

**DRAFT**

**MEMO**

**To:**  
**Board of Education, OUSD**

**From:**  
**Budget and Finance Committee**

*Commitment to Continued Fiscal Solvency Introduced by James Harris and adopted by Budget and Finance Committee, June 18, 2020, for Board of Education consideration on June 24, 2020, subject to edits, revisions by Josh Daniels, General Counsel and Lisa Grant Dawson, Chief Business Officer.*

*B&F Agenda File ID 20-1356*

**Action:**

In response to the 7.92 percent anticipated reduction in the May Revise (2020) to our 21/22 budget and to the impact as reflected in the OUSD’s multiyear projections, the Budget and Finance Committee recommends adoption of the attached resolution.

**Background:**

The COVID19 pandemic has forced OUSD to radically change its instructional practices. Students missed the last three months of school due to shelter in place orders and will come back to a school district with new standards and practices. These new standards and practices will require additional investments and additional expenditures, some we are currently aware of and some we are not. We must budget accordingly and be prepared to invest in new ways to connect with and teach our students and to modify our buildings to prevent the spread of pathogens, all while preparing for a bleak revenue outlook.

**Discussion/Fiscal Impact:**

The resolution recommends the District, beginning immediately, identify a plan for reductions or revenue enhancements of no less than \$16,500,000 for the 2020-21 school year, with specific programmatic and staffing reductions identified and finalized no later than October 2020 and the identification of any additional reductions and/or revenue enhancements required to balance the budget for 2021-22 to be finalized no later than March 2021.

**Attachment:** Confirming Oakland Unified School District’s Commitment To Fiscal Solvency – Fiscal Years 2020-2021 and 2021-2022

**RESOLUTION OF THE BOARD OF EDUCATION OF THE OAKLAND UNIFIED SCHOOL DISTRICT**

**[ RESOLUTION NO. 2020-2021 ]**

**Confirming Oakland Unified School District's Commitment To Fiscal Solvency – Fiscal Years 2020-2021 and 2021-2022**

**WHEREAS**, the Governing Board recognizes that the Oakland Unified School District (“District”) is committed to ensure that the District remains fiscally solvent to best serve the students in Oakland in the next three (3) school years, as well as years to come; and

**WHEREAS**, due to the COVID19 pandemic, the Governor’s May Revise Budget reflects a reduction of 7.92 percent of total state revenue for next fiscal year (20/21) or a reduction of \$16.5 million dollars after all COVID relief funds have been counted; and

**WHEREAS**, the revenue projections for subsequent fiscal years (21/22 and 22/23) are anticipated to have a negative impact on State and Federal revenues; and

**WHEREAS**, the State of California’s total revenue will not be calculated accurately until late July or August 2020 and the OUSD is required to file an update to its 21/22 adopted budget in the Fall of 2020; and

**NOW, THEREFORE, BE IT RESOLVED**, based on the above recitals ,to meet its obligations and in order to ensure that the District remains fiscally solvent, the Governing Board is committed to expenditure reductions and/or revenue enhancements of **no less than** \$16,500,000 in 2020-2021 and is also committed to additional reductions or revenue enhancements to ensure fiscal solvency in subsequent budget years, 21/22 and 22/23.

**BE IT FURTHER RESOLVED**, that the District’s target reduction number may be recalibrated based on the outcome of the 2019-2020 Unaudited Actuals (Closing of the Books); the final State and Federal revenue calculations; and/or any other changes to the multi-year assumptions and will be updated and presented to the Board no later than October 15, 2020; and

**BE IT FURTHER RESOLVED**, the District is committed to identify and provide further clarity and information beginning **immediately** on how it plans to meet the necessary expenditure reductions and/or revenue enhancements for the 2020-21 school year, and will finalize these plans no later than March 2020; and

**BE IT FURTHER RESOLVED**, the District is also committed to finalize no later than March 2021 how it plans to meet the necessary expenditure reductions and/or revenue enhancements for the 2021-22 fiscal year; and

**Need to:** Add trigger language. If OUSD should receive additional funds, and doesn't have to make cuts. (LGD and JD)

Also do we need to add the targeted object categories for reduction as well some examples for revenue generation and cost savings.

**BE IT FURTHER RESOLVED** that, given the District's history of budget and fiscal miscalculations, the Board will (re)consider establishing a more conservative target for reductions or using AB1840 or other one-time funds (coming in March 2021) to achieve a minimum of a 4% reserve in FY 2021-22 and 2021-22 in order to address unforeseen budgetary adjustments, recognizing that Board Policy 3100.1 sets a higher target reserve the Board aspires to work toward achieving; and

**BE IT FURTHER RESOLVED** that the Governing Board is committed to working together with various partners and stakeholders to explore and pursue any and all options to increase revenue including local, state, federal grants, facilities leases and additional remedies as provided by the State; and

**BE IT FURTHER RESOLVED** that the Governing Board directs the Superintendent at the first Regular Meeting in August to reconcile budget revenue and expenditures based on the adopted, signed State budget, and including but not limited to deferred maintenance, position control analyst, and staff to support the Escape financial management system.

**PASSED AND ADOPTED** by the Governing Board of the Oakland Unified School District, Alameda County, State of California, at a Regular Meeting on June 24, 2020.

