



OAKLAND UNIFIED
SCHOOL DISTRICT

Community Schools, Thriving Students

2020-21 Draft Proposed Budget Presentation



Presented by Luz Cazares, Interim Chief Financial Officer
Lisa Grant-Dawson, Chief Business Officer

Governing Board Meeting

Community Schools, Thriving Students

2020-21 Draft Proposed Budget
Presentation



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SCHOOL DISTRICT**
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Phone: 510.555.5555 | Email: info@ousd.org



Budget Development Timeline

- May 14, 2020 - Governor's May Revise Released
- May 18-20 - Nutrition Services Department Board 2 x 2's
- May 21, 2020 - Budget and Finance Committee
 - Key Subjects
 - Third Interim
 - The framework for the 2021 Budget Status/Reductions/Adjustment Options
- May 27 – Governing Board Meeting
 - Opening School – 2020-21
 - Third Interim Presentation
 - 2020-21 Budget Update and Program Modification/Reduction Options



Budget Development Timeline

- June 4, 2020 – Budget & Finance Committee Meeting
- June 5, 2020 – Advisory Meeting
- June 10, 2020 – Governing Board Meeting - Draft Proposed Budget
- June 18, 2020 - Budget & Finance Committee Meeting
- June 24, 2020 – Governing Board Meeting Budget Adoption
- June 30, 2020 – State Adopts Governor’s Budget
- August 10, 2020 – First Day of School
- Fall 2020 - Potential Budget Revision
- December 2020 – Local Control Accountability Plan

Cash deferrals were used during the Great Recession to implement state-level budget cuts and/or improve the state's cash position

The Governor's May Revision takes a page from the same playbook and proposes the following cash deferrals:



Local school agencies may need to implement local borrowing options to ensure adequate cash to continue paying employees and vendors during these times

While this avoids an additional cut in state revenues to schools, it pushes the administrative and financial burden of borrowing cash to local school agencies

2020–21 LCFF Funding Factors

- The May Revision suspends the 2.31% COLA and includes an additional reduction—for a total of 10% cut to the LCFF
 - ◆ First, the 2.31% COLA is applied to arrive at the 2020–21 base grants
 - ◆ Then the 10% reduction is applied—for an effective reduction of 7.92% to the 2019–20 base grant amounts

These reductions would be “triggered off” if the federal government provides sufficient funding to backfill the cuts

Grade Span	2019–20 Base Grant per ADA	2.31% COLA	2020–21 Base Grant per ADA	10% Reduction	Effective 2020–21 Base Grant per ADA
K–3	\$7,702	\$178	\$7,880	[-\$788]	\$7,092
4–6	\$7,818	\$181	\$7,999	[-\$800]	\$7,199
7–8	\$8,050	\$186	\$8,236	[-\$824]	\$7,412
9–12	\$9,329	\$215	\$9,544	[-\$954]	\$8,590



2020–21 LCFF Funding Factors

- The cuts are meant to reduce the LCFF with the reduction taken from the base grant, which lowers the amount upon which supplemental and concentration grant funding is calculated

Grade Span	2020–21 Adjusted Base Grant per ADA	20% Supplemental Grant* per ADA—Total UPP after 10% base grant reduction	50% Concentration Grant* per ADA—UPP Above 55% after 10% base grant reduction
K–3	\$7,830	\$1,566	\$3,915
4–6	\$7,199	\$1,440	\$3,600
7–8	\$7,412	\$1,482	\$3,706
9–12	\$8,813	\$1,763	\$4,406

*Calculated based on the percentage of an LEA's enrolled students who are English learners, free or reduced-price meal program eligible, or foster youth—the unduplicated pupil percentage (UPP)

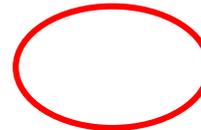
Breaking News!

CA Senate Proposes a New Budget Strategy

- Fully Fund LCFF plus 2.31% COLA
- Hold Harmless for ADA for 2020-21
- Increase Special Education Funding
- Fund Categorical programs at 2019-20 Rates
- Other financial funding to support COVID-19 efforts, Learning Loss, and Pre-Schools
- Includes more significant cash deferrals

Components of Fund Balance

Categories	FY2019	FY2020	FY2021	FY2022
ENDING BALANCE	71,245,993	65,443,556	30,338,803	(41,314,655)
Cash/Stores/Prepaid	289,029	150,000	150,000	150,000
Legally Restricted	40,683,996	38,964,466	39,525,041	36,030,612
Assignments				
Health & Welfare	-	4,001,789	4,001,789	4,001,789
Charter Leases	2,283,187	2,283,187	2,283,187	2,283,187
Stale Dated Warrants	1,588,260	1,681,497	1,681,497	1,681,497
ECE Rental	32,254	70,374	70,374	70,374
Contribution - Central Kitchen	-	-	2,500,000	3,900,000
Other Assignments	1,028,379	-	-	-
Spending Reductions - FY21 - Approved	-	-	(20,171,065)	(40,342,130)
Spending Reductions - FY21 - Additional	-	-	(16,500,000)	(33,000,000)
Spending Reductions - FY22	-	-	-	(39,800,000)
Adtnl Reserve for Economic Uncertainties	5,650,465	5,993,377	4,547,281	6,147,493
Reserve for Economic Uncertainties	11,300,930	11,995,481	11,894,562	12,294,985
Unassigned	8,389,494	303,385	356,137	5,267,538



Multi-Year Projections

Major Assumptions

Categories	FY18/19	FY19/20	FY20/21	FY21/22
Enrollment and Average Daily Attendance				
Enrollment (CBEDS)	36,468	36,110	35,765	35,552
Average Daily Attendance (ADA)				
Projected	32,631	33,897	33,717	33,517
Funded	34,274	33,897	33,717	33,517
Underserved Pupil Percentage (UPP)				
Single Year	76.2%	75.8%	76.5%	76.2%
Three Year Average	76.8%	76.5%	76.2%	76.2%
Attendance Rate	89.5%	93.9%	94.3%	94.3%
Revenue				
Statutory COLA *	3.70%	3.26%	2.31%	2.48%
Deficit Factor	-	-	7.92%	7.92%
Funded COLA	3.70%	3.26%	0.00%	0.00%
Base Grant – K-3	7,459	7,702	7,092	7,092
Base Grant – 4-6	7,571	7,818	7,199	7,199
Base Grant – 7-8	7,796	8,050	7,412	7,412
Base Grant – 9-12	9,034	9,329	8,590	8,590
Federal COLA	0%	0%	0%	0%
Other State Funding	2.71%	3.26%	0.00%	0.00%

* FY18/19 Statutory COLA was 2.71% and was augmented by 0.99% for a total COLA of 3.7%

Multi-Year Projections

Major Assumptions

Categories	2018-2019	2019-2020	2020-2021	2021-2022
Expenditures				
Step and Column Salary Increase	5.5M	5.5M	5.5M	5.5M
Special Education Contribution	58.7M	66.4M	69.7M	73.2M
Growth in Special Education Contribution	2.6M	7.7M	3.3M	3.5M
Central Kitchen Contribution	1.2M	-	2.5M	1.5M
Inflationary Increase - CPI	3.62%	2.06%	0.62%	1.73%
Indirect Cost Rate	3.98%	3.25%	5.56%	5.56%
CalPERS Rate	18.062%	19.721%	20.700%	22.840%
CalSTRS Rate	16.28%	17.10%	16.15%	16.02%

As always, compensation increases are not included in our MYP until they have been approved by the Board.

As of Third Interim, our MYP includes Board approved compensation increases for OEA, SEIU, BCTC, and CSEA. Compensation increases for AFSCME, TEAMSTERS, and UAOS will be incorporated into our MYP upon Board approval.

Since Third Interim...

- LCFF Sources
 - Impact of deficit factor to Add-Ons
- Special Education Contribution
 - Impact of Comprehensive Coordinated Early Intervening Services (CCEIS)
- ESSER Funds (CARES Act)
 - Impact of set-aside for private schools
 - Impact of restricted resource code
- AB1840 Funds
 - Eligible for, not entitled to
- Central Kitchen Contribution

Since Third Interim...

- Implementation of Board approved spending reductions and shifts
 - Position Control
- Alignment of school site budgets with one-pagers
 - Personnel vs Non-Personnel
 - Title I and IV carryovers
- Other state categorical programs
 - Impact of deficit factor
- Local Resources
 - Award letters
- No significant additional reductions for FY20/21 are incorporated

Pre-COVID

Board Budget Resolution [1920-0214](#)

- March 4, 2020 - \$21MM Reductions
- 3% Reserve to be maintained/replenished if used with May Revise Resources
- Ongoing funds from May Revise to restore site budgets to schools with highest percentage of unduplicated students
- New strategies to Balance the Budget 2020-21
 - Saturday School
 - Revenue Generation from vacant sites
 - Energy Savings
 - Reduce OUSD School Police Department & invest in an alternate safety plan



2020-21 Budget Challenges

- \$16.5MM+ Reductions
- COVID-19 Outlook and guidance is in constant evolution
- The 2020-21 budget is currently built as if the school year is opening normally
- The Non-Negotiable: Educational, Financial, and Operational progress cannot stop despite all that is happening
- Property Tax, Parcel Taxes, and State Funding are all challenging and impacted by the economy

2020-21 Budget Challenges



- Building Scenarios to fit our academic and budget needs
 - **Developing a Plan for the 2020-21 School Year in a Distance and Blended Learning Environment**
 - **Board Recommendations from 2019-20 Reduction Exercise**
 - Reduce Consulting Expenditures
 - New COVID-19 Analysis
 - Eliminate Stipends
 - Implement Furlough Days
 - **Strategic Budget Adjustments**
 - Reduction in Supplemental & Concentration Budgets
 - Implementing A Strategic Hiring Freeze
 - Reviewing Vacancies and Evaluating Hiring Approval Process



2020-21 Budget Challenges

- Reviewing New Investments Requests
 - Central Kitchen
 - \$1.6MM approved in the 2020-21 Budget
 - Negotiations
 - Pending TA's with Various
 - Special Education
 - \$5.3MM investments in more classrooms, staffing, and support
 - Deferred Maintenance
 - \$4.7MM Available in the Fund 14
 - \$3MM Requested for 2020-21
 - Asset Management
 - \$485K Request



Key Elements to Consider

- 2020 May Revise/Senate Push Back is Front Page News
- COVID provisions are changing and in development
- The budget is currently built as if the school year is opening normally
- The central kitchen is on the main page of the District's need to address
- The Non-Negotiable: Educational, Financial, and Operational progress cannot stop despite all that is happening
- We must invest with our One Time COVID Funds in PPE and COVID Related Needs
 - District General Fund Allocation - \$300K
 - Reimbursement available via FEMA
 - SB117 - \$600K
 - Federal CARES Act - \$14.5MM



Questions



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