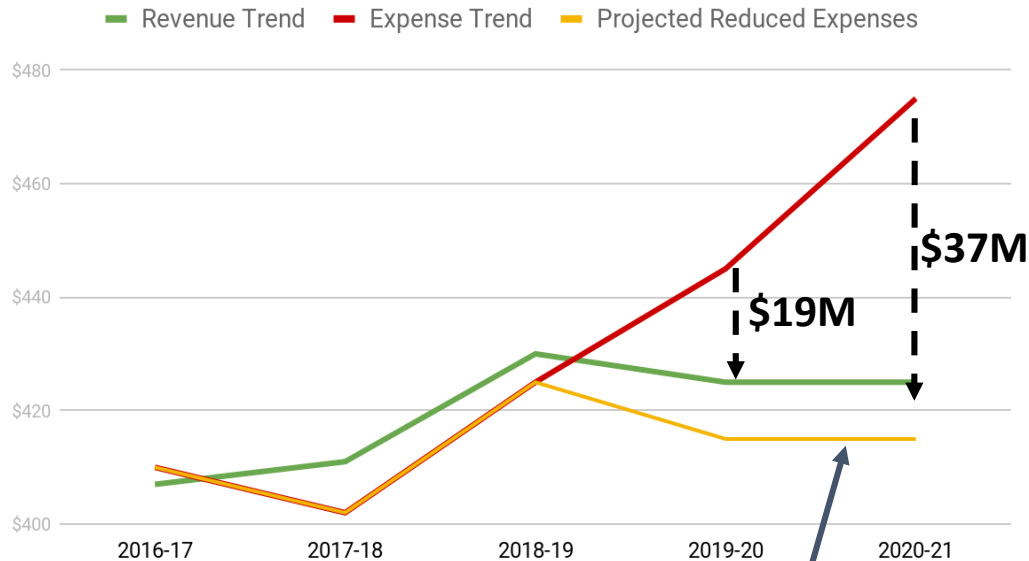
What we need to get real clear on.....

<p>What are our legal obligations?</p>	<p>What are we obligated to provide to students, families, and schools (district core school services and core functions)?</p>	<p>What will we commit to invest in in order to improve our schools based on LCAP; as well as input from students, schools and the community?</p>	<p>How might we reorganize our work to ensure that central office is intently focused on supporting the continuous improvement efforts of our schools and increasing quality of services to schools?</p>
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Why do we need to make reductions?

Expenses Outgrowing Revenue

Unrestricted Revenue vs. Expense (For Illustration Purposes Only)



Further reductions necessary to reach reserve targets

- ⇒ Without changes, Unrestricted Expenses are expected to exceed Revenue by almost \$60M by 2020-21.
- ⇒ To reach Board targets for reserves, Revenue must further exceed Expenses enough to replenish reserves
- ⇒ Expense increases are driven primarily by flat enrollment, charter school growth, increased STRS and PERS pension costs, and special education growth.

FY 2018-19 Adopted Budget Prior to \$30 Mil. Reduction (As Presented at the June 20 Board Meeting)



Ending Fund Balance Only (Unrestricted)	FY 2018-19	FY 2019-20 (Negative Certification)	FY 2020-21
Beginning Balance	\$5,597,721	\$13,692,022	(\$2,907,319)
Increase (Decrease) in Fund Balance	\$8,094,301	(\$16,599,341)	(\$38,884,488)
Ending Balance before Reserve	\$13,692,022	(\$2,907,319)	(\$41,791,807)
Revolving Cash & Stores	150,000	\$150,000	\$150,000
General Fund Reserves	\$13,542,022	(\$2,757,319)	(\$41,641,817)
Reserve % - Prior to \$30 Mil. In Reductions	2.50%	(.53%)	(6.97%)

Plain language

“To see the bigger picture, you have to look at the coming few years. Imagine if you knew that next year your rent will go up, your child is going to start college, and your spouse’s company will start laying off people. If you looked at your finances for only this year, you might be OK, but looking ahead, you’d know that tough times are coming and that you need to get ready. Even after the reductions of the past couple of years, that is where we find ourselves.”

[Connecting with Kyla](#), 10/25/1028



Connecting with Kyla

October 25, 2018



What are our options for Budget reductions?

Update on the Budget Reduction Process

- Budget Reduction Options have been generated and are currently being vetted
- Central Office FTE staffing reductions have been identified by Division Leaders and are currently under review by the Superintendent and CORE for prioritization and recommendation
- Reduction Options have been Reviewed by the District's Budget Advisory Committee
- Recalibration of identified reduction targets are currently underway and may require revision of FTE and Site Discretionary Targets
- Survey's and stakeholder input is being reviewed to help inform prioritization and decision-making
- Public Engagement Process is currently underway
- Incentive Program to Solicit Early Notification of Intent to Retire is Under Review

Our Options

1. Category 1: Increase Revenues
2. Category 2: Implement Costs Savings
3. Category 3: Decrease Spending

*All proposed reductions to districtwide staffing must not directly impact students or core classroom instruction, if possible

*Proposed reduction totals in red are still under review to determine final estimated savings

*The Impact of any recommended staffing reductions will be fully reviewed and impacts fully known



Category 1 - Increase Revenue Possibilities

Options	Recommended 3 Year Target	FY 2019-20 (Year 1)	FY 2020-21 (Year 2)	FY 2021-22 (Year 3)
		Estimated 3 Year Cumulative Revenue		
a. *Facilities Rental Redesign (NRR)	\$3,000,000	\$800,000	\$1,000,000	\$1,200,000
b. Saturday School District-wide Optional Implementation (ADA) (NRR)	\$1,550,000	\$250,000	\$500,000	\$800,000
Total Category 1	\$4,550,000	\$1,050,000	\$1,500,000	\$2,000,000

Note: NR = Negotiation Required / NNR - Negotiation Not Required

DRAFT Category 2 - Cost Savings Possibilities

Options	Recommended 3 Year Target	FY 2019-20 Year 1	FY 2020-21 Year 2	FY 2021-22 Year 3
		Estimated 3 Year Cumulative Savings		
a. Districtwide Telephone Consolidation (NRR)	\$2,150,000	\$150,000	\$1,000,000	\$1,000,000
b. Bell Schedule Redesign (NR)	\$750,000	\$250,000	\$250,000	\$250,000
c. School Consolidations and Closures (NRR)	\$1,300,000	\$0	\$500,000	\$800,000
d. Explore Opportunities to Leverage Restricted Dollars to Support GF (NRR)	\$4,500,000	\$1,500,000	\$1,500,000	\$1,500,000
e. Refinance I-Bank Loan	\$1,000,000	\$1,000,000	\$0	\$0
Total Category 2	\$9,700,000	\$2,900,000	\$3,250,000	\$3,550,000

Note: NR = Negotiation Required / NRR - Negotiation Not Required

Category 3- Decreased Spending Possibilities

(Staffing and program reductions based on weighted criteria)

Options	Recommended 3 Year Target	FY 2019-20 (Yr. 1)	FY 2020-21 (Yr. 2)	FY 2021-22 (Yr. 3)
		Estimated 3 Year Cumulative Savings		
a. Reduce Contracts Districtwide (NNR)	\$3,750,000	\$1,250,000	\$1,250,000	\$1,250,000
b. Reduce Central Staffing and Site Discretionary (NNR)	\$21,000,000 (Central) \$9,000,000 (Sites)	\$7,000,000 \$3,000,000	\$7,000,000 \$3,000,000	\$7,000,000 \$3,000,000
c. Eliminate Vacant Positions Districtwide (NNR)	\$450,000	\$150,000	\$150,000	\$150,000
Sub-Total Category 3	\$34,200,000	\$11,400,000	\$11,400,000	\$11,400,000

Note: NR = Negotiation Required / NNR - Negotiation Not Required

Category 3 Cont. - Decreased Spending Possibilities

(Staffing and program reductions based on weighted criteria)

Options	Recommended 3 Year Target	FY 2019-20 (Yr. 1)	FY 2020-21 (Yr. 2)	FY 2021-22 (Yr. 3)
		Estimated 3 Year Cumulative Savings		
d. Reduce Energy Costs (NNR)	\$1,500,000	\$500,000	\$500,000	\$500,000
e. Consolidate Printing Costs Across the District (NNR) (Savings would be absorbed by the District)	\$4,000,000	\$0	\$2,000,000	\$2,000,000
Sub-Total Category 3	\$5,500,000	\$500,000	\$2,500,000	\$2,500,000
Total Category 3	\$39,700,000	\$11,900,000	\$13,900,000	\$13,900,000

Note: NR = Negotiation Required / NNR - Negotiation Not Required

DRAFT

Estimated Reductions to Date to Reach Target

Options	Recommended 3 Year Target	FY 2019-20 (Yr. 1)	FY 2020-21 (Yr. 2)	FY 2021-22 (Yr. 3)
		Estimated 3 Year Cumulative Savings		
Category 1: Increase Revenues	\$4,550,000	\$1,050,000	\$1,500,000	\$2,000,000
Category 2: Implement Costs Savings	\$2,150,000	\$150,000	\$1,000,000	\$1,000,000
Category 3: Decrease Spending				
- FTE Reductions	\$21,000,000	\$7,000,000	\$7,000,000	\$7,000,000
- Site Discretionary	\$9,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Category 3: Decreased Spending Total	\$30,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Totals to date	\$36,700,000	\$11,200,000	\$12,500,000	\$13,000,000
*Reductions Resolution Target of \$30 Mil. beg. FY 19/20 - Estimated Shortfall		\$18,800,000		

***Additional Reduction Strategies are being developed**

DRAFT Additional Reductions Required to Meet Target

Options	Recommended 3 Year Target	FY 2019-20 (Yr. 1)	FY 2020-21 (Yr. 2)	FY 2021-22 (Yr. 3)
		Estimated 3 Year Cumulative Savings		
Category 1: Increase Revenues	\$4,550,000	\$1,050,000	\$1,500,000	\$2,000,000
Category 2: Implement Costs Savings	\$2,150,000	\$150,000	\$1,000,000	\$1,000,000
Category 3: Decrease Spending				
- Revised FTE Reductions	\$60,480,000	\$20,160,000	\$20,160,000	\$20,160,000
- Revised Site Discretionary	\$25,920,000	\$8,640,000	\$8,640,000	\$8,640,000
Revised Category 3 Total	\$86,400,000	\$28,800,000	\$28,800,000	\$28,800,000
Revised Totals	\$93,100,000	\$30,000,000	\$31,300,000	\$31,800,000
*Reductions Resolution Target Met at \$30 Million ongoing		\$30 Million Target Met		

Central FTE Reductions Increased by \$13.1 Mil. and Site by \$5.6 Mil.

Category 3, Rec B - Current Staffing Reduction and Site Discretionary Targets (Under Review)

Estimated overall reduction target \$10 M. per year beginning in FY 2019-20. Targets as follows by Schools sites/Division:

1. **School Sites:** 30% of overall reductions (or \$3 million)
2. **Central Office Departments:** 70% of overall reduction or \$7 million, as follows:
 - a. **Superintendent Division:** - 14% or \$1,400,000
 - b. **Academic Services Division:** - 28% or \$2,800,000
 - c. **Operations Division:** - 28% or \$2,800,000

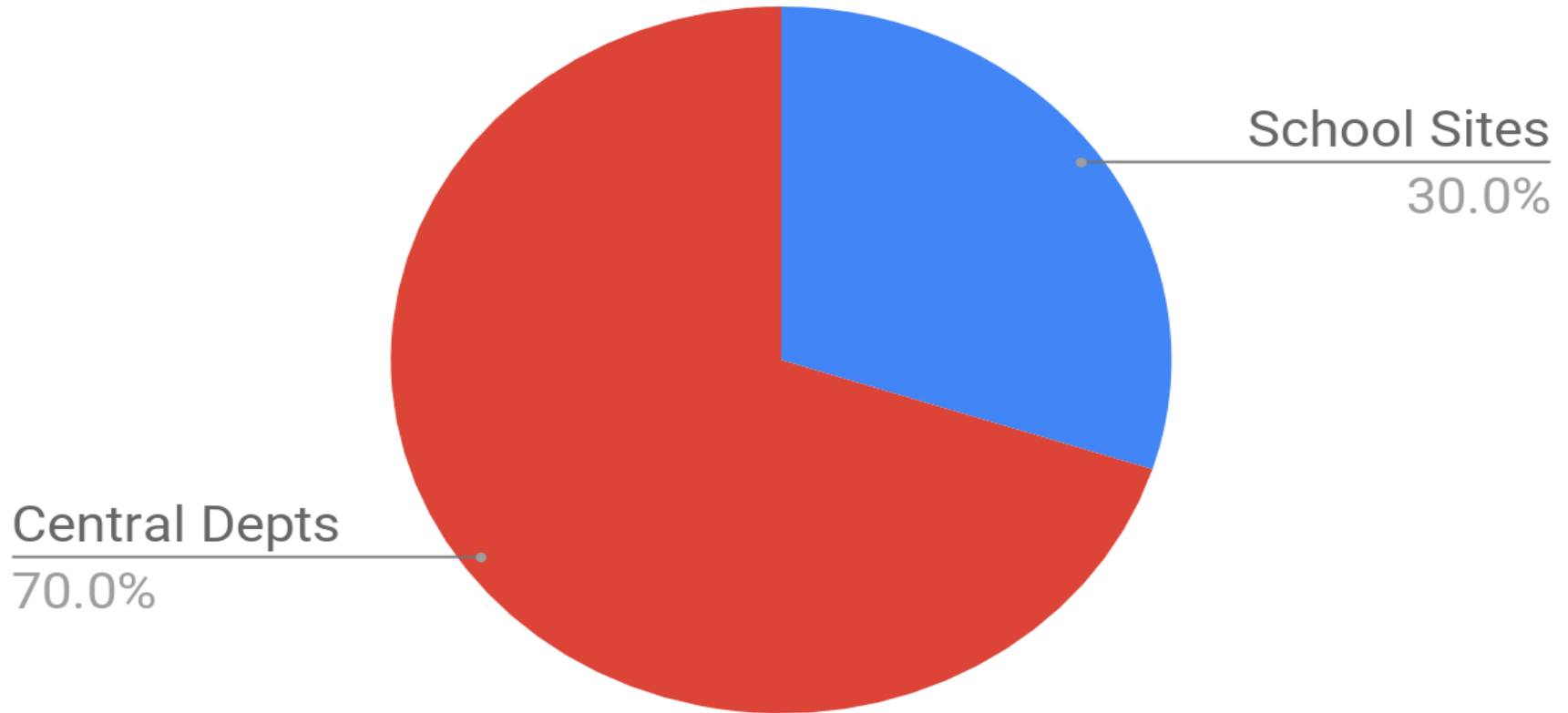
Notes:

*Division Leaders will determine how best to allocate reductions among their departments/offices based on guidance from Board Policy 3150..

* The District will make every attempt to leverage Restricted Dollars where possible to offset proposed FTE reductions

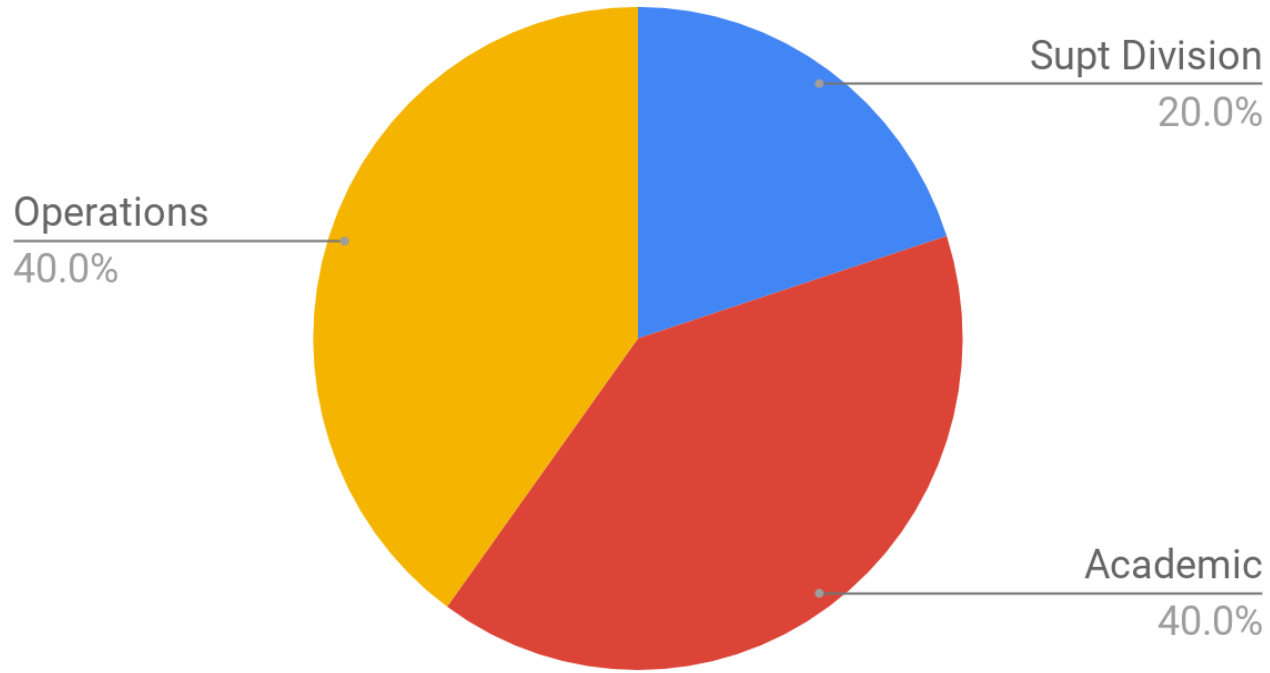


3b. Overall FTE Reduction Targets



3b - Central Dept. Reduction Targets by Division

Target Central FTE reductions



Overall Staffing Reductions Overview

Division	Unrestricted FTEs (Includes S&C)	Restricted FTEs (Exempt)	Unrestricted FTE target reduction
Superintendent	447.4	95.5	10.8
Academics	347.3	465.7	21.5
Operations	114.3	8.5	21.5
School Sites	2,237.4	904.3	???
Totals	3146.4	961	53.8

Note: *Direct reductions of FTE at schools not planned. See per pupil discretionary funding reductions on slide 31. Sites will decide where to reduce spending.



Divisional Targets – Office of the Superintendent

Superintendent:

- 14% of overall reduction
- ~\$1.4 Million or 10.8 FTE Reduction
- Reductions assigned/determined by the Division Chief - Chief Academic Officer
- Note: Reductions will be leveraged with restricted dollars to best extent possible

Site	Department Name	2018-19 Personnel	
		Unrestricted FTE	Restricted FTE
901	Chief of Staff	4.5	1.5
906	Ombudsman	0.0	0.0
918	Facilities Planning	0.0	0.0
929	Office Of Equity	17.5	4.5
940	Board Of Education	10.0	0.0
941	Office Of The Superintendent	5.0	0.0
942	Labor Relations	0.0	0.0
944	Human Resources Services - Talent	46.9	9.4
946	Legal Counsel	7.0	0.0
947	Charter Schools Office (admin)	5.0	0.0
958	Communications	19.5	1.1
988	Buildings & Grounds	9.0	79.0
989	Custodial Services	222.0	0.0
994	OUSD Police Department	101.0	0.0
		447.4	95.5



Divisional Targets – Academic Services

Academic:

- 28% of overall reduction
- ~\$2.8 Million or 21.5 FTE Reduction
- Reductions assigned/determined by the Division Chief - Chief Academic Officer
- Note: *Instructional Division reductions will be leveraged with restricted dollars to best extent possible

Site	Department Name	2018-19 Personnel	
		Unrestricted FTE	Restricted FTE
903	Office Of Chief Academic Office	4.0	0.0
909	Academic Innovation	86.1	62.9
910	Early Childhood Development	18.0	20.6
912	Linked Learning	17.8	24.4
921	Office Of Post Secondary Reading	0.0	0.0
922	Comm. Schools & Student Services	72.5	78.6
923	Elementary Network 4	3.3	2.5
928	Opsr Counseling	43.0	0.0
932	Jr Reserve Off Training Corp	0.0	1.0
933	Oakland Athletic League (OAL)	2.0	0.0
937	Summer Programs	0.0	0.0
948	Research Assessment & Data	27.3	2.2
954	Eng Lang Learner/multilingual Ach.	5.8	27.3
961	Pre K-5 Network 1	0.0	0.0
962	Pre-k-5 Network 2	3.0	0.0
963	Pre-k-5 Network 3	3.0	0.0
964	High School Network	14.9	4.6
965	Middle School Network	1.0	1.8
968	Health Services (nurses)	37.0	2.6
975	Special Education	8.6	237.2
		347.3	465.7



Divisional Targets – Operations

Operations:

- 28% of overall
- ~\$2.8 Million or 21.5 FTE Reduction
- Reductions assigned/determined by the Division Chief - Chief Business Officer

902	Accounts Payable
905	Office Of Sr. Business Officer
907	Student Assignment
913	Chief Of Operations
936	Accounting
949	Office Of The Internal Auditor
950	State And Federal Programs
951	Budget
979	Printing And Mail Services
980	Chief Financial Officer
983	Payroll
986	Technology Services
987	Risk Management
990	Procurement & Distribution
991	Food Service
992	Warehouse Distribution
995	Transportation

2018-19 Personnel	
Unrestricted FTE	Restricted FTE
6.0	0.0
2.2	0.0
15.4	0.7
0.0	0.0
9.9	0.4
0.0	0.0
0.5	6.5
15.2	0.6
3.0	0.0
2.0	0.0
10.0	0.0
36.0	0.0
1.0	0.0
3.0	0.0
0.0	0.3
8.1	0.0
2.0	0.0
114.3	8.5



Reduce Staffing District-wide - School Site Target Reductions

\$3 million will be reduced on a per pupil basis. Like earlier reductions, amounts will be per pupil by grade-span which is the same way Discretionary dollars are allocated.

We will use 2019-20 enrollment projections when they become available, but for illustrative purposes only, the table at right shows the per pupil reduction for \$3 million based on 2017-18 enrollment.

Illustrative Examples Only

Grade Span	2017/18 Per Pupil Allocation	Per Pupil Reduction
Elementary	\$175	(\$60)
Middle	\$225	(\$77)
High School	\$300	(\$103)
K-8	\$200	(\$68)
6-12	\$263	(\$90)



Do we have to reduce school site budgets?



Overall Staffing Reductions Overview (BP 3150)

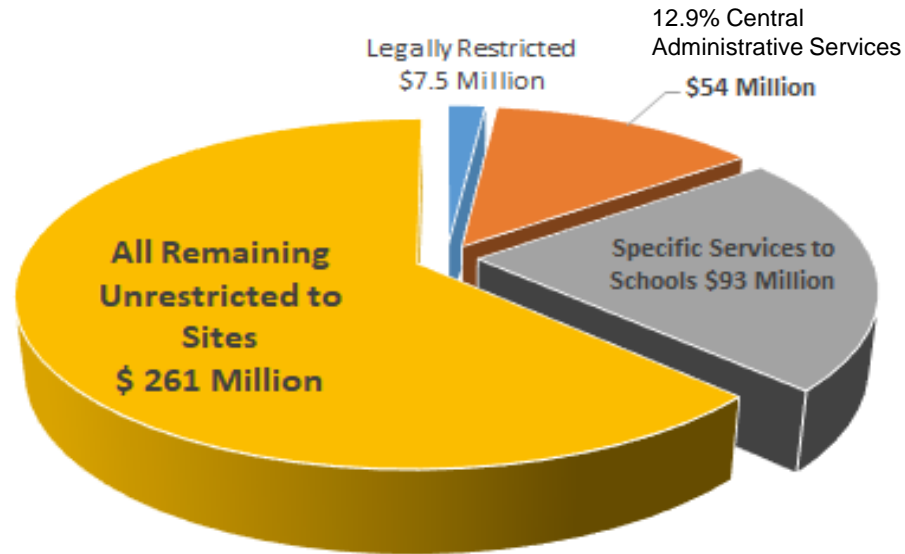
Division	Estimated Unrestricted FTEs (Includes S&C)	Estimated Restricted FTEs (Exempt)	Estimated Unrestricted FTE Reduction based on \$7 Mil. Reduction	Estimated Unrestricted FTE Reduction based on \$20.1 Mil. Reduction
Superintendent	447.4	95.5	10.8	21.6
Academics	347.3	465.7	21.5	43
Operations	114.3	8.5	21.5	43
School Sites	2,237.4	904.3	???	???*
Totals	3146.4	961	53.8	107.6

Note: *Direct reductions of FTE at schools not planned. See per pupil discretionary funding reductions on slide 31. Sites will decide where to reduce spending.



BP 3150: Maximizing Revenues to Schools PIE

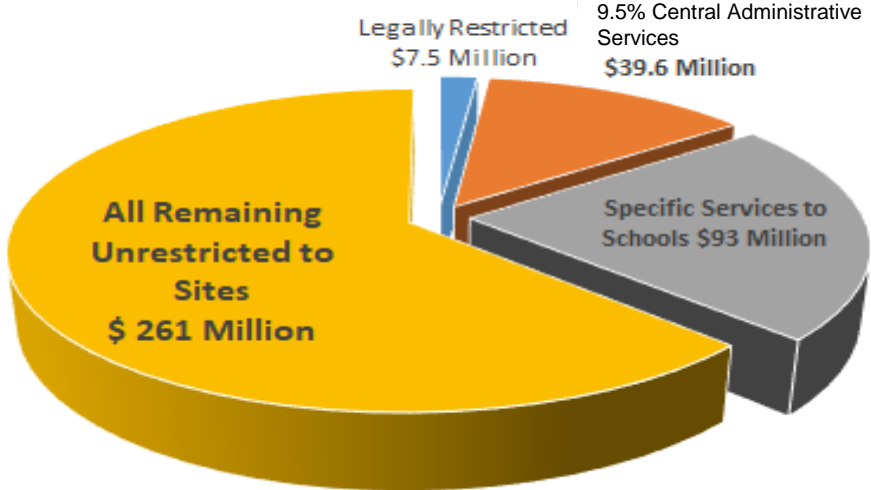
Note: We are still finalizing the exact numbers for total allocations.



Central Administrative Services- Central Services to Schools at 12.9% estimated to be \$4 million over Board Recommended 12%

BP 3150: Maximizing Revenues to Schools PIE (Scenario - Central Office Reductions at \$18 Mil.)

Note: We are still finalizing the exact numbers for total allocations.



(Scenario Assumes 80% or \$14.4 Million Reduction to Central Administrative Costs and Reduces from 12.9% to 9.5%)

Why might we need to reduce spending at schools?

We must make whatever decisions in keeping with our mission:

“To become a **Full Service Community District** focused on high academic achievement while serving the whole child, eliminating inequity, and providing each child with excellent teachers, every day.”

While assessing all strategies, the expected impact on the Mission must be assessed.

- **Mandatory Functions.** Division and Department leads are working to review the impact of making proposed cuts as they relate to legally mandated functions. If it is determined that the level of cuts would jeopardize the basic ability of the district to function (thus causing things like an audit findings, etc) that would be counterproductive. The FCMAT Financial Risk Assessment and others have highlighted this concern.
- **Committed Strategies.** Are there mission-aligned strategies to which we have made commitments that would make the level of reduction counterproductive..
- **Supplemental/Concentration Funding.** We might need to adjust options to ensure we are making appropriate use of S&C funding and consistent with our Local Control Accountability Plan.

Our assessment of options continues and any recommendations about site spending reductions will be made in keeping with our Theory of Action and Mission as an organization.

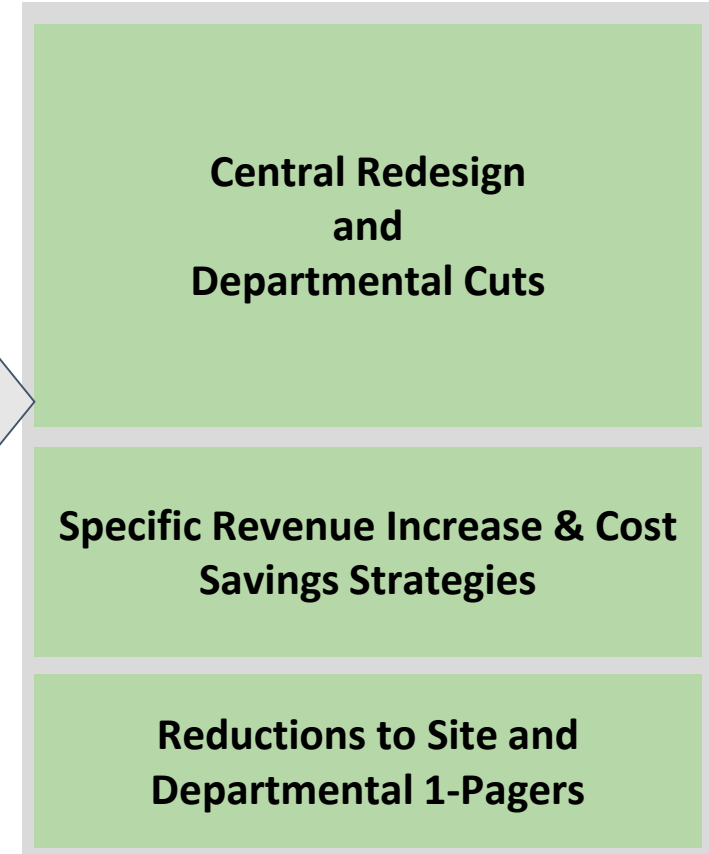
What will inform our budget
prioritization and decision making?

Inputs/Outputs for Prioritization and Reductions

Inputs

Inputs		Target Completion Dates
Superintendent's Strategic Plan		
Board Policy 3150		
Survey Data	Principal Advisory Committee	9/21
	Student Survey	10/31
	Community Meetings & Survey	10/31
	Internally Developed Reduction Proposals	10/22
Committees	Fiscal Vitality Committee Directional Resolution	10/24
	District Budget Advisory Committee Scoring on Specific Proposals	10/25

Outputs



Decision Making Process

Revenue & Savings Options Assessed

Viability of identified options assessed for savings and ability to implement by cross-functional teams (Academic, Operational, Finance).

FTE Reductions Proposed

Central Division Leaders provided FTE reduction target by Division leading to department-level proposals indicating services impacted.

Stakeholder Feedback

Process feedback from multiple stakeholder groups including District Budget Advisory Committee Assessment, Fiscal Vitality Special Committee Resolution and separate surveys of PAC, Students and Community.

CORE Team Review

District Division Leadership and Superintendent review all inputs; including survey results, DBAC scoring, Fiscal Vitality Board Resolutions, Strategic Plan, LCAP. **CORE and Superintendent not limited by proposals.**

Superintendent Recommendation & Board Decision

Superintendent recommends Reduction Plan for adoption by Board of Education

Redesign & FTE Reductions

Specific Central Office Redesign Plans and FTE Reductions.

District-wide Strategies

Implementation plans for specific revenue increase or cost saving strategies.

School site reductions

Reductions, if any, provided as reduction to site allocations in 1-pagers

2019-20 Budget Reduction Process Timeline (Key Activities)

November 28 2018

Fiscal Vitality
Committee: Community
Engagement

January 23, 2019

Update Budget Reduction Target
Resolution Based on First Interim
and Governor's Proposed Budget

February 2019

Board Approved
Reduction Plan
Submitted to ACOE

November 15, 2018

PSAC & SSC Community
Engagement on Budget
Development

January 9, 2019

Board Reviews 1st Read
of Budget Reduction
Recommendations

**January 30, 2019: Special
Meeting**

Board Finalizes and Adopts
Recommended Reductions





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**OAKLAND UNIFIED
SCHOOL DISTRICT**
Community Schools, Thriving Students

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