



OAKLAND UNIFIED
SCHOOL DISTRICT
Community Schools, Thriving Students

2022-23 Recommended Budget Adjustments



iam OUSD

January 12, 2021

Overview

- **Understanding the Budget Challenge**
- **Explain Recommended Budget Adjustments**
- **Next Steps and Timeline**



All our adjustments seek to preserve efforts to achieve our Mission and Vision in alignment with our Strategic Plan

OUR VISION

All OUSD students will find joy in their academic experience while graduating with the skills to ensure they are caring, competent, fully-informed, critical thinkers who are prepared for **college, career, and community success**.

OUR MISSION

OUSD will build a Full Service Community District focused on high academic achievement while serving the whole child, eliminating inequity, and providing each child with excellent teachers, every day.

The Challenges in Context-Comparing to the 50 Largest

Our circumstances become clearer when compared to California's 50 largest school districts:

- OUSD operates the most schools per student; and
- OUSD has the 3rd most teachers per student;
 - Yet, OUSD has the lowest average teacher salary and years of teaching experience;
- OUSD Spends more on teacher salaries than 85% of districts (per ADA);
 - But, OUSD has fewer Central office Classified Staff than 80% of districts (FTE per ADA).

Our financial challenges persist despite the reality that:

- OUSD is 4th in total revenue (per ADA); and
- OUSD is 2nd in Local Restricted Revenue, e.g. parcel taxes, grants and philanthropy (per ADA)

Our Mission and Vision are in Jeopardy

Unless we address these structural issues, we will continue to undermine our full service community schools model, including:

Continued erosion basic infrastructure:	Continued erosion of community school services and central supports:
<ul style="list-style-type: none">• Facilities maintenance• Site cleanliness standards• Technology for teachers and students• Professional development• Textbook and curriculum renewal	<ul style="list-style-type: none">• Counseling supports• Teacher coaching and support• Restorative justice, case management for vulnerable students• Targeted support for African American Students• Parent and Community Engagement• Language supports• Library services and health services

Understanding the Budget

2021-22 Total District Funds by projected expenditures*

Restricted Funds

General Fund
\$746.0M

Adult Ed
\$3.5M

Child Development
\$18.7M

Student Nutrition
\$22.7M

Facilities
\$215.4M

Self-Insurance
\$24.9M

Unrestricted
\$319M

Net transfers (\$83.7M)

Restricted
\$426.4M

Local Control Funding
Formula (LCFF)

General Fund Base
(0000)

- Basic Staffing
- Talent, Finance, Custodial, etc.

\$200M

Supplemental & Concentration (S&C)
(0002 - 0005)

- English Language Learners, Low Income & Foster Youth
- Teacher Retention, Academic Support, Climate & Culture

\$80M

Other Unrestricted
(Various)

State Lottery
Home & Hospital

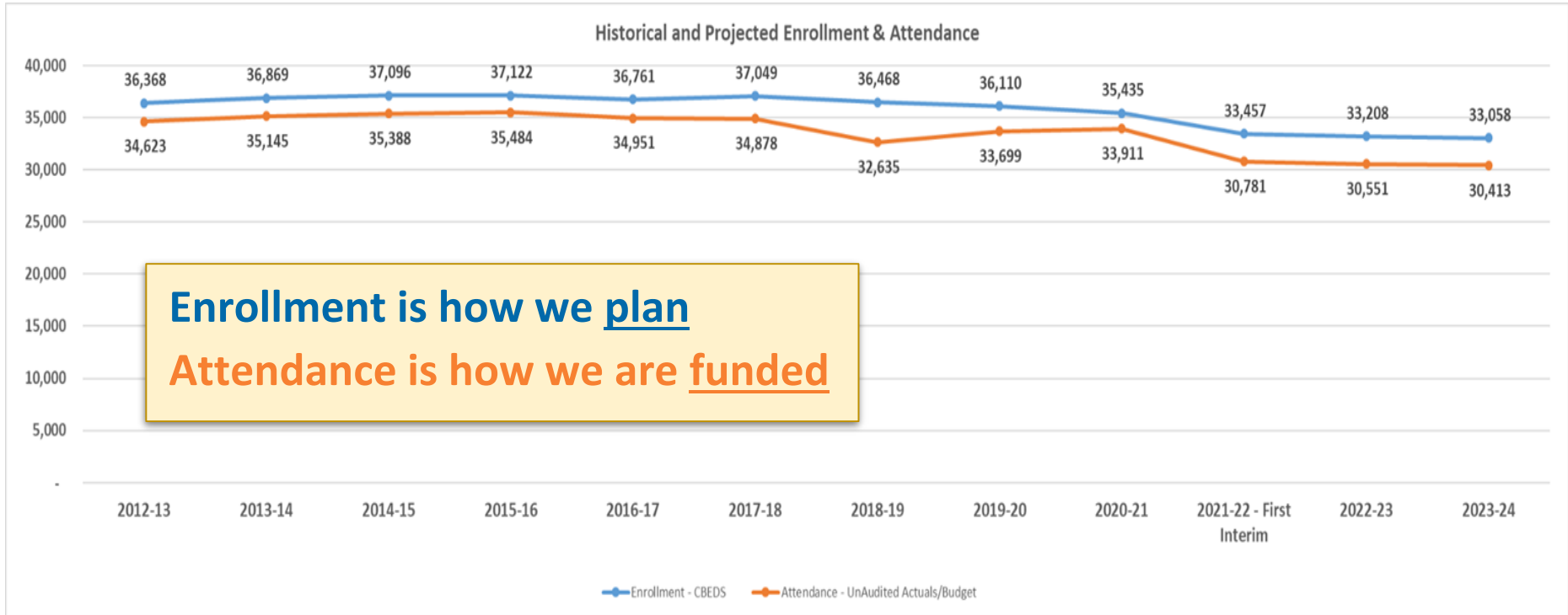
\$39M

General Fund Restricted
(Various)

- Federal (Titles I - V)
- Local (Parcel Tax Measures G, G1, N)
- Grants (Salesforce, Kaiser)
- Special Education
- COVID (ESSERs)

* Projected 2021-22 Expenditures as of [First Interim Report](#) (10-31-21)


LCFF Funding is Shaped by Attendance Levels



Note: Due to declining enrollment, the District will be funded using prior year ADA; thus, 2021-22 ADA will be used for the 2022-23 ADA projection which is expected to be better than actual 2022-23 ADA.

With Attendance declining, Multi-Year Projections (MYP) show deficits in next two years

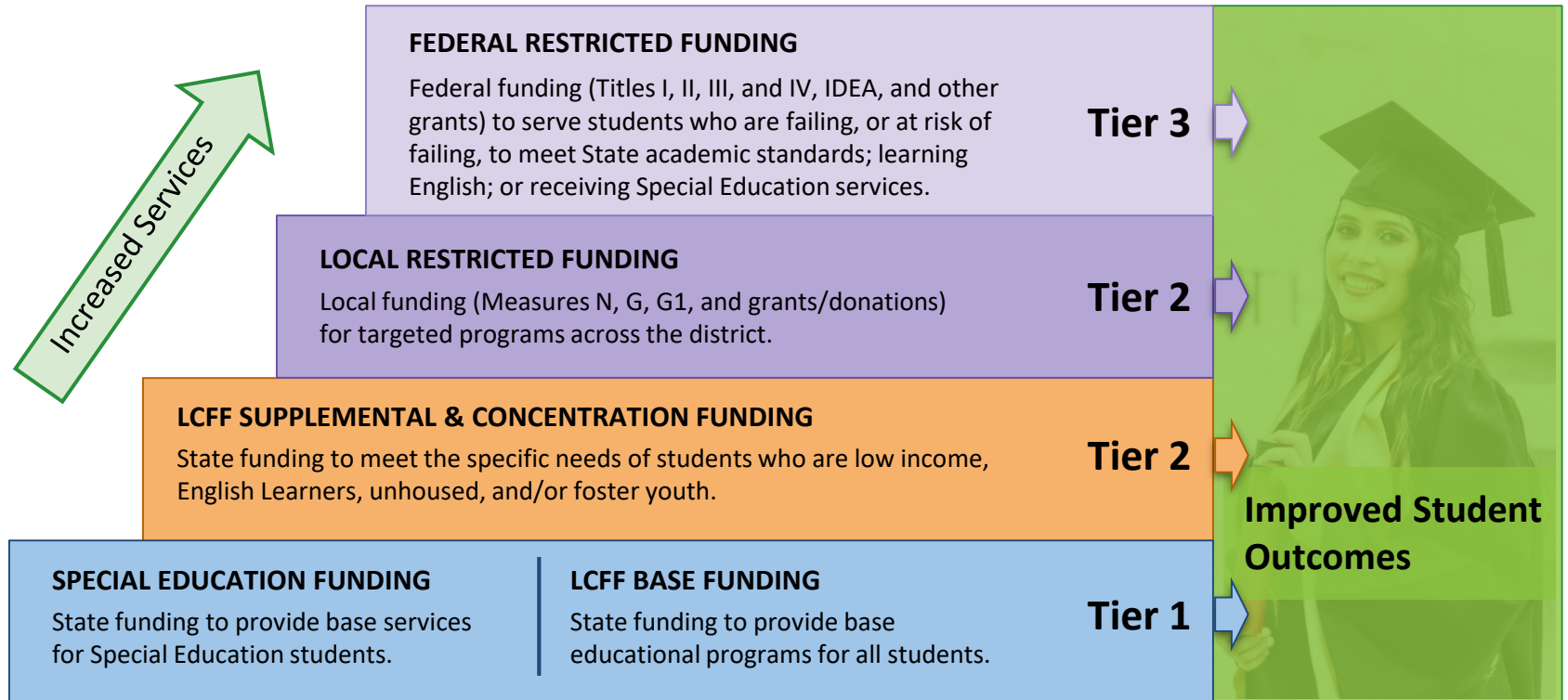
The District's 2022-23 and 2023-24 Fiscal Years are currently reflecting a Unrestricted General Fund **deficits of \$12.3M and \$7.1M**, respectively.

 2021-22 First Interim Budget MYP Fund Balance Summary - Unrestricted

	2021-22 Unrestricted	2022-23 Unrestricted	2023-24 Unrestricted
A. Revenues			
5) Total Revenues	\$ 425,581,067	\$ 402,916,760	\$ 416,729,777
B. Expenditures			
9) Total Expenditures	\$ 324,630,079	\$ 320,712,302	\$ 327,670,786
C. Excess (Deficiency) of Revenues Over Expenditures	\$ 100,950,988	\$ 82,204,459	\$ 89,058,991
D. Other Financing Sources/Uses			
4) Total, Other Financing Sources/Uses	\$ (83,694,346)	\$ (94,578,663)	\$ (96,196,376)
E. Net Increase (Decrease) in Fund Balance (C + D4)	\$ 17,256,642	\$ (12,374,205)	\$ (7,137,385)
F. Fund Balance, Reserves			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 60,443,968	\$ 77,700,610	\$ 65,326,405
2) Ending Balance, June 30 (E + F1e)	\$ 77,700,610	\$ 65,326,405	\$ 58,189,020

- The projected deficits largely reflect declines in revenue due to lower projected enrollment and attendance ADA.
- While expenditures are projected to initially decrease slightly, they will not compensate for the large loss in revenue.
- Any future adjustments that impact positions or compensation will impact the deficits in 2022-23 and 2023-24

Reductions in LCFF impact the base funding we rely on to support all students and operations.



Our Current Challenge - Deficits & Ongoing Compensation

Based on current information, the 2022-23 Budget will need to include budget adjustments of **\$40-50M** to address projected **deficits** and the **current need to increase ongoing employee compensation**.

This provides a single year solution

Today's Recommendations address the Current Challenge and lay groundwork for more structural changes ahead

The current recommended budget adjustments seek to:

- Better clarify what is Base vs. what is Supplemental Support and Services or District operational preference
- Interrogate adjustments in alignment with our strategic plan/LCAP and impact to equity and quality outcomes for students; and
- Meet the current challenge of addressing structural deficits and making room for improved staff compensation.

Identifying the Recommended Adjustments

Current Step:

Evaluate adjustment options against goals and priorities



Recap:

Summary & Next Steps from 12/15 Budget Update

- **Takeaways**
 - School site staffing has risen (even before COVID) even though enrollment/attendance has declined
 - Central office staff has been reduced over time
 - School Staff and Budget Allocations need realignment to meet changes in law and to facilitate budget adjustments
- **Staff Recommendation for Budget Adjustments coming in Jan 2022**
 - Will include reductions to central office
 - Will include heavy reliance on reductions to allocations to school sites

Summary of Budget Adjustment Recommendations

	Adjustment Summary	Impact on Target
Unrestricted Base Funding (0000)	<ul style="list-style-type: none"> ↓ Properly allocate non-base, supplemental services and support expenditures to S&C (\$15.9M) ↓ Elimination of positions due to enrollment decline (\$3.5M) ↓ Strategic reduction of expenditures to make room for priorities (\$6.9M) 	\$26.3M
Central Office Reorg (Labor & Non-Labor)**	<ul style="list-style-type: none"> ↓ Strategic reduction of expenditures to make room for priorities (\$12.0M) 	\$12.0M
Supplemental and Concentration (0002 - 0005)	<ul style="list-style-type: none"> ↑ Strategic adjustments in Equity Formula (\$1.0M) ↓ Strategic expenditure reductions to make room for priorities (\$1.7M) ↓ Reduction in positions due to enrollment decline (\$1.1M) 	\$1.8M
Restricted Funds (G, G1, N, etc)	<ul style="list-style-type: none"> ↓ Strategic reduction of expenditures to make room for priorities (\$9.2M) 	\$9.2M
		\$49.3M

* All amounts currently based on estimates that will change

** Includes reductions in base and S&C

↑ Increasing costs

↓ Decreasing costs

Unrestricted Base - Shifts to S&C

Base

Recommended Adjustment	FTE/\$	Unrestricted Base Details (Shifts to Supplemental & Concentration funding)	Impact
Shift 39 positions identified in LCAP as S&C to S&C	39.0 FTE \$3.95M	Move positions in the LCAP for A-G teachers, ELD Electives and newcomer teachers to S&C.	No impact to programming. Opportunity cost of lost opportunity to make alternative investments
Shift 4.8 Alt Ed positions into Concentration	4.8 FTE \$458K	Some Alt Ed Base Teachers not currently coded correctly into S&C.	
Shift 15 Case Managers & CSMs correctly into Supplemental	15.0 FTE \$1.77M	Some Case Managers and CSM's not currently coded to S&C.	
Shift additional cost of investment in 11-month teachers at certain schools	13.7 FTE \$1.42M	11-month teaching positions were used (instead of normal 10-month positions) as a retention strategy at Board Priority schools (Elevation Network), including McClymonds, Castlemont, Fremont. Shift cost of additional month (9%) into S&C.	
Shift cost of negotiated reductions of class size	27.5 FTE \$2.86M	Per agreement, schools with more than 90% unduplicated pupil percentage receive additional teachers for smaller class sizes. Shift cost of additional teachers into S&C	
Shift cost of class size reduction at some elementary	27.0 FTE \$2.81M	Shift to S&C cost of investment in class size reduction at schools with 1 or 2 cohorts K-3 that cannot fill projected 802 empty seats of increased class size in grades 4-5.	
Shift certain clerical positions into Supplemental Funding	22.7 FTE \$2.63M	Audit of work identified appropriate for funding in Supplemental as work is beyond base programming.	

Unrestricted Base - Enrollment Decline

Recommended Adjustment	FTE/\$	Unrestricted Base Details (Eliminations due to enrollment decline)	Impact
Reduction of Base-funded Assistant Principal positions/Increase in Concentration-funded AP positions	4.0 FTE \$580K	Based on shifts in enrollment at school sites, 23 Base APs earned based on enrollment (down from 26 in 21-22), while 17 APs awarded based on the Concentration AP formula (up from 13 in 21-22).	Reduction in FTE in Based funded FTE caused by the enrollment decline that is impacting the district. The impact of some of the AP reductions may be offset by the Equity Formula.
Reduction in Teaching positions	28.3 FTE \$2.94M	Based on enrollment decline, positions including base teachers and prep teachers.	Reduction aligns with existing allocation formulas

Unrestricted Base - Strategic Reductions

Recommended Adjustment	FTE/\$	Unrestricted Base Details (Strategic reduction to make room for priorities)	Impact
Reduction in deferred maintenance budget	N/A \$2.0M	Reduce planned investment from General Fund into Deferred Maintenance out of initial \$5M commitment (in lieu of school consolidations)	Deep facilities needs will either not be addressed or be postponed based on a prioritization of urgency. Examples include furnace and window replacements, pool repair, roofing and flooring projects.
Eliminate vacancies	22.6 FTE \$1.5M	Board action in lieu of school consolidations	Planned work will not be implemented, however, the work was not being implemented due to our inability to fill all vacancies.
Elimination of co-principals	2.0 FTE \$443K	End strategy of Co-Principals at Skyline and Fremont.	Skyline and Fremont to eliminate co-principal positions. Skyline traded a principal position for an assistant principal position and Fremont will transition to regular administrative structure in the upcoming year.
Payoff of State Loan with one-time funds	N/A \$2.1M	Funds committed (set aside) to cover ongoing payments for outstanding state loans.	Reduction of ESSER Available dollars for other investments.
Cost Avoidance from recommended FTE reductions	\$868K	Additional reduction generated by avoiding salary increases on reduced positions.	Reduction of positions provide upside and reduces the ongoing compensation expenditures for the District, recognizing that there are also coinciding reduction in services.

Central Office Reductions - Academic*

Recommended Adjustment	FTE/\$	Details (Strategic reduction to make room for priorities)	Impact
Consolidate Behavioral Health and Attendance Office positions.	23.1 FTE \$2.9M	Merge multiple, singularly focused roles into one role focused on Multi-Tiered Systems of Support.	Reduction in positions to create 5 individualized positions aligned to each network. will be the focus of a new position within the Multi-Tiered Systems of Support strategy. Focus on positive school culture and attendance.
Decrease the staffing in Dept. of English Language Learner & Multilingual Achievement (3FTE) Decrease Linked Learning (2FTE) Decrease Academic Innovation (1.9FTE) Decrease Office of Equity (2.7FTE)	9.6 FTE \$1.2M	Instead of 7 specialists assigned to support 5 Networks, there will be 5 specialists assigned, 1 per Network.	Central and site-based staff are collaborating in service of college and career readiness. Increasingly, students are opting to defer or not go to college. It's imperative that we provide continuous and high-quality supports to our students as they venture into their post-graduation lives. Students are significantly more likely to attend and complete college if they have completed financial aid applications, which this initiative has successfully increased.
Decrease Research Assessment Data (RAD) staffing.	2.0 FTE \$396K	Supervision will be the responsibility of the Executive Director.	The assessment team can be structured differently so we can focus on bringing our services closer to school sites.

Central Office Reductions - Operations*

Recommended Adjustment	FTE/\$	Details (Strategic reduction to make room for priorities)	Impact
Shift staffing positions into ESSER Funds based on major shift in workload based on COVID	0.5 FTE \$114K	Shift to more restricted resources given change in workload driving by COVID Supports.	No impact
Reduced training for central operational divisions.	\$26K	CASBO and other organizations offer training on best practices to improve efficiencies and cost savings. There would be a reduction in these trainings for staff.	Less operational training for operations divisions that provide operational support to Custodial, Tech Services, and Nutrition Services
Tech Services: Reduction in software investments as we consolidate around unifying programs	\$503K	Move to single communication platform and only pay for core platforms out of the general fund like i-Ready, Newsela, and other base offerings.	School sites will have less options for software and communications platforms as we consolidate around fewer platforms (eg. Parent Square). Some of the supplemental software programs will be funded by restricted funds.
Custodial Services: Shift in funding of ED and reduction in custodial supplies as we refine centralized ordering	0.2 FTE \$52K \$168K	Increased efficiency in ordering system to reduce waste at school site and over ordering that can happen at some schools and shift of position to RRMA to match reductions from \$3M in eliminations in 2019-20.	No net impact in current year as ESSER funding is paying for custodial supplies. As we implement new systems for custodial supplies and ordering costs will be redacted in ongoing funds.

Central Office Reductions - Financial Services*

Recommended Adjustment	FTE/\$	Details (Strategic reduction to make room for priorities)	Impact
Reduce Business / Accounting Staffing	2.0 FTE \$291K	Reduce Staffing to support the retention of remaining positions	Less accounting staff and requirement to accelerate efficiencies and re-allocate tasks balanced with new higher level positions (currently recruiting).

Central Office Reductions - Talent*

Recommended Adjustment	FTE/\$	Details (Strategic reduction to make room for priorities)	Impact
Reduce Human Resources Staffing	3.0 FTE \$589K	Reduce Staffing to support the retention of remaining positions	Increased workload of remaining positions. Work will need to be reallocated to remaining positions. The work includes substitute management, compensation and classification, teacher residency work and hr operations.
Shift staffing positions into EE Block Grant Funds based on board approved plan	2.0 FTE \$333K	Shift to more restricted resources given the block grant towards educator effectiveness. We are able to move our teacher positions that provide direct coaching support in the classroom to these funds.	No impact to operations. Opportunity cost of ability to use Educator Effective Grant funds for other purposes.

Central Office Reductions - Other

Recommended Adjustment	FTE/\$	Details (Strategic reduction to make room for priorities)	Impact
Student Welcome Center (enrollment office) reorganization	2.0 FTE \$211K	Eliminate 2 FTE and redistribute responsibilities to remaining staff.	No impact on services to families.
Enrollment, Communications and Ombudspersons Office - Non-labor reductions	\$68K	Supplies, consultants, travel	No impact on essential services.
Eliminate - Deputy General Counsel position	1.0 FTE \$268K	Eliminate unfilled position	Limited impact on essential services.
Eliminate - Mgr Publications	1.0 FTE \$119K	Eliminate Vacant Position	
Additional Non-Labor Adjustments	\$5.9M	Reduce additional services and supplies to support the District's reductions in expenditures.	Reductions to investments in supplies, professional development, services, consultants, technology, subscriptions in central supply budgets

Increases in S&C Funding Allow Shifts from Base



Increase in available ongoing S&C funding: \$12.3M in 2022-23

The increase in Supplemental & Concentration funds make it possible to fund positions that were historically funded through General Purpose Base (0000) but where the expenditures are supplemental to the Base program.

While this allows for maintaining the positions shifted to Supplemental and Concentration funding, it prevents new investments to expand the supplemental supports at schools. See [slide with details of shifts](#).

S&C - Adjustments to Equity Formula

Recommended Adjustment	FTE/\$	Supplemental & Concentration Details (Adjustments to Equity Formula)	Impact
Creation of Equity APs	Increase 5.0 FTE \$725K	Using a tiering system with UPP percentages instead of enrollment, additional AP's allocated to schools with greater need.	Addition of administrator support at higher need schools that no longer meet the threshold for AP positions based on enrollment alone.
Increase in Case Managers and Community School Managers	Increase 9.0 FTE \$1.0M	Change in Equity Tier results in Increase of 2.5 FTE of case managers and 6.5 FTE of Community School Managers	Addition of case managers, Restorative Justice Facilitators, Community Schools Managers, and other high-impact student-facing positions at secondary schools to provide more student supports and allow these positions to shift to LCFF Supplemental & Concentration funding.
Elimination of clerical positions	Reduction 9.8 FTE \$659K	Net elimination of 9.7 FTE clerical positions linked to enrollment decline, change in tiering for schools and shifts in Equity Formula.	Reduction in clerical capacity at secondary schools as these allocations become student support roles that can be funded in LCFF Supplemental & Concentration.

S&C - Strategic Reductions and Enrollment Decline

Recommended Adjustment	FTE/\$	Supplemental & Concentration Details (Strategic Reductions and Enrollment Decline)	Impact
Reduction in Supplemental Allocation	Decrease TBD FTE \$1.5M	In lieu of Cohort 3 school consolidations, Board approved reduction of \$65 per student out of \$850 per student supplemental allocation	School communities will determine what is reduced from reduced allocation
Eliminate vacancies	\$186K	Board action in lieu of school consolidations	Planned work will not be implemented, however, the work was not being implemented due to our inability to fill all vacancies.
Increase in Case Managers and Community School Managers	Increase 10.9 FTE \$1.1M	Reduction in LCAP for A-G, ELD and Newcomer based positions due declining enrollment	Reduction aligns with existing allocation formulas

Restricted - Strategic Reductions to support priorities

Recommended Adjustment	FTE/\$	Restricted Details (Strategic Reductions and Enrollment Decline)	Impact
Reduction in Supplemental Allocation	TBD FTE \$9.2M	Many restricted funds do not increase or do so slightly each year (e.g., Measure N, G1 and G). If increases are not sufficient to offset increased costs, reductions must be made (absent other funding). Salary increases are such a cost that is often not covered by restricted revenue increases.	Through normal budget process, schools will prioritize expenditures based on same funds but with updated costs. This will feel like a reduction to school sites because the positions they previously purchased will cost more. The amount of funding will mostly remain the same, unless the school has experienced an enrollment decline.

Honoring Local Decision-making

School Staffing Adjustments

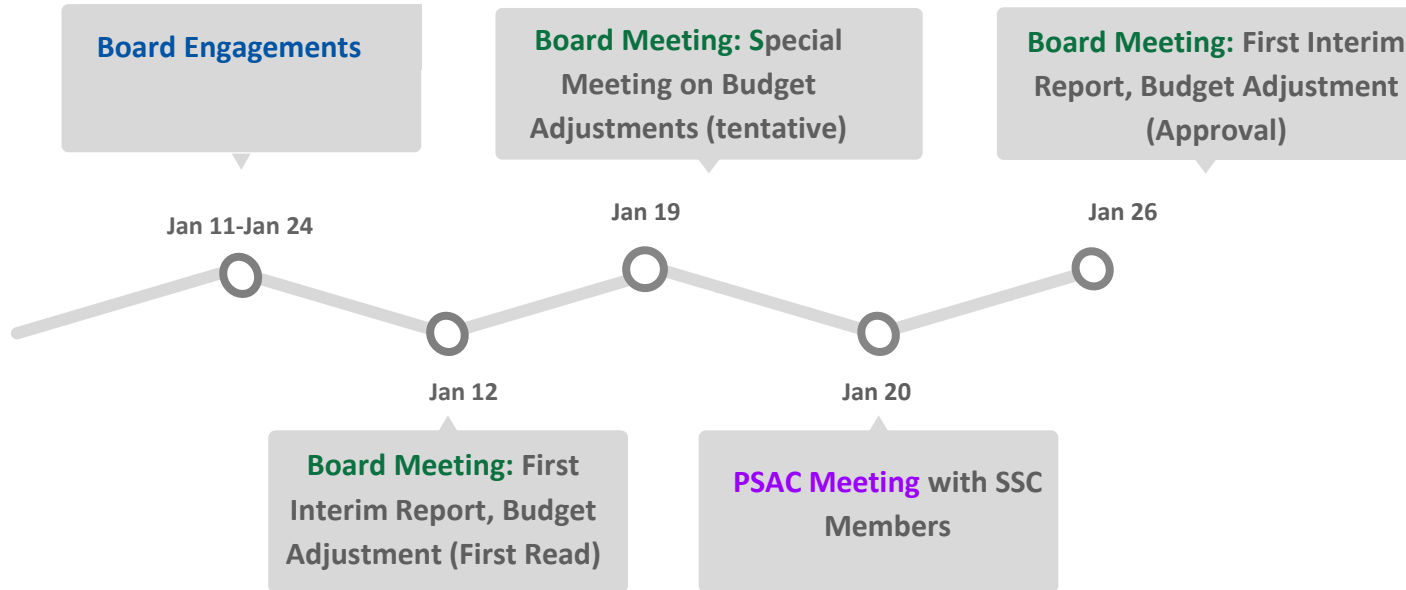
- Result of enrollment decline using existing allocation formulas
- Result of changes to Equity Formula with aggregate result of more staffing than would otherwise be allocated to support neediest students

School Funding Adjustments

- Schools prioritize spending locally to adjust to small reduction in Supplemental allocation (7.6%).
- Schools prioritize spending locally to adjust to higher staffing costs within 2021-22 Restricted allocation levels.

Note that many reductions were based on estimates that cannot be fully known until budget processes mentioned here are completed. Updates will continue.

Timeline



EVERY STUDENT THRIVES!



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

1000 Broadway, Suite 680, Oakland, CA 94607

www.ousd.org



@OUSDnews

Contact us for additional information [optional contact area]
Phone: 510.555.5555 | Email: info@ousd.org

First Interim - Key Assumptions

OUSD Unaudited Actuals and 2021-22 Budget Assumptions - First Interim

Year	2021-22	2022-23	2023-24
Cost of Living Adjustment (COLA)	5.07%	2.48%	3.11%
Statutory COLA	1.70%	2.48%	3.11%
Compounded COLA (Special Education and Community Colleges)	4.05%		
Enrollment	33,457	33,208	33,058
Attendance Used for Funding (Prior Year)	33,911		
Attendance (ADA)	33,911	30,551	30,413
Enrollment to ADA % *	101%	92%	92%
Unduplicated Pupil Count	77.4	79.22	81.23
Salary and Negotiated Increases Adjusted - OEA	2.5%		
Step & Column	1.3%	1.3%	1.3%
Health Benefit Assumptions **		11.0%	3.0%
Mandatories & Benefits - Certificated	5.63%	5.63%	5.03%
Mandatories & Benefits - Classified	11.83%	11.83%	11.23%
State Teachers Retirement System	16.92%	19.10%	19.10%
California Public Retirement System	22.91%	26.10%	27.10%
Total Mandatories & Benefits Certificated	22.55%	24.73%	24.13%
Total Mandatories & Benefits Classified	34.74%	37.93%	38.33%

* Note: The District is using the higher of its current or prior year ADA as provided by Education CDE 42238.05, which is currently 2019-20 at 33,911.

** Projected Increase for Kaiser which is the primary benefit selection for the majority of employees.