



OAKLAND UNIFIED
SCHOOL DISTRICT

expect **Success**

DRAFT v3
12.16.09

2010-2011 Budget Unrestricted Reductions Proposed Allocation

Wednesday, December 16, 2009

Agenda

- **Federal and State Context of Budget Reductions**
- **2009-2010 Budget Picture and 2010-2011 Cuts**
- **Proposed Allocation of Unrestricted Reductions**
- **Next Steps**

Government Fiscal Outlook

Federal Government

Economic Outlook

U.S. Economic Outlook

1

- The broader national economy may be turning the corner
 - ◆ The rate of job loss has slowed considerably
 - Job growth, although likely weak, may occur by the end of the year
 - ◆ Home sales are rising
 - ◆ The stock market is up 50% from its March 2009 low
 - ◆ Third quarter U.S. gross domestic product (GDP) increased 3.5%, the best showing since the recession began

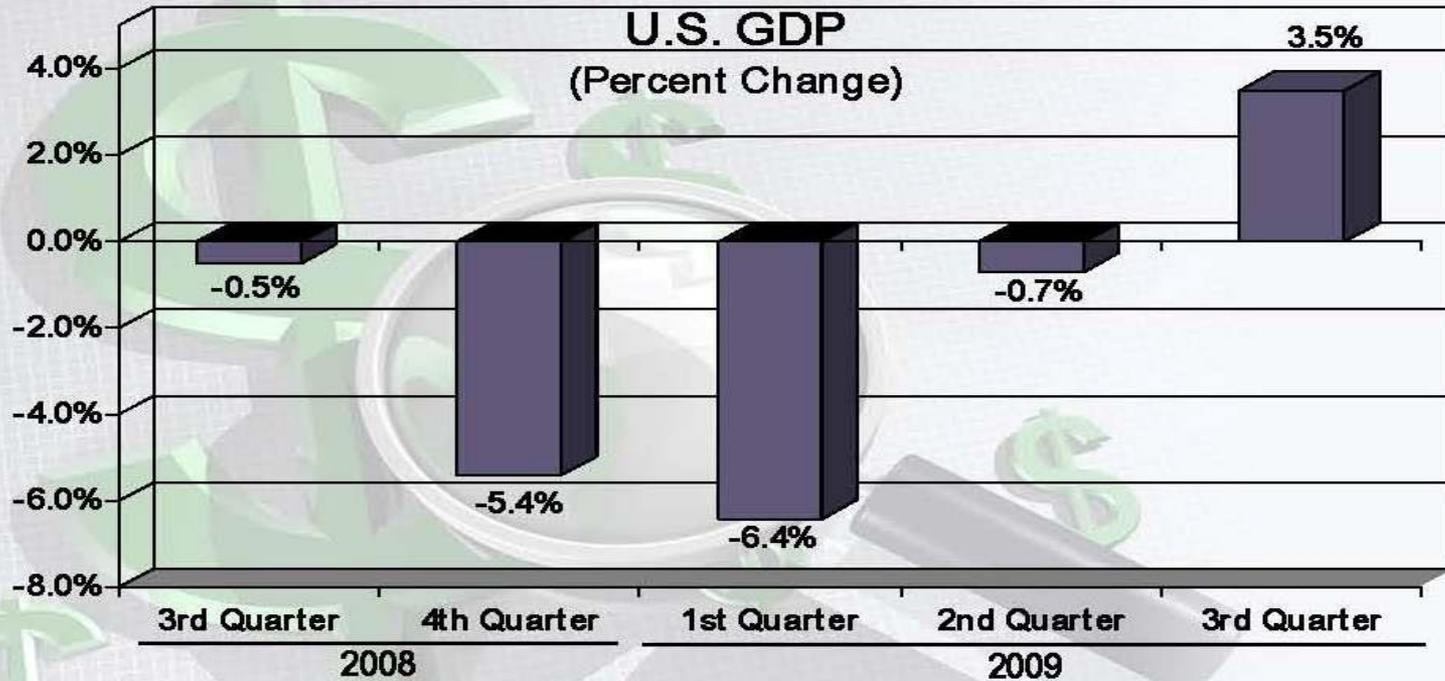
Government Fiscal Outlook

Federal Government

Economic Outlook (Gross Domestic Product)

U.S. Economic Outlook

2



Source: U.S. Bureau of Economic Analysis, November 2009

Government Fiscal Outlook

Local Government

Update on 2009-10 State Budget

Update on 2009-10 State Budget



We project a \$6.3 billion shortfall in 2009-10.



Shortfall primarily due to failed budget solutions, including:

- Inability of programs to achieve savings assumed in budget (particularly in corrections and Medi-Cal).
- Inability of the state to sell the State Compensation Insurance Fund.
- Loss of a court case that prohibits the use of transportation funds to achieve General Fund savings.



Also due to higher-than-expected K-14 costs:

- \$1 billion increase in Proposition 98 minimum guarantee.



We project 2009-10 revenues to be \$500 million lower than budget act estimates.

Government Fiscal Outlook

Local Government

A look at the 2010 -11 State Budget

A Look at the 2010-11 State Budget

LAO Projection of General Fund Condition If No Corrective Actions Are Taken

(In Millions)

	2008-09	2009-10	2010-11
Prior-year fund balance	\$4,071	-\$4,086	-\$5,246
Revenues and transfers	83,601	88,090	87,793
Total resources available	\$87,672	\$84,004	\$82,547
Expenditures	91,758	89,251	102,196
Ending fund balance	-\$4,086	-\$5,246	-\$19,649
Encumbrances	1,079	1,079	1,079
Reserve^a	-\$5,165	-\$6,325	-\$20,728

^a Special Fund for Economic Uncertainties. Assumes no transfers to the state's Budget Stabilization Account.



We project a \$14.4 billion shortfall in 2010-11.



Together with carry-in deficit from 2009-10, the state needs to adopt \$21 billion in solutions to balance its budget.

Government Fiscal Outlook

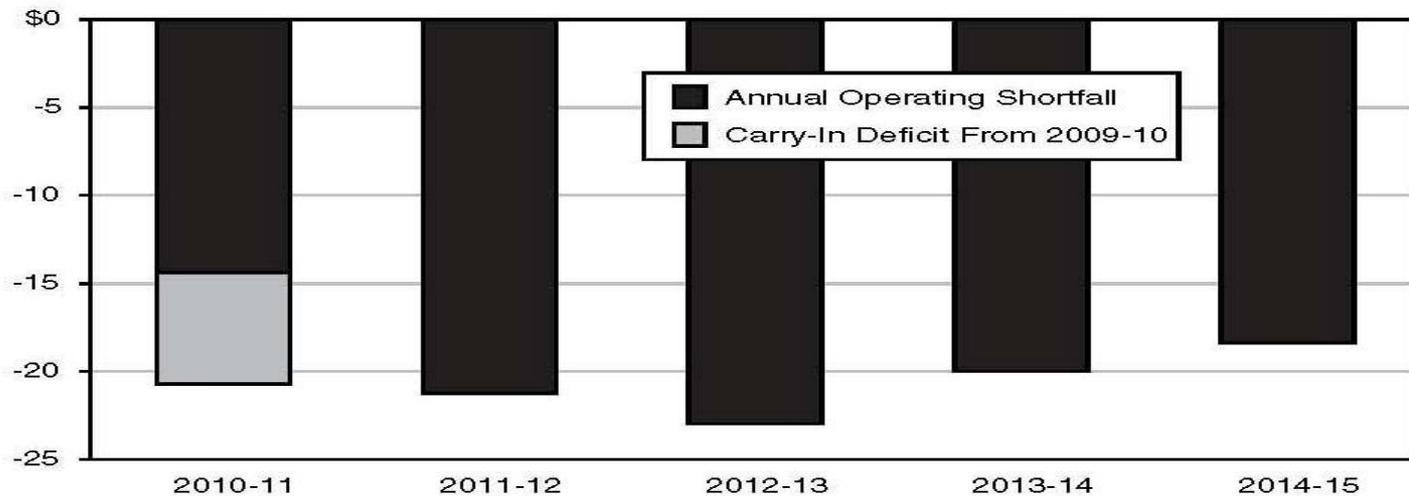
Local Government

Operating Shortfalls

Operating Shortfalls Persist Throughout Period

Huge Operating Shortfalls Projected Throughout Forecast Period

General Fund (In Billions)



Government Fiscal Outlook

Local Government

Explanation of Operating Shortfalls



We project \$22 billion shortfall in 2011-12.

- Shortfall increases due to the expiration of temporary tax increases approved in February 2009.



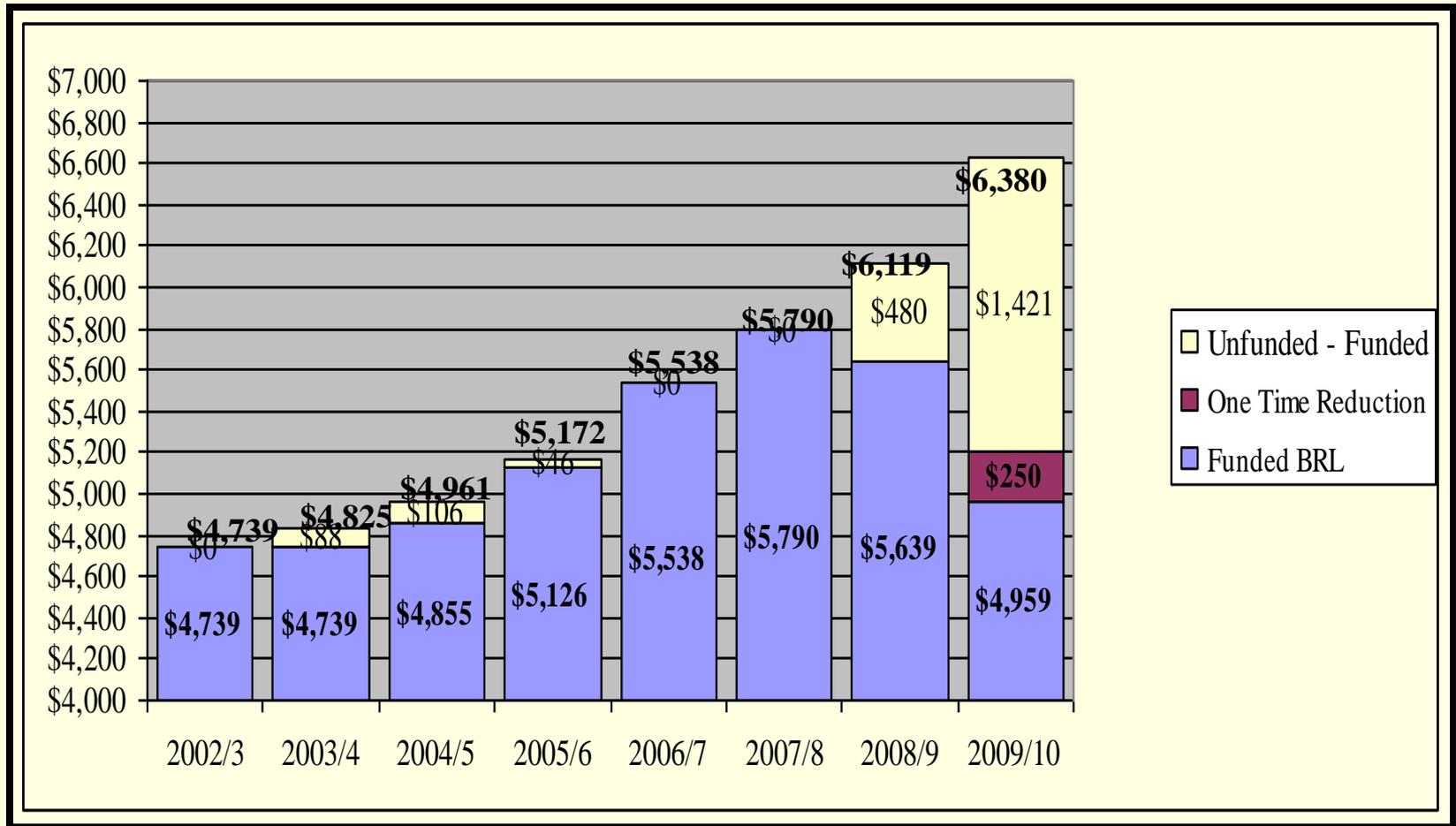
In 2012-13, shortfall projected to increase to \$23 billion.

- Shortfall further increases because state must begin repayment of its loans from local governments pursuant to Proposition 1A.

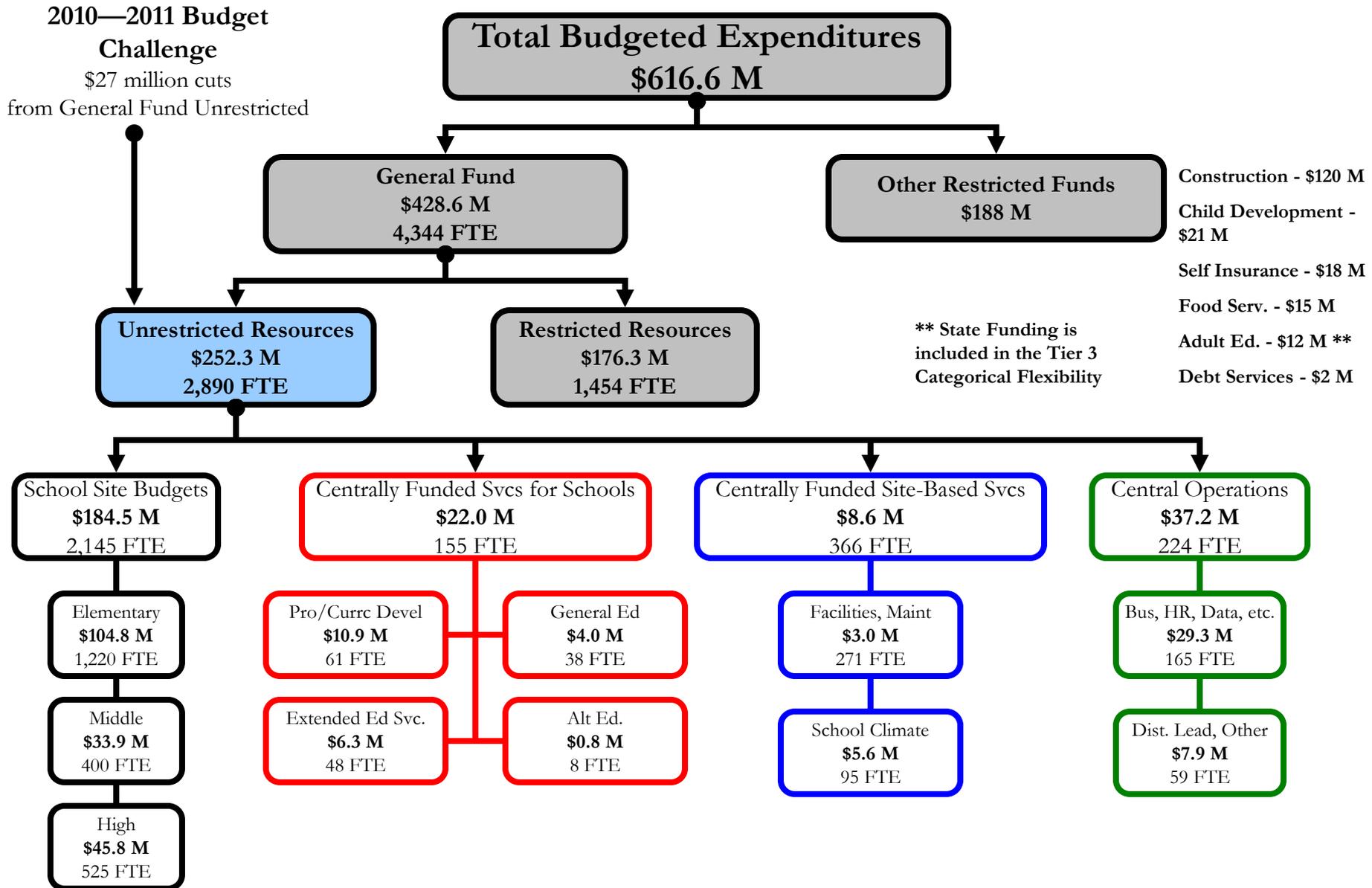


Shortfalls projected to decrease slightly at end of forecast period.

Unaudited Actuals Base Revenue Limit (BRL) 2002-2010 Summary Graph



OUSD 2009-2010 Budget Breakdown



Potential Cut Scenarios Schools and Central Services

Estimated Unrestricted General Fund Reductions for 2010-11						
Cut Amt	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)
Schools	20%	30%	40%	60%	70%	80%
Central	80%	70%	60%	40%	30%	20%
Schools	\$ (5,400,000)	\$ (8,100,000)	\$ (10,800,000)	\$ (16,200,000)	\$ (18,900,000)	\$ (21,600,000)
Central	\$ (21,600,000)	\$ (18,900,000)	\$ (16,200,000)	\$ (10,800,000)	\$ (8,100,000)	\$ (5,400,000)
	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)
School UR Bgts	\$ 185,000,000	\$ 185,000,000	\$ 185,000,000	\$ 185,000,000	\$ 185,000,000	\$ 185,000,000
% of cut to Bgt	-2.9%	-4.4%	-5.8%	-8.8%	-10.2%	-11.7%
% of Total cuts	20.0%	30.0%	40.0%	60.0%	70.0%	80.0%
Central UR Bgts	\$ 68,000,000	\$ 68,000,000	\$ 68,000,000	\$ 68,000,000	\$ 68,000,000	\$ 68,000,000
% of cut to Bgt	-31.8%	-27.8%	-23.8%	-15.9%	-11.9%	-7.9%
% of Total cuts	80.0%	70.0%	60.0%	40.0%	30.0%	20.0%

↑
Goal for Cuts

↑
Across the Board Cuts

Unrestricted General Fund Overview

Estimate for 2010-2011

Revenues and Expenses

Unrestricted General Fund	2009-10	Adjustments	2009-10 After
	1st Interim	One Time Items	One Time Items
Revenue Limit (\$ for Student Attendance)	\$ 173,662,739	\$ 9,221,625	182,884,364
Other Revenue	81,386,966	(2,626,072)	78,760,894
Transfer-In & Sources	4,020,754	(1,397,246)	2,623,508
Total Revenues & Sources	259,070,459	5,198,307	264,268,766
Salaries, Supplies, Services & Equipment	246,745,343	6,540,011	253,285,354
Other outgo (Charter Pass Thru / Debt Service)	12,389,271		12,389,271
Indirect Cost (Expense Offset)	(6,241,413)		(6,241,413)
Contributions & Transfers Out	31,662,328	1,000,000	32,662,328
Total Expenses & Uses	284,555,529	7,540,011	292,095,540
Change in Fund Balance	(25,485,069)	(2,341,704)	(27,826,773)
Adjusted Beginning Fund Balance	36,008,146		36,008,146
			-
Ending Fund Balance	\$ 10,523,076	\$ (2,341,704)	\$ 8,181,372

Proposed Allocation of Unrestricted Reductions

Summary of Unrestricted Reductions for 2010-11 Before Governor's Budget			
Current Estimate of Reductions Needed (First Interim)			\$ 27,826,773
		<u>FTE's</u>	<u>%</u>
			<u>Amount</u>
K-12 School Site Funding Reductions			-33%
			(9,319,650)
Central Services / Non K-12 School Site Funding Reductions:			
Central Services		(69.88)	(9,994,477)
Adult Education		(TBD)	(7,500,000)
Facilities Upkeep (RRMA)		(13.00)	(1,012,646)
Total Central Services / Non School Site Funding Reductions:		(82.88)	-67%
			(18,507,123)
Total Estimated Funding Reductions			\$ (27,826,773)

What's Next

- January 27th Board of Education Meeting
- Board reviews and approves Superintendent's proposed strategic central office expenditures

Future Steps

- Initial recommendation
- Work with Finance Committee
- Continue school site and community engagement
- Board must adopt a balanced budget