



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



# Oakland Unified School District

## *Potential School Mergers & Consolidations*

### *A Financial Analysis*

January 31, 2022

Board of Education		
Gary Yee	President	District 4
Benjamin "Sam" Davis	Vice President	District 1
Shanti Gonzales	Director	District 6
Clifford Thompson	Director	District 7
Mike Hutchinson	Director	District 5
VanCedric Williams	Director	District 3
Aimee Eng	Director	District 2

Superintendent
Dr. Kyla Johnson-Trammell

Student Directors
Natalie Gallegos Chavez
Samantha Pal

# Agenda

- Introductions
- Scope/Purpose
- Comparative District Data
- Revenue vs Expenditure Variances *(by School Site)*
- Potential Savings *(with Methodology and Assumptions)*
  - ✓ School Closures
  - ✓ School Mergers
  - ✓ Certificated Staffing
- Summary
- Questions

# Introductions



## Eric Hall & Associates

### ❖ Barry Dragon

- 25 years as a CBO/CFO in both large- and medium sized California school districts with enrollments ranging 8,000 to 40,000
- B.S. Degree in Business with a concentration in Accounting

### ❖ Michael Taylor

- 16 years (nine years as CBO) working in four California school districts with enrollments ranging between 12,000 – 22,000 students
- B.A. Economics/German from Northwestern University; M.S. Finance, Naval Postgraduate School
- Certificate of School Business Management, University of Southern California

### ❖ Rick Holash, CPA

- 20 years of California school district experience including 15 years as a CBO in various districts throughout Southern California
- B.S. Degree with a concentration in Accounting
- 20 years as a licensed CPA in California

## Scope / Purpose

Perform and provide a **financial analysis** on the District-recommended school sites considered for either closure or merger



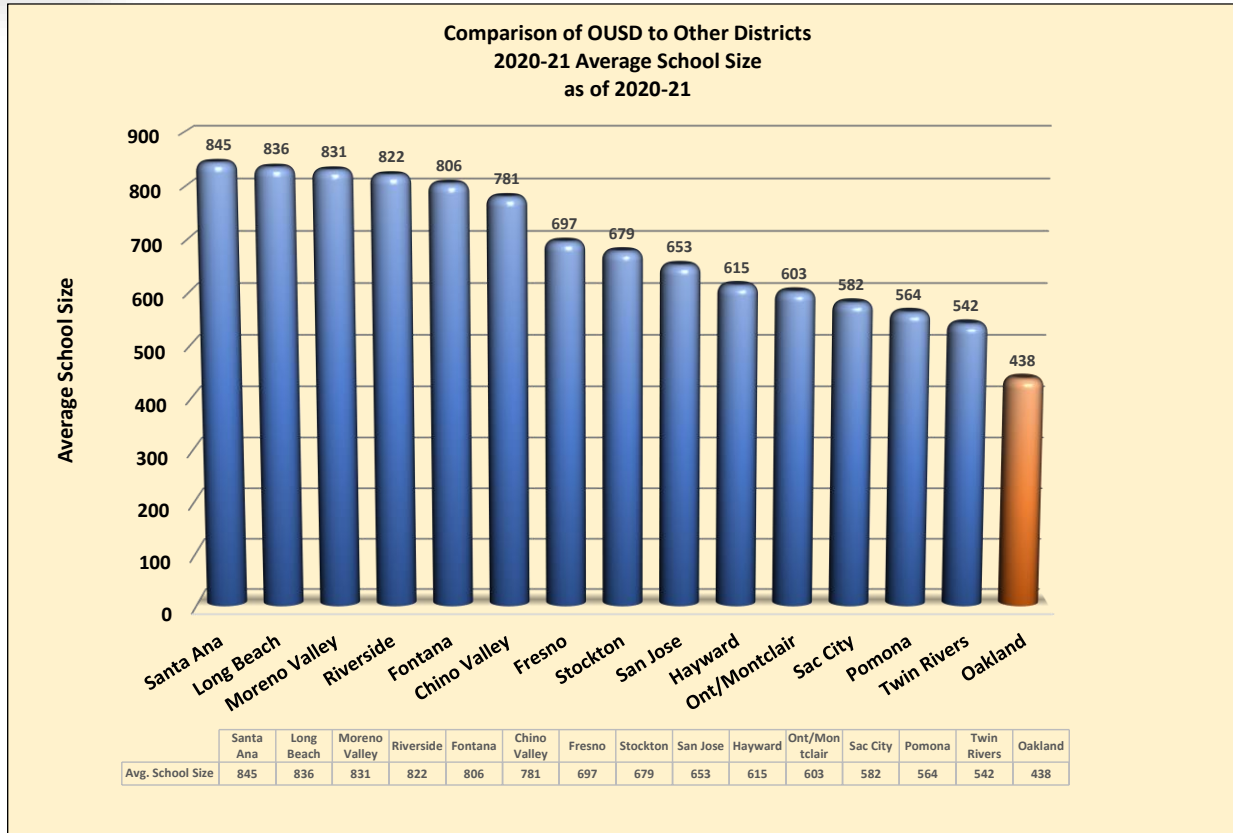
## Comparative District Data on Average School Size



District	Avg. School Size	2020-21 Enrollment	School Count
Santa Ana	845	43,917	52
Long Beach	836	69,413	83
Moreno Valley	831	31,593	38
Riverside	822	39,443	48
Fontana	806	35,461	44
Chino Valley	781	27,333	35
Fresno	697	69,709	100
Stockton	679	33,943	50
San Jose	653	27,430	42
Hayward	615	19,069	31
Ont/Montclair	603	19,286	32
Sac City	582	39,003	67
Pomona	564	21,983	39
Twin Rivers	542	22,204	41
Oakland	438	35,489	81



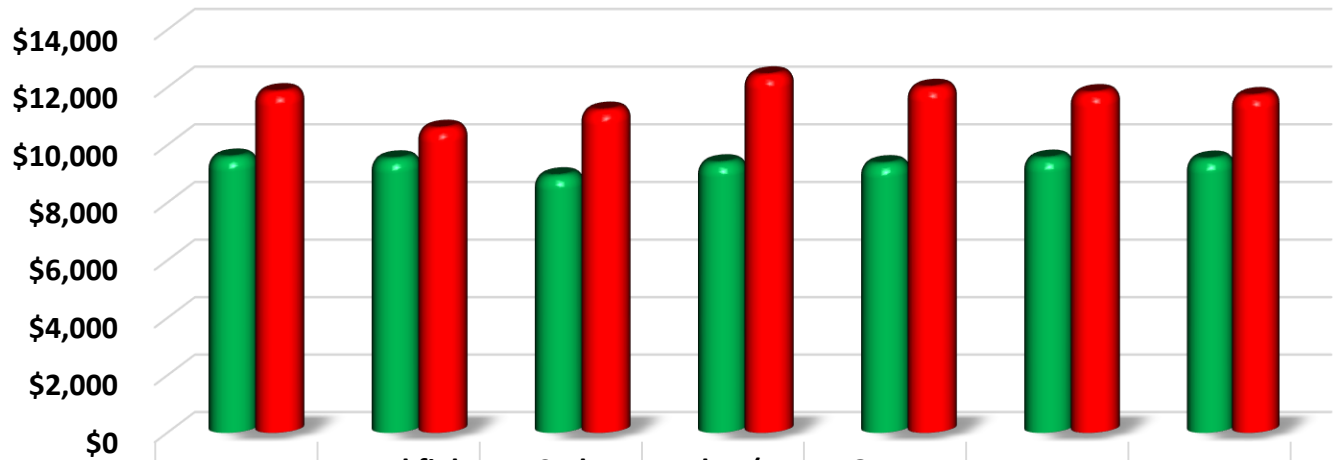
# Comparative District Data





# Revenue & Expenditures per Student

*(Proposed School Site Closures)*



	Prescott	Brookfield	Carl Munck	Parker (K-8)	Grass Valley	Horace Mann	Korematu
Revenue Per Student	\$9,569	\$9,507	\$8,920	\$9,370	\$9,340	\$9,531	\$9,498
Expenditures per Student	\$11,838	\$10,569	\$11,197	\$12,422	\$11,989	\$11,805	\$11,703

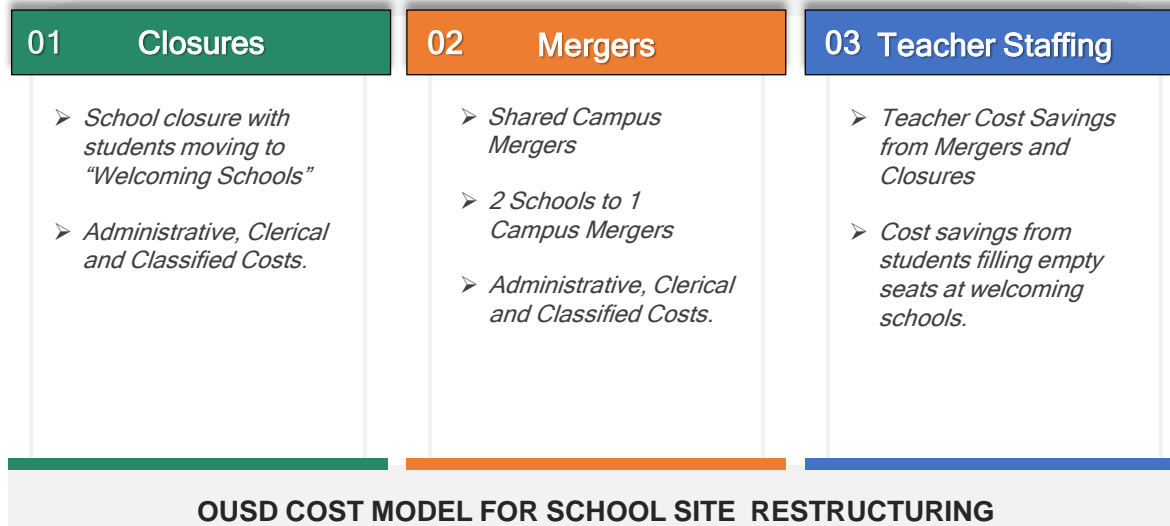


# Potential Savings

(All Components of Analysis)



## TOTAL SAVINGS RANGE – ALL COMPONENTS \$4.1 M to \$14.7 M





# Methodology

- Cost to operate a school
  - ✓ Salary/Benefits *(not applicable to Mergers)*
  - ✓ Materials/Supplies *(not applicable to Mergers)*
  - ✓ Operating Expenses
  - ✓ Routine Restricted Maintenance
- Projected Attrition Loss
- Excluded Nutrition Service (Fund 13) from General Fund 01



# RISE Cost Sheet (Sample)



		RISE				
		Cost	Staff Count	FTE	Sal/Bene Rate	Comments
Salary/Benefits (Obj 1000 - 3XXX)	Principal (Small)	\$164,000	1	1.00	\$164,000	
	Director Comprehensive Com	\$0	0	0.00	\$174,399	
	Asst Principal	\$0	0	0.00	\$136,000	
	Case Manager	\$0	0	0.00	\$108,000	
	Prgm Mgr (ClassMgmt)	\$54,800	1	0.40	\$137,000	<b>Salary/Benefit Rates from: FY20-21 Average Costs for Site Budget Handbook (Ryannhon Nguyen) - Dec 15, 2021</b>
	Clerical	\$138,000	2	1.50	\$92,000	
	Custodian	\$54,000	1	1.00	\$54,000	
	Food Service	\$0	0	0.00	\$60,000	
	Library Tech	\$32,000	1	0.40	\$80,000	
	CDC Teacher	\$0	0	0.00	\$101,000	
	K12 Teachers (Base)	\$0			\$101,000	
	RSP/Bilingual/EdEnrich/STIP/SDC Tea	\$0			\$101,000	
	Health	\$0	0	0.00	\$80,000	
	Instructional Aides	\$0	0	0.00	\$72,000	
	Special Ed Staff (ParaEd)	\$0	0	0.00	\$67,000	
	Counselors	\$0	0	0.00	\$108,000	
	Noon Time Supervisors	\$28,000	1	0.70	\$40,000	
TSA - 1/2	\$0	1		\$116,000		
<b>Subtotal</b>		<b>\$470,800</b>	<b>8</b>	<b>5.00</b>		



# RISE Cost Sheet (Part II)



Materials/Supplies (Obj 4XXX)	See Comment for Methodology				\$7,907,908	1st Interim 4XXX's
					35,665	ADA + FTE's
					0.92	ADA ratio
<b>Subtotal</b>		\$0				
Oper/Prof Expenses (Obj 5XXX)	See Comment for Methodology				\$28,542,599	1st Interim 5XXX's
					35,665	ADA + FTE's
					0.92	ADA ratio
<b>Subtotal</b>		\$0				
Routine Restricted Maintenance Account	See Comment for Methodology				\$19,746,881	1st Interim RRMA
		\$14,124			108	Total District Facilities
					50%	Int % Savings from Closure
<b>Subtotal</b>		\$14,124				
Potential Revenue Loss	See Comment for Methodology		<u>10% Enrol</u>	<u>Proj Enrol</u>	<u>\$/ADA</u>	From LCFF Calculator
		-\$205,830	17.80	178	\$11,564	
Food Services	Exclude Fund 13 from Fund 01	\$0	0.00	-	\$60,000	
<b>Total Savings</b>		\$279,094	8.00	5.00		

# FINANCIAL IMPACT OF CLOSURES





# Potential Closure Savings

*(Component of Analysis)*

**TOTAL SAVINGS RANGE – CLOSURES**  
**\$2.1 M TO \$5.7 M**

01

## Closures

- *School closure with students moving to “Welcoming Schools”*
- *Administrative, Clerical and Classified Costs.*

OUSD COST MODEL FOR SCHOOL SITE RESTRUCTURING



# Proposed Closures

*(Provided by OUSD)*

	<u>Consolidating School</u>	<u>Welcoming Schools</u>
1	Prescott	Hoover, MLK
2	Brookfield	RISE/New Highland Academy, ACORN Woodland, Encompass, Madison Primary
3	Carl Munck	OAK, Burckhalter, Laurel, Allendale
4	Parker (K-5)	OAK, East Oakland PRIDE, Markham
	Parker (6-8)	Frick, Elmhurst



## Proposed Closures, continued *(Provided by OUSD)*



	<u>Consolidating School</u>	<u>Welcoming Schools</u>
5	Grass Valley	OAK, Burckhalter
6	Horace Mann	Laurel, Allendale, Markham, Bridges, Global
7	Korematsu	Esperanza, RISE/New Highland, Madison Primary, Reach

## Closure Assumptions - Staffing -

- Class sizes (loading standards) at welcoming schools
  - ✓ Grades TK-3 not to exceed 24:1
  - ✓ Grades 4-5 not to exceed maximum class size maximums
    - ❖ 29:1 or 30:1 – depending on Unduplicated Pupil Percentage (UPP)
- Students at each consolidating school were equally divided among welcoming schools – except for where welcoming school did not have a TK class
- Data indicates that capacity exists at welcoming schools for incoming students

***NOTE: After the final list of consolidations is determined by the Board and lottery selections have been finalized, a detailed analysis will need to be performed using more real-time data to fine-tune the recommendations***



## Closure Assumptions - Financial -

- Most savings derived from elimination of positions
  - ✓ ***All savings scenarios assume the elimination of all Management/Classified positions***
- 10% student enrollment/ADA loss attrition during transition
- Cost Allocation methodology used to allocate unrestricted Materials & Supplies and Operating expenses *(from FY22-23 1st Interim Budget)*
- Financial data extracted from *FY21-22 1st Interim Budget* *(most recent data available)*
- Restricted expenditure funding is not included in savings *(except Routine Restricted Maintenance Account (RRMA) – Resource 8150, and Management and Classified positions tied to restricted funding)*
- Revenue generated from any future disposition of district property not included in savings

## Closure Assumptions, continued - Financial -

- Enrollment based on District-provided *FY22-23 projected enrollment*
- Staffing based on 1<sup>st</sup> Interim documents (*All OUSD positions by Fund/Site*)
- Salaries of eliminated positions – used the average Salary & Benefits for that position
- Assumes eliminated positions will not be back-filled



# Closure Savings (Management/Classified Positions Only)



Schools		Unrestricted	Unrestricted & Restricted
1	Prescott	\$172,616	\$577,500
2	Brookfield	\$372,099	\$933,691
3	Carl Munck	\$222,391	\$1,129,897
4	Parker	\$277,077	\$838,373
5	Grass Valley	\$332,011	\$1,048,891
6	Horace Mann	\$371,619	\$599,119
7	Korematsu	<u>\$371,619</u>	<u>\$643,044</u>
	<b>TOTAL</b>	<b>\$2,119,432</b>	<b>\$5,770,515</b>

**Unrestricted**  
Mgmt FTE's:  
9.6

Classified FTE's:  
12.5

**Unrestricted/Restrict  
ed**  
Mgmt FTE's:  
12.9

Classified FTE's:  
8.7  
**Savings also include:**  
- Material & Supplies  
- Operating Expenses  
- RRMA  
- Attrition Loss

# FINANCIAL IMPACT OF MERGERS





# Potential Merger Savings (Component of Analysis)



**TOTAL SAVINGS RANGE –  
Mergers  
\$0.9 M TO \$2.8 M**

0  
2

## Mergers

- *Shared Campus Mergers*
- *2 Schools to 1 Campus Mergers*
- *Administrative, Clerical and Classified Costs.*

**OUSD COST MODEL FOR SCHOOL SITE RESTRUCTURING**



# Proposed Mergers

*(Provided by OUSD)*



School Mergers		Type	
1	RISE	New Highland	1 campus
2	Manzanita Community	Fruitvale	2 campuses
3	Westlake	West Oakland	1 campus



# School Mergers Assumptions



## Merging Schools

- Class sizes at merged schools
  - ✓ TK-3 not to exceed 24:1
  - ✓ Grades 4-5 not to exceed maximum class size maximums
    - ❖ 29:1 or 30:1 depending on Unduplicated Pupil Percentage (UPP)
- Merged schools would also in some cases be welcoming schools increasing the total enrollment even greater when combined
- Capacity exists at combined merged school
- Same as School Consolidation Assumptions



# Merger Savings



Schools	Unrestricted	Unrestricted/Restricted
1 RISE	\$191,514	\$279,094
2 Manzanita	\$315,866	\$1,346,954
3 Westlake	<u>\$364,827</u>	<u>\$1,213,614</u>
<b>TOTAL</b>	<b>\$872,207</b>	<b>\$2,839,662</b>

**Unrestricted**  
Mgmt FTE's: 3.0  
Classified FTE's: 11.7

**Unrestricted/Restrict  
ed**  
Mgmt FTE's: 5.0  
Classified FTE's: 33.7

**Savings also include:**  
- RRMA  
- Attrition Loss



# FINANCIAL IMPACT OF CERTIFICATED STAFFING ADJUSTMENTS





# Potential Teacher Staffing Savings

*(Component of Analysis)*



**TOTAL SAVINGS RANGE – CERTIFICATED  
STAFFING  
\$1.1 M TO \$6.2 M**

0  
3

## Teacher Staffing

- *Teacher Cost Savings from Mergers and Closures*
- *Cost savings from students filling empty seats at welcoming schools*

**OUSD COST MODEL FOR SCHOOL SITE RESTRUCTURING**



# Methodology



- Certificated Staffing was based on *2022-23 Oakland Elementary Class Configurator*
- Class sizes at welcoming and merged schools
  - ✓ TK-3 not to exceed 24:1
  - ✓ Grades 4-5 not to exceed maximum class size maximums
    - ❖ 29:1 or 30:1 depending on Unduplicated Pupil Percentage (UPP)
- Merged school students were equally divided among welcoming school(s) – except for where welcoming school did not have a TK class
  - ✓ If an odd number of students existed, the smaller of the welcoming schools received the additional student
  - ✓ The analysis assumes equal distribution of students from closed schools to welcoming schools for the purpose of analysis only. The enrollment/distribution is subject to the options process.
- Merged schools grade levels were combined to calculate total number of classes required at each grade

## EH&A Elementary Schools Certificated Staffing Analysis

### ➤ Closing School Staffing - Elementary:

- ✓ 2021-22 – Currently **53** “core” classroom teachers
- ✓ 2022-23 - Zero (**0**) teachers at these sites

Core – defined as those certificated staff **NOT** funded by restricted funding sources

### ➤ Welcoming School Staffing - Elementary:

- ✓ 2021-22 – Currently **177** “core” classroom teachers
- ✓ 2022-23 – Staffing projected at these site would require **219** positions

### ➤ Merged School Staffing - Elementary:

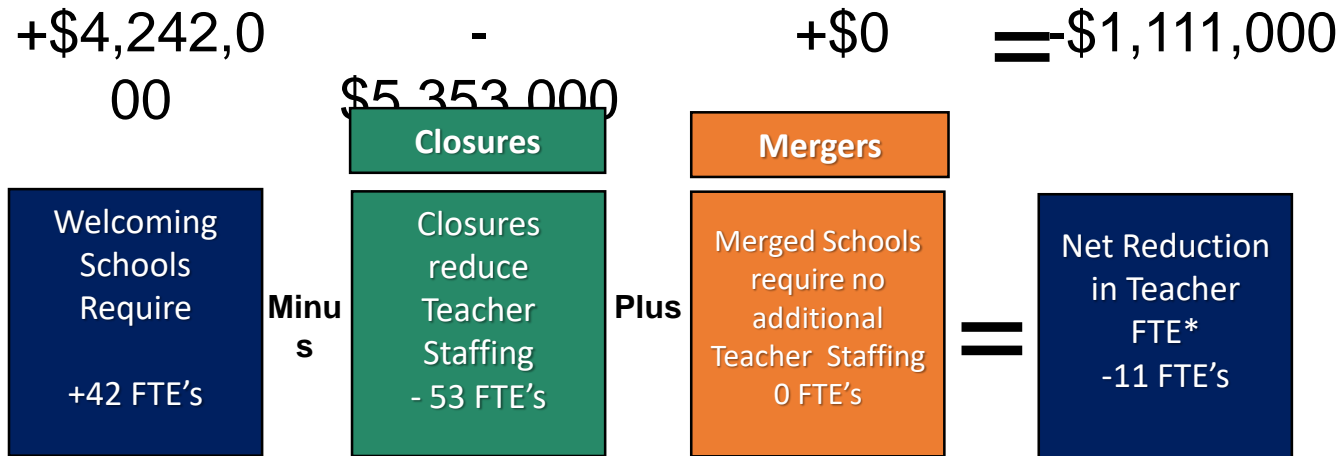
- ✓ 2021-22 – Currently **43** “core” classroom teachers

positions

❖ **Note:** Some Merged schools are also welcoming schools



# School Certificated Staffing (by Component)



\*Staffing reductions from Closures and Mergers

# School Certificated Staffing Elementary Projected Needs

- Combined School Staffing Elementary at affected schools:
  - ✓ 2021-22 currently has 273 core classroom teachers
  - ✓ 2022-23 staffing projected to need 262 classroom teachers
  - ✓ Potential savings of 11 classroom teachers
  - ✓ Potential savings of \$1,111,000 based on average teacher salaries and benefits of \$101,000



# Summary of Maximum Potential Savings

*Resources to be Considered for Reinvestment in Board On-going Priorities*



**TOTAL SAVINGS RANGE  
- ALL COMPONENTS -**

Schools	Unrestricted	Unrestricted/Restricted
Closure	\$2.1Mil	\$5.7Mil
Merger	\$0.9Mil	\$2.8Mil
Certificated Staffing	\$1.1Mil	\$6.2Mil
<b>Total</b>	<b>\$4.1 Mil</b>	<b>\$14.7 Mil</b>

OUUSD COST MODEL FOR SCHOOL SITE RESTRUCTURING

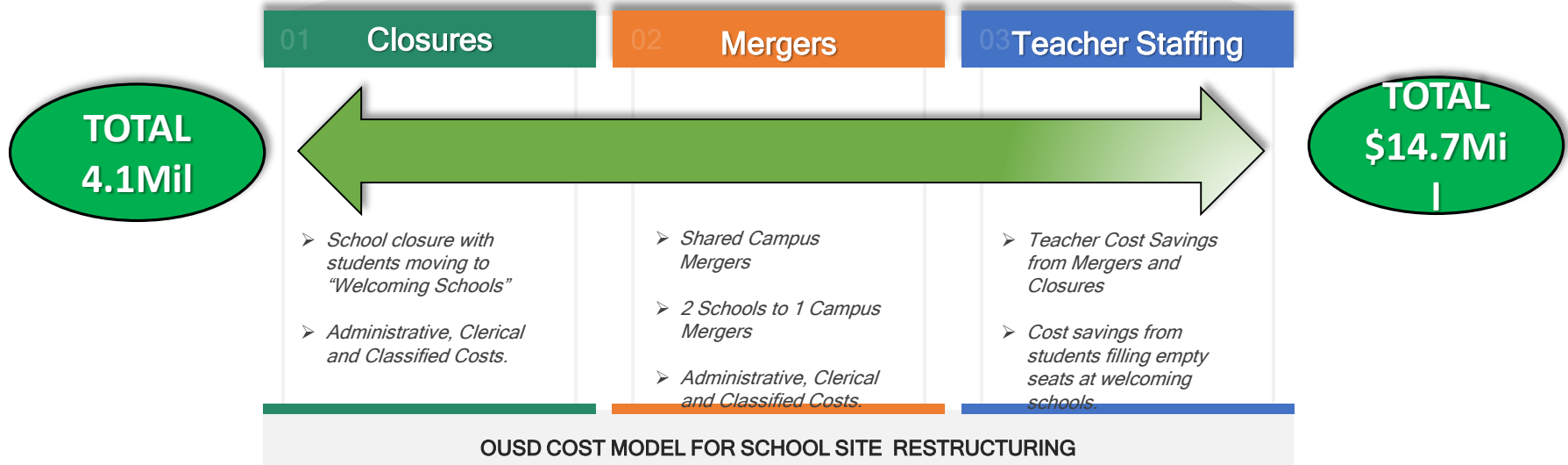


# Summary of Maximum Potential Savings

Resources Available to be Reinvested in Board On-going Priorities



## TOTAL SAVINGS RANGE





## Considerations

The following are areas that the District may want to consider in addition to those previously identified:

- Transportation costs related to students being relocated
- Central Office structure, systems and processes
- Central Office allocated staffing

## Next Steps

- Return to Board of Directors with any additional analysis, as requested
- Once a final decision has been made, recalculate savings



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



**Thank You!**  
**Questions?**