

# 2017-18 Mid Year Adjustments: Addressing the Board Resolution on Fiscal Solvency Thursday, December 7, 2017



Presented by: Kyla Johnson-Trammell, Superintendent  
To: OUSD Board of Education

# Outcomes



- To recommend an adjusted target based on the First Interim Report
- To inform the board on the actions staff will take to implement mid-year adjustments
- To highlight areas for the community to support

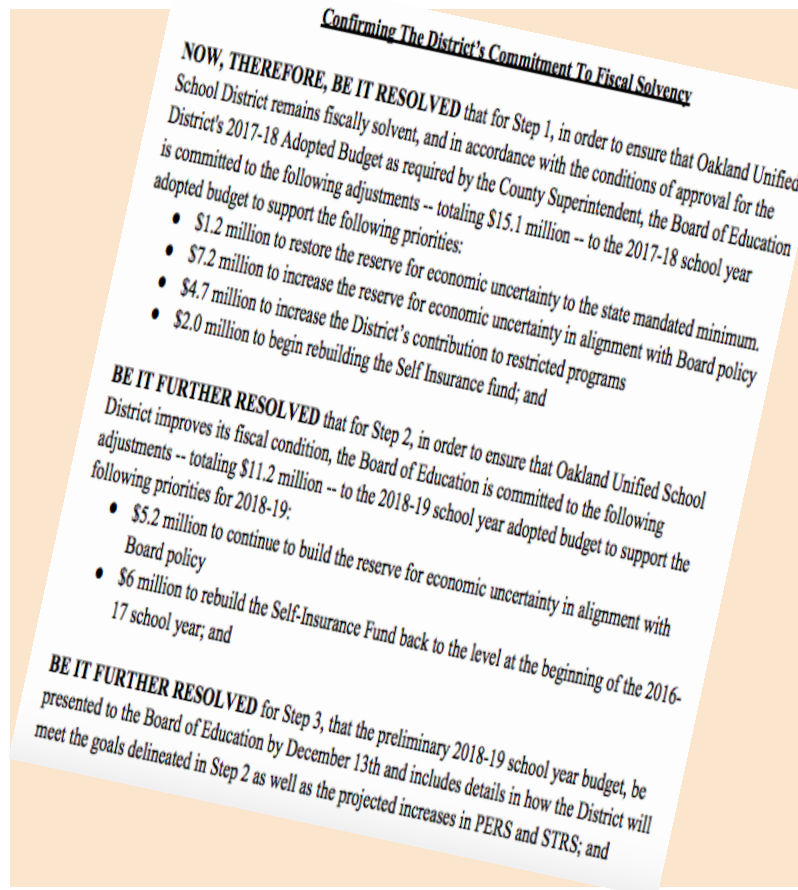
# Fiscal Solvency Board Resolution Based on September Budget Information

## 2017-18 Target: \$15.1 Million Solvency:

- \$1.2M restore required reserve
- \$7.2M increase the reserve (contingencies)
- \$4.7M restricted programs

## Fiscal Vitality for Long Term:

- \$2.0M Self Insurance fund



# Updated Recommendation Based on 1st Interim

Although 1<sup>st</sup> Interim now incorporates many items unfunded at budget adoption, we recommend savings beyond the \$1.1M shortfall projected at 1st Interim to ensure we can cover specified and unspecified risks and close the year above the 2% minimum reserve.

## Projected Shortfall

Amount below the 2% requirement already projected by 1<sup>st</sup> Interim.

**\$1.1M**

+

## Specified Risks

Costs not projected in 1<sup>st</sup> Interim, but suggested by analysis of trends in specific programs & costs.

**\$3.9M**

+

## Unspecified Risks

Costs not projected in 1<sup>st</sup> Interim, but suggested by historic fluctuations between 1<sup>st</sup> Interim and year-end.

**\$4.0M**

=

## Recommended Adjustments of \$9 Million

Revised recommendation of revenue increases, costs savings or expenditure reductions needed in Unrestricted General Funds to ensure meeting 2% reserve requirement at year-end.

# Costs not Projected in the First Interim

## Specified Risks **\$3.9M**

### Known Risks Include:

- ⇒ Special Education Services (\$1.2M)
- ⇒ Transportation (\$0.6M)
- ⇒ Food Service Programs (\$0.6M)
- ⇒ Substitute Costs (\$0.7M)
- ⇒ Outstanding Invoices (\$0.8M)

## Unspecified Risks **\$4.0M**

### Examples of unforeseen costs:

- ⇒ Arbitrations
- ⇒ Unknown Future Invoices
- ⇒ Audit Findings

# What is Needed? Collaboration Across OUSD

We must take every possible measure to ensure that we put **Students First** by:

- Limiting the impact of reductions to programs and services that directly support students
- Committing to a culture of savings and operating within our budget

# Where is the Money? School & Central Budgets

**Schools = \$250M**

- Includes ~\$30M site-paid central staff (e.g. custodians, nurses, school security officers, restorative justice coordinators)

SCHOOLS	CENTRAL
SCHOOL STAFF \$200.0	CENTRAL STAFF \$58.5
NON-STAFF COSTS & POSITIVE PAY \$50.0	NON-STAFF COSTS & POSITIVE PAY \$15.5

**Central = \$74M**

- Excludes ~\$71M in required contributions to restricted programs - RRMA (routine repair and maintenance of facilities), Cafeteria Fund and Special Education

- Includes ~\$7M of District-wide expenses

# Central Office Adjustments



## How we got to our proposed central office adjustments?

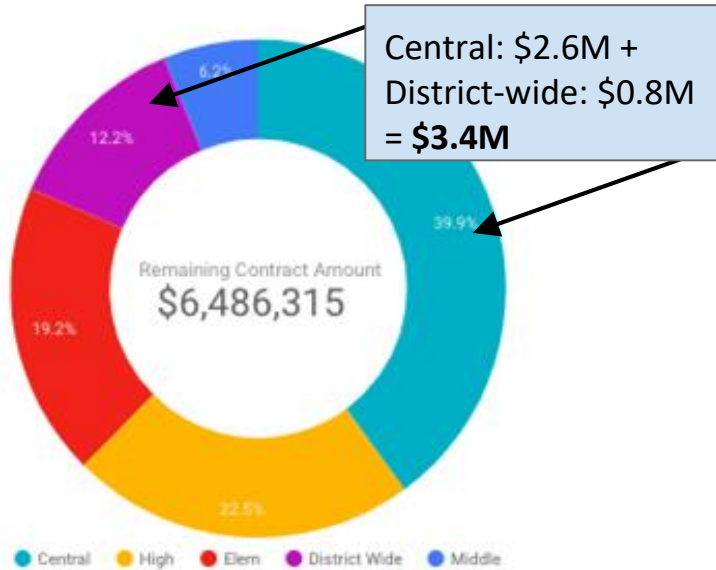
**Step 1:** Finance Team Identified Savings/Reduction Options (what was on the list and what came off)

**Step 2:** Senior Leadership Retreat to evaluate options based on impact on programs and services that directly support students, ease (lack of constraints) of implementation and cost savings



# Central Office Adjustments: Contracts

## Remaining Amounts - Unrestricted



## Remaining Amounts - Restricted



Of the **\$28.8M** of existing contracted services, there was **\$3.4M** of remaining balance on Central Office Contracts budgeted with Unrestricted Funds as of November 14th.

# Central Office Adjustments: Contracts

Vendor Name	Contract Amount	Amount Paid	Remaining Amount	Remaining Percent
1. 1ST AMERICAN TRANSIT LLC	\$600,000	\$88,926	\$511,074	85%
2. FRIENDLY TRANSPORTATION	\$600,000	\$116,411	\$483,589	81%
3. MICHAELS TRANSPORTATION	\$400,000	\$76,450	\$323,550	81%
	\$309,300	\$0	\$309,300	100%
	\$530,300	\$329,600	\$200,700	38%
	\$170,000	\$33,000	\$137,000	81%
	\$170,000	\$0	\$170,000	100%
	\$100,000	\$0	\$100,000	100%

Of the \$3.4 M of remaining balance, most contracts are for needed services:

**For More Information Visit:**  
 Fiscal Transparency Website  
[www.ousd.org/fiscaltransparency](http://www.ousd.org/fiscaltransparency)

## Top 20 Contracts:

- **\$1.5M for Student Transportation**
- **\$500K for Finance Support** (e.g. State Trustee, Budget Development Improvements, Internal Controls)
- **\$740K for Direct Services to Students** (e.g. Credit Recovery for students, mental health services)
- **\$38K for Security**

14. BAY AREA COMMUNITY CONNECTION	\$50,000	\$39,284	\$40,000	38%
15. WADSWORTH, KATE	\$80,000	\$0	\$38,234	38%
16. ATTITUDINAL HEALING CONNECTION	\$40,000	\$61,706	\$3,381,893	56%
17. SCHOOL SERVICES OF CALIFORNIA	\$100,000	\$0		
18. CHRISTMAS, TROY		\$2,679,940		
19. MEAD, SPENCER				
20. FIRST ALARM SECURITY & PATROL	\$6,068,884			

Grand total

\* Table includes Central Office departments and District-wide expense. As of 11/14/2017 there was roughly \$3.4M in remaining amounts to be paid on existing contracts (i.e. 56% of the original total).

# Central Office Adjustments: Contracts

## Contracts \$0.4 Million

- \$0.2M for existing professional service contracts
- \$0.2M for funds allocated to pay for future professional service contracts

# Central Office Adjustments: Books & Supplies

## Books & Supplies \$0.5 Million

\$0.5M reducing funds available to purchase supplies and equipment

# Central Office Adjustments: FTE Adjustments

## FTE Reduction & Realigning Funding Sources \$2.1 Million

Type of Action	Number of Impacted FTE	Number of Impacted Employees	Total Savings
Position elimination	23.82	26	\$0.75M
Reduction of FTE	15.80	16	\$0.06M
Realigned funding sources for FTE	21.08	28	\$1.35M
<b>Grand Total</b>	<b>60.7</b>	<b>70</b>	<b>\$2.16M</b>

- 61% of the proposed staffing eliminations/reductions are categorized as management
- 28% of the proposed staffing eliminations/reductions are categorized as clerical
- 11% of the proposed staffing eliminations/reductions are categorized as classified support.

# Central Office Adjustments: Donations & Furloughs

## Buildings & Grounds Furlough and Leadership Donations in Lieu of Furlough **\$0.2 Million**

Senior Leadership made donations of 5-10 unpaid work days which we expect to have minimal operational impact.

Buildings Construction and Trade Union (“BTC”) agreed to furlough days.\*

\* We continue active discussions with all union partners to minimize position eliminations through strategies like furloughs.

# Central Office Adjustments: Maximizing Restricted Resources

## Maximizing Restricted Resources \$1.6 Million

- Review Title II, III
- Review Educator Effectiveness
- Review other Federally Restricted Resources

# School Site Adjustments



## How we got to our proposed school site adjustments?

**Step 1:** All Principal meeting to review [Finance Team Identified Savings/Reduction Options](#) and make recommendations from school site perspective. School Leaders recommended site decision making in how to make reductions.

**Step 2:** Staff considered a percentage reduction to all sites and a per pupil reduction and found the per pupil reduction was more equitable.

**Step 3:** [Memo](#) sent to principals indicating target amounts and recommendations for reductions at school sites.



# School Site Adjustments: School Site Decisions Based on a per Pupil Amount

## School Site Total Reductions \$4.2 Million

Top categories of school site reductions:

### Non-Staff & Positive Pay

- Supplies
- Extended Contracts
- Overtime/Extra Time

### Staff

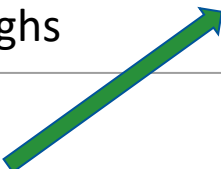
- STIP Subs (sub teachers working full year )
- Reductions to Classified Positions (e.g. reducing 1.0 to 0.5 FTE)
- Eliminating Classified Positions
- Temporary Certificated Staff (200 FTE currently)
- Not Filling a Vacancy

# Getting to \$9 Million Target

Amount	Adjustment
\$4.2M	School Site Adjustments*
\$2.1M	FTE Adjustments (eliminations, reductions, realigned funding source)*
\$1.6M	Maximize Restricted Resources (e.g. Title 1, 2 & 3)
\$0.5M	Books & Supplies
\$0.4M	Contracts
\$0.2M	Donations & Furloughs
<b>\$9.0M</b>	<b>TOTAL</b>

**\$9M represents:**

- \$4.8M = 6.5% of Central Office Unrestricted Revenue
- \$4.2M = 1.7% of School Site Unrestricted Revenue



\* Not including \$1M in vacancies and \$0.4M for fall revision adjustments already accounted for in first interim

\*\* Not including \$0.6M in vacancies already accounted for in first interim

# Improved Budget Management Practices Underway

## 1. Tighter purchasing procedures

- A. Purchase Orders required for all transactions and prior to; reimbursements for required travel, conferences, professional development, supplies, and mileage.
- B. Blanket Purchase Orders only allowed for district-wide books, instructional materials and meal program food and supplies.
- C. Details of the purchases must be itemized with a detailed description for all goods and services, including sales taxes and shipping costs, if applicable.
- D. Requisitions or Purchase Orders must be coded correctly for the type of purchase.

## 2. Assign budget for planned but not budgeted expenses

- A. Extended Contracts
- B. Overtime/Extra Time
- C. Itemized Reimbursements (identify what the reimbursement is for)
- D. Mandatory Conferences
- E. Substitutes costs

# Budget Management Practices (cont.)

## 3. Spending restraints

- A. No spending on Food and Refreshments for meetings.
- B. No spending on out-of-state travel.
- C. Limit spending on supplies.
- D. Hiring Freeze

## 4. Contracts

All administrators should work to **limit or cancel spending** on service contracts which must be in line with our [Board Policy 3312](#).

\* These budget management practices and others will be covered in the upcoming Fiscal Vitality Plan - 1st read - December 13th Board Meeting.

# Committed to Fiscal Vitality



# Here is What We Can Do



- **Attendance Campaign**
  - Student campaign for increase attendance (*If every student came to school just two more days = \$3.9M*)
  - Improve practices for taking daily attendance
- **Student and Family Recruitment**
- **Volunteer Opportunities:** Classroom teachers are looking for classroom support. Go to [www.oaklandschoolvolunteers](http://www.oaklandschoolvolunteers) to lend a helping hand.
- **A-Z Fund**
  - The Ed Fund will open a grant cycle for A-Z Fund in January of 2017. This will make available grants of upto \$1,500 to support arts, music, field trips, and activities.

# Stay Informed: Fiscal Transparency Website



## Reports & Presentations



## Interactive Tools

- ✓ School Finance Overview & Glossary
- ✓ Budget Updates Blog
- ✓ Past Presentations & Financial Records
- ✓ Historical Spending Reports
- ✓ Historical Staffing Reports
- ✓ Interactive Monthly Spending Dashboard
- ✓ Savings Suggestion Box
- ✓ Ways to Get Involved

<https://www.ousd.org/fiscaltransparency>

: iam OUSD 



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