



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

Update on Board Resolution 1819-0144

Discussion on Returning Funding to Schools



November 13th, 2019

www.ousd.org



@OUSDnews



OAKLAND UNIFIED
SCHOOL DISTRICT

Community Schools, Thriving Students

Board Resolution 1819-0144



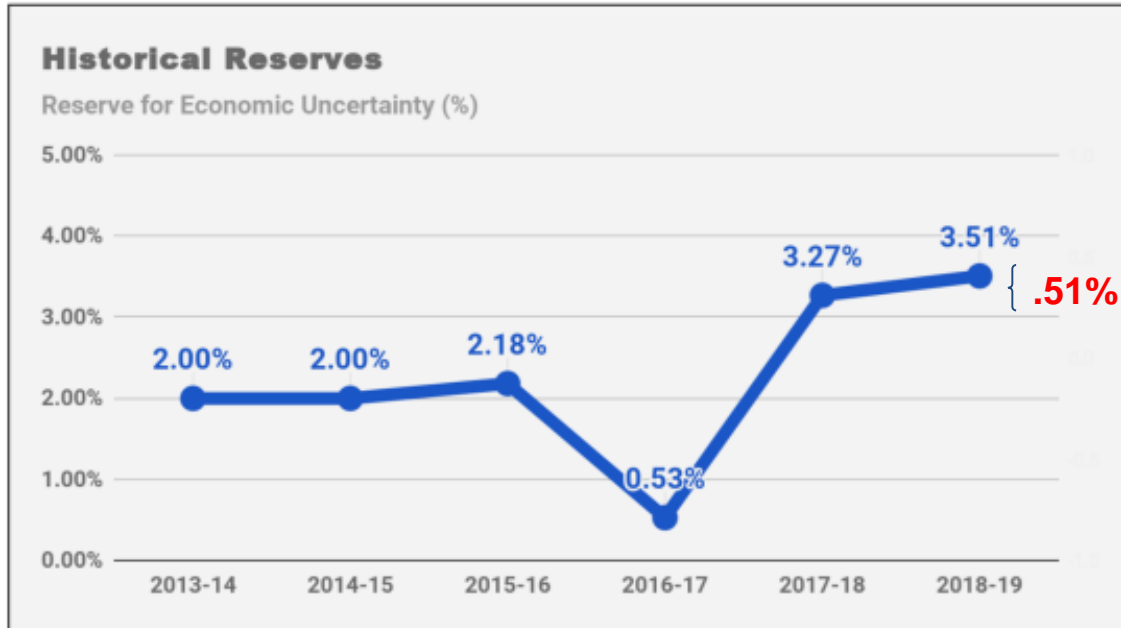
iam OUSD

www.ousd.org



@OUSDnews

Growing reserves for a rainy day ...



- California's mandates a minimum **2% reserve balance** for districts like OUSD.
- Board requires **3% reserve**
- Best practices in school finance is 17%.



Unrestricted Fund Balance Breakdown (\$30.6M)

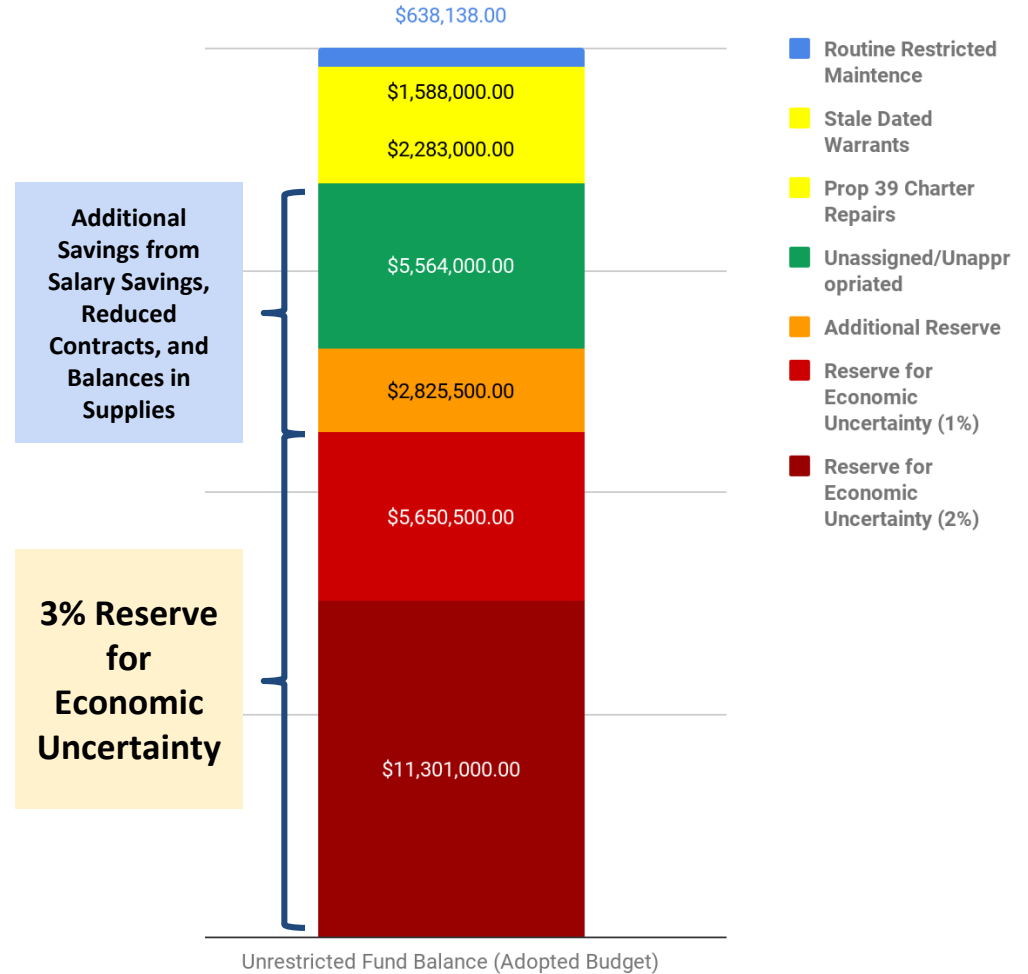
Unassigned/Unappropriated:
Board Approved 19-1575

- **Special Education:**
\$1.3 M
- **SEIU Agreement:**
\$3.4 M



Remaining: \$.6M

Unrestricted Fund Balance over \$500K

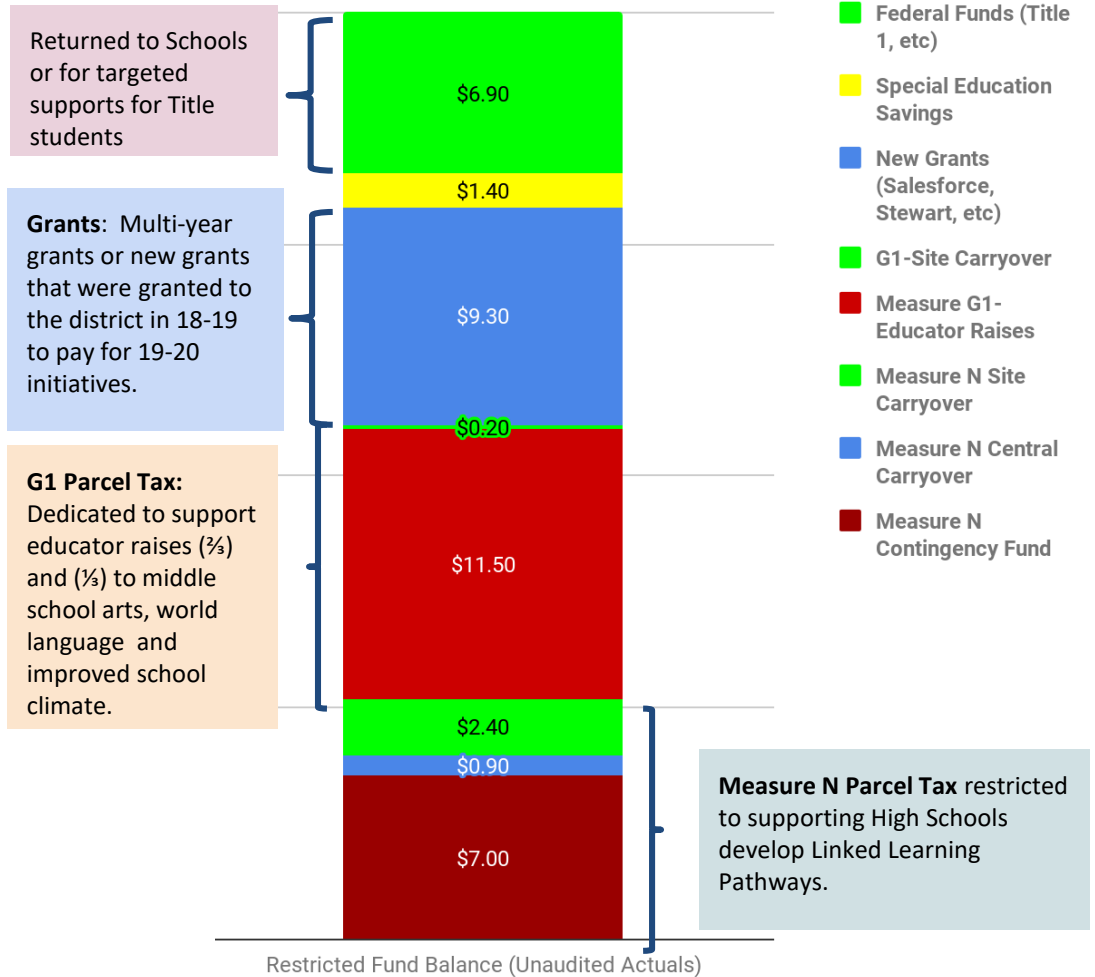


Restricted Fund Balance (\$40.2M)

The Measure N Contingency Fund will continue as a Restricted Fund Balance for future years.

G1 will be used for Educator Salaries as part of the negotiated settlements.

Restricted Fund Balance (Millions)



Funds Distributed to Schools 2019-20

Reductions in <u>Discretionary Funds</u> allocated in 2019-20 Budget 1 Pager:	Increases in <u>Restricted Funds</u> after budget development.
- \$2.5 Million (not actually \$3.0 Million)	Funds Distributed to Schools 2019-20: + \$2.75 Million in Supplemental Funding + \$1.5 Million in Title 1 Carryover + \$0.5 Million in Title 4 (new allocation)

Net Change in Total School Funding from Budget 1-Pager= Increase in \$2.25 Million

This increase in funding has been concentrated in schools that serve our most vulnerable youth that that have a high % of students qualifying for free and reduced lunch

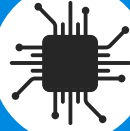
Funding for Uncertainty

What's In Question?

\$.6 M in
Unassigned Funds

\$2.8 M in additional
.51% Reserve
above board
minimum.

Total: \$3.4 M



\$1.5 M Chromebooks

Our Chromebooks are aging out and will not be able to support SBAC and other upgrades



\$1.0 M Central Kitchen

Staffing and infrastructure to launch the central kitchen for the 2nd semester.



Strategic Investments

Paying staff to participate in Design Teams and other investments that support improved outcomes

Letter from County Superintendent 9/16/19

*“Based on our review of **OUSD’s 2019-20 Adopted Budget and related Multi-Year Budget Projection (MYP)**, the District’s overall fiscal outlook is uncertain”*

*“We acknowledge the Board’s swift action in its adoption of Resolution No. 1819-0219, confirming the **District’s commitment to fiscal solvency with planned expenditure reductions and/or revenue enhancements of \$10 million and \$10.5 million in 2020-21 and 2021-22, respectively.**”*

“These amounts will mainly cover the \$18.8 million shortfall and the fiscal impact of the Collective Bargaining Agreement (CBA) with Service Employees International Union (SEIU)”



Budget Spending Reductions and Savings

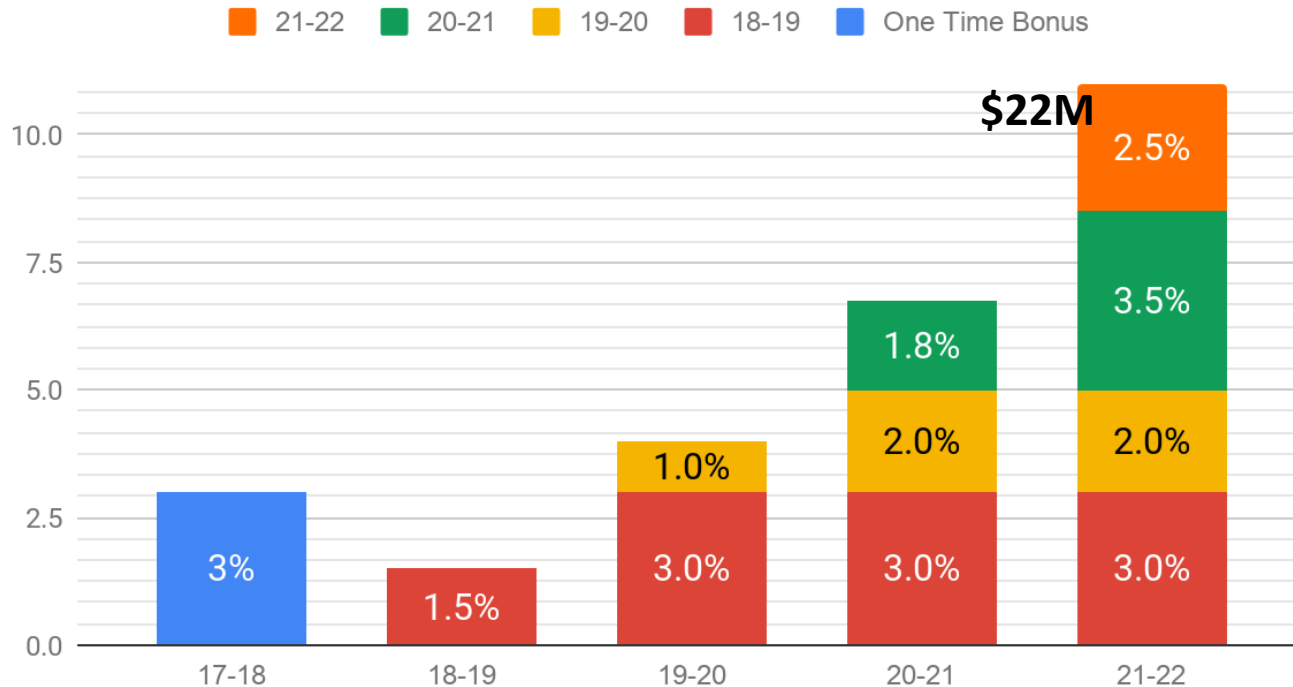
Board Resolution: 1819-0219

We must find ongoing reductions, savings, or new revenue equaling:

- **at least \$10 million for 2020-21.**
- **at least \$10.5 million for 2021-22.**

OEA Raises By Percentage & Estimated Costs

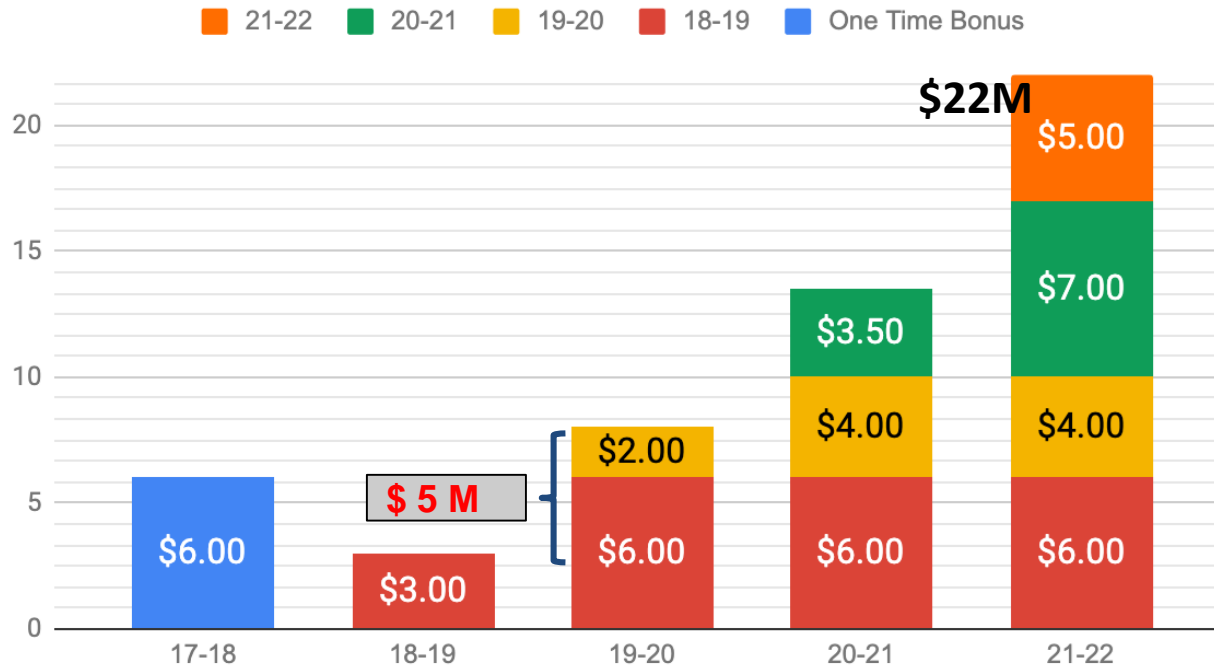
OEA Salary Increases by %



- ❖ 1x Bonus in 17-18 was paid in 19-20
- ❖ Each year has a mid-year salary increase happening January 1.
- ❖ The final raise in the 20-21 school year will happen on June 30, 2021 and will impact the 2021-22 school year.

Estimated OEA Raises Cost (\$M)

Estimated OEA Salary Increases in \$M

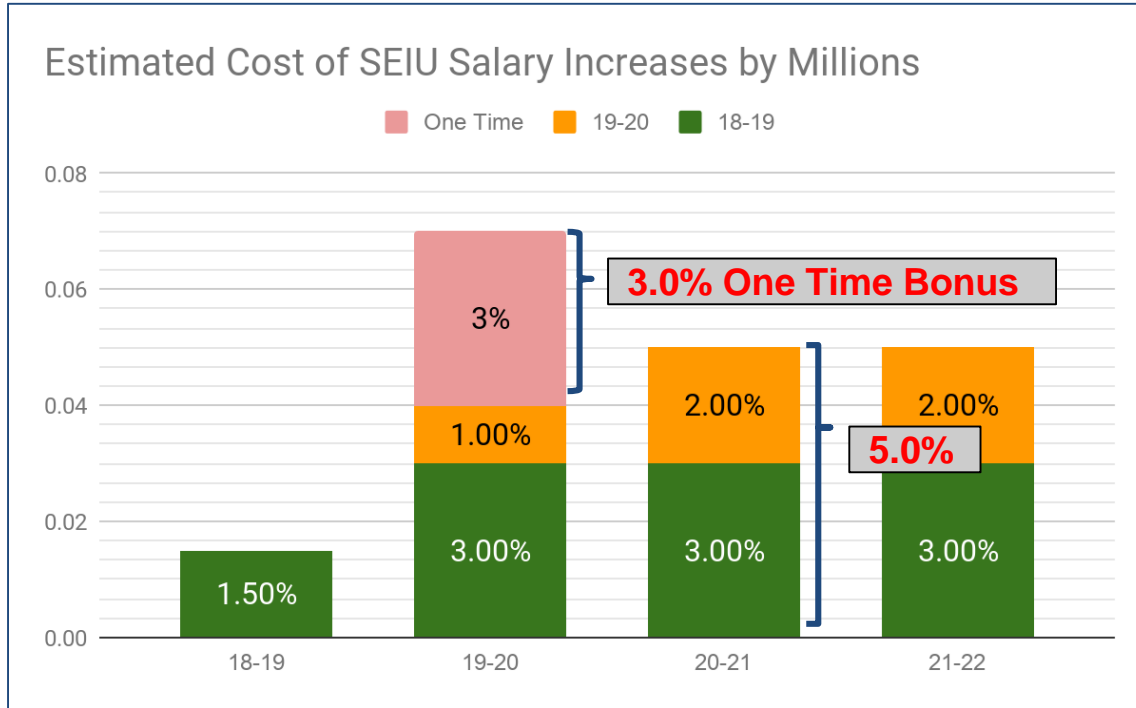


This does NOT include any other raises to other bargaining units.

- AFSCME
- UAOS
- Teamsters
- CSEA
- BTC (TA)

*Midyear increases in 19-20 and 20-21 school year.

Estimated SEIU Raises Cost (%)



Paid for in 19-20 with one time funds from the fund balance.

Cost in 20-21 will be **\$3.0M** that must be funded with ongoing money.

**SEIU AB2100
20-21 Costs Per Employee**

7.	Total Compensation <u>Average</u> Cost per Employee	\$ 79,353	\$ 994	\$ 4,608	\$ 4,072
			1.25%	5.81%	5.13%

Negotiations begin in 2019-20

Principals

Assistant Principals

Custodians

Truck Drivers

Accountants

Nutritional Services Workers

Community Schools Managers

Para Educators

Carpenters

Plumbers

Ongoing Challenges:

Flat funding and possible recession:

- We are facing flat state funding for education in the foreseeable future.
- Additionally, we are facing a potential recession.

Increasing compensation:

- Employee compensation accounts for the vast majority of our budget. Our current settlements with our labor partners (SEIU, OEA) create significant raises in the coming 3 years that we must plan for.
- We are entering negotiations with other bargaining units.

Increasing retirement benefits:

- Mandatory contributions to the state retirement system continue to rise.

Special education:

- Our expenses continue to outpace funding from the state. Spending on special education has increased every year for the last five years.

Potential Audit Findings:

- Each year Oakland has had to dedicate fund balance toward potential audit findings.



Recommendations

Based on the most recent financial data and based on Board's direction to use "conservative revenue projections and assumptions," the staff recommends that the Board delay any final decision on restoring funds to school sites until the First Interim report that will be accompanied by the revised Multi-Year Budget Projection that includes costs of both the OEA and SEIU settlements.

There are significant tradeoffs from restoring discretionary funds to school sites - it will likely result in increased future reductions in future years based on the Multi-Year Projections.