

OUSD Fiscal Sustainability Plan

Progress Update & Looking Ahead

Presented by: Lisa Grant-Dawson, Chief Business Officer
Board of Education Meeting October 11, 2023



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

Agenda

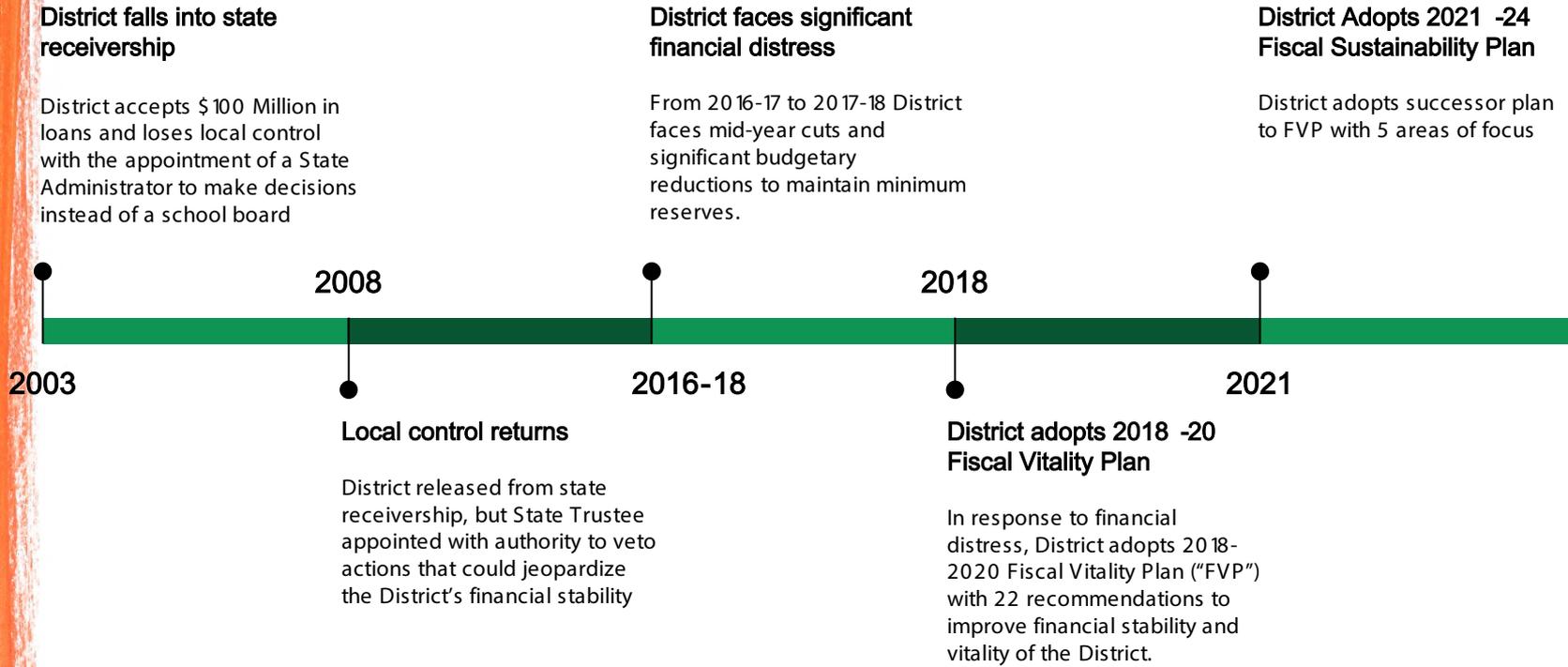
Background

Closing out the 2018-20 Fiscal Vitality Plan

Update on 2021-24 Fiscal Sustainability Plan

Next Steps

OUSD financial history since state receivership



Closing out Fiscal Vitality Plan - Overview

2018-20 Fiscal Vitality Plan contained a mix of 22 one-time and ongoing recommendations designed to put OUSD on solid financial footing

While the District has addressed 16 of the 22 recommendations, some are no longer relevant and some warrant ongoing monitoring.

The table on the following slides provides a progress summary of the 2018-20 FVP as we continue to turn our focus to the 2021-24 Fiscal Sustainability Plan

Closing out Fiscal Vitality Plan - 1. Stability

Item	Description	Status	Next Steps
1.1	Restore the ending fund balance and maintain the state -mandated reserve for economic uncertainty	Complete	Continued monitoring
1.2	Institute adjustments to existing Central Office positions	Complete	Continued monitoring
1.3	Maximize the use of restricted revenue resources	Partially Complete	Continued monitoring
1.4	Evaluate Central Office-based contracts and books/supplies for possible freeze and capture of savings	Complete	Continued monitoring
1.5	Pursue capture of donated days and/or furlough	Complete	N/A
1.6	Adjust school per pupil allocations to capture savings	Complete	Continued monitoring
1.7	Institute closer monitoring of contributions to other programs, e.g. special education, nutrition, early childhood	Complete	Continued monitoring
1.8	Update and implement budget forecast and projection practices	Complete	Continued monitoring
1.9	Review and update cash flow monitoring practices	Complete	Continued monitoring
1.10	Institute immediate protocols to limit and review spending among Central Office and school sites	Complete	Continued monitoring

Closing out Fiscal Vitality Plan - 2. Recovery

Item	Description	Status	Next Steps
2.1	Plan for and adopt a balanced budget that avoids future deficit spending	Complete	Continued monitoring
2.2	Establish and conduct zero-based budgeting sessions with all Central Office practices	Complete	Continued monitoring
2.3	Research, engage and implement a Central Office reorganization	Partially Complete	Continued monitoring
2.4	Institute and conduct monthly central office and school site budget monitoring practices	Partially Complete	Continued monitoring
2.5	Review, update and implement effective position control practices	Partially Complete	Continued monitoring
2.6	Develop a process for pre-approval of extra time employee payments	Complete	Continued monitoring
2.7	Review and implement revised contract approval, processing and management procedures	Partially Complete	Continued monitoring
2.8	Complete transition to Escape technology system to manage finance and human resource (HR) information	Complete	Continued monitoring
2.9	Review and execute on shifts in expenses that maximize the use of restricted funds	Complete	Continued monitoring

Closing out Fiscal Vitality Plan - 3. Vitality

Item	Description	Status	Next Steps
3.1	Review and engage school district and school leaders to re-establish appropriate budget roles and responsibility	Partially Complete	Continued monitoring
3.2	Establish systems for the management and oversight of bargaining agreements	Complete	N/A
3.3	Consider and act on recommendations from the Blueprint for Quality Schools review	Complete	N/A

2021-24 Fiscal Sustainability Plan

In 2021, the Fiscal Sustainability Plan (“FSP”) was adopted in recognition of improved financial conditions but a continuing need to improve financial & operational processes to solidify financial stability

Five broad priority areas were identified in the FSP with specific tasks to developed over the life of the FSP:

- Budget and Operational Practices
- Budget Development and Stakeholder Engagement
- School Quality and Enrollment
- Use of Restricted Resources
- Ability to Make Difficult Decisions

FSP Update - Budget & Operational Practices

Highlights

Purchasing and procurement (incl. contract management)

Position control

Cash flow projections

Student nutrition (incl. building an independent and viable food service system)

Enrollment projections and staffing (incl. position funding and program management and audit requirements)

Leave management (incl. accurate reporting and tracking)

FSP Update - Budget Development & Stakeholder Engagement

Highlights

Embrace District's historical and cultural nuances as well as key areas of priority and direction
Start earlier

FSP Update - School Quality and Enrollment

Highlights

Enrollment is largest driver of revenue, which is factored by attendance.

OUSD has not seen dramatic COVID-related enrollment decrease

FSP Update - Use of Restricted Resources

Highlights

- Reduce use of restricted, one-time resources to fund ongoing base programming
- Reduce ending fund balances in each restricted resource

FSP Update - Ability to Make Difficult Decisions

Highlights

Ensure structurally balanced budgets in three year intervals.

Work to ensure high quality schools that attract students and that # of schools and sizes of school are financially sustainable.

Improve Cash Flow Balances

Improve the Fund Balance trends

Next Steps - Recommendations 1 - 4

1. OUSD School Redesign Plan as it relates to how many schools and campuses the District operates and therefore must allocate funding to maintain.
2. Enrollment stabilization report and Outcomes as it relates to how many students the District will host in future years. The 2023-24 enrollment outcomes are most critical to plan for as it will establish our new foundation post pandemic. The District also invested \$1.5M additional resources for three years that will expire in 2023-24.
3. Completion of the remaining 6 areas of the Fiscal Vitality Plan.
4. Continued focus on the District's Financial Audit and the goal of the audit being "free of material weaknesses," free from any material internal control findings" and includes an unqualified opinion.

Next Steps - Recommendations 5 - 8

1. Implementation and adjustment of One Time Shifts in 2023-24 from the Districts Budget Reduction Plan, to ensure sustainability of resources captured to afford ongoing salary increases. This includes planned re-organizations of post reductions in various departments and ongoing tasks and responsibilities required for revised District operations are maintained or amended.
2. Re-imagining how the District will maintain its obligations to Deferred Maintenance and other capital asset investments that are not funded by Bond resources.
3. If the District Board approves proceeding with the Fiscal Systems Audit, initiate and complete the audit to allow the District to shift into a new space of opportunity in planned transition from Fiscal Oversight and long term debt by 2025-26.
4. Continue revising a strong implementation plan in the Finance and Operations Divisions specifically, to ensure growth and strong leadership as transitions occur, and the ability to support ongoing financial and operational goals to mitigate reverting back to fiscal receivership.

Next Steps

The District's strategies to address not only the quality of schools, number of schools, equity of programs, allocations or resources, have evolved, been modified, and some halted or recently rescinded since the development of the FVP and FSP.

It is currently recommended that efforts under the 2021-24 FSP be extended through 2023-26 and focus on the following 10 areas

1. Re-Design Plans
2. Enrollment Stabilization
3. Complete Remaining 6 Vitality Plan Areas
4. Securing an unqualified financial audit
5. Address One-Time Shifts from 2023-24 and Impact of One-Time Investments back into the General Fund

Next Steps

6. Address deficits in Deferred/Facility Maintenance Investments
7. Initiate and complete the Fiscal Systems Audit
8. Continue finance department implementation plan
9. Develop multi-year plan of how to adjust the District's size, programs, and initiatives including a review of the exponential growth in Special Education
10. Invest in competitive compensation for all employees.



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