



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

Budget Update: Central & Site Spending Limitation Protocol

A Critical Update on Budget Prioritization Progress



**Budget and Finance Committee
Wednesday March 29, 2017**

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Agenda

- What is the Current Situation?
- Why Are We Here?
- Where do we go from Here?

Our Situation



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We are not on track to stay within our unrestricted expenditure budgets for FY 2016-17.

Resolution: Budget Prioritization Guidelines

RESOLUTION OF THE BOARD OF EDUCATION OF THE OAKLAND UNIFIED SCHOOL DISTRICT
RESOLUTION No. 1617-0122
2017-2018
BUDGET PRIORITIZATION GUIDELINES
(As Amended)

WHEREAS, the District annually engages in a budget prioritization process for the coming fiscal year; and

WHEREAS, through the budget prioritization process, the District exercises stewardship of public funds by engaging in strategic decision-making; feedback for priority investments from internal and external stakeholders; the District's Parent and Student Advisory Committee, and through the District's Local Control and Accountability Plan; and

WHEREAS, in the coming fiscal year, the District anticipates more environments resulting from declining enrollment, increased costs, future state and federal funding levels for education; and

WHEREAS, the Board of Education acknowledges the importance of at least 3% in 2017-18; and

WHEREAS, Staffing Allocation Adjustments are a common and a balanced budget for this and coming years.

WHEREAS, as a result, the District must identify ways to prioritize balanced budget for this and coming years.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Education of the Oakland Unified School District, hereby directs that in the development of the 2017-2018 budget, at least \$14 million dollars be reduced from the base program;

BE IT FURTHER RESOLVED, that the Board of Education of the Oakland Unified School District, directs the \$14 million dollar reduction be executed as follows:

- 1) Reductions in Central Office Budgets totaling \$8.5 million
- 2) A Staffing Allocation Adjustment of \$5.5 million due to the 2016-17 and a projected decrease in enrollment for the 2017-18, with the contractual class size and state requirements;

BE IT FURTHER RESOLVED, that to preserve the District's financial health, the Board of Education of the Oakland Unified School District hereby directs that the 2016-17 spending limitations protocol both at the school sites, naming a specific target goal amount, identify savings (e.g., increasing the budget reserve to at least 3%,

paying costs associated with transitioning to the Escape system), and presenting a contingency plan for any amount over or under the stated goal; (2) examine the District's school portfolio and performance relative to comparable K-12 school districts; (3) diligently prepare and execute a robust community engagement plan in 2017-18 to provide stakeholder input in the examination of the District's school portfolio and potential impacts on school sites based on community feedback and in alignment with the District's Pathways to Excellence Plan, present a plan which would be implemented in the 2018-2019 school year at the earliest to maximize access to OUSD's high quality school programs (including opportunities to operate schools more efficiently through school consolidation); (4) develop and present a plan to address the consistent structural funding overages issue in Programs for Exceptional Children, Early Childhood Education, and the Cafeteria Fund; (5) provide to the Board regular updates on the progress of the spending limitation protocol and the scope and execution of reductions listed above.

PASSED AND ADOPTED by the Board of Education of the Oakland Unified School District, this 25th day of January, 2017, by the following vote:

AYES: Jody London, Aimee Eng, Jumoke Hinton Hodge, Roseann Torres, Shantishi Gonzales, Vice President Nina Senn, President James Harris

NOES: None

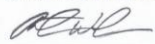
ABSTAINED: None


ABSENT: None

CERTIFICATION

We, James Harris, President, Board of Education and Antwan Wilson, Secretary of the Board of Education of the Oakland Unified School District, Alameda County, State of California, do hereby certify that the foregoing Resolution was duly approved and adopted by the Board of Education of said district at a meeting thereof held on 25th day of January, 2017 with a copy of such Resolution being on file in the Office of the Board of Education of said District.


James Harris, President, Board of Education


Antwan Wilson, Superintendent and Secretary, Board of Education

File ID Number: 17-0122
Introduction Date: 1/25/17
Enactment Number: 1617-0122
Enactment Date: 1/25/17
By: 

Why Are We Here?

- Flat revenue
 - Lower than expected student enrollment
 - LCFF funding adjustments (lower ADA)
- Teachers not consolidated during fall adjustments
- Increased costs for prioritized programs serving the most high-need students
(PEC, ECE and Nutrition Services)

Program	Causes of Increases
Special Education	<p>Increase in total number of students served (600 increase from Dec 2015-Dec 2016 and 800 Initial Assessments pending)</p> <p>Increase in Salaries, Raises and Benefits</p> <p>Settlement agreements</p> <p>Non-Public School (NPS) services</p> <p>NPA= 1:1 Aides, Licensed Vocation Nurses, Speech</p>
Early Childhood Education	<p>Over budget last year and no significant program adjustments made this year to stay within budgeted resources.</p>
Nutrition Services	<p>Increase in minimum wage impacted salaries of employees in Food Services.</p>

Current Year Caution Spending Protocol Status



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- The **General Fund Spending Limitations Protocol** was implemented on **January 9th**
- Spending limitation protocol is not yielding its intended result
- Both School and Central sites have encumbered more, rather than realize the savings intended by the protocol.

Current Year Caution Spending Protocol Status



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Purchase Order Status Comparison:

- Fund 01
- Unrestricted General Purpose (res 0000)

For the Month of January 2017		For the Month of January 2016	
Site Type	PO Total	Site Type	PO Total
Central	\$ 940,508	Central	\$ 333,019
District Wide	\$ 71,987	District Wide	\$ 258,142
Schools	\$ 1,160,227	Schools	\$ 282,333
Total	\$ 2,172,722	Total	\$ 873,494

Note: As of January 31, the amount of purchase orders encumbered is approximately 249% more than the same time in the prior year.

Current Fiscal Outlook (as of March 9)

Budgeted Revenue	Millions
LCFF	\$355
Other State	\$16
Local & Other	\$35
Total Revenue	\$406

Budgeted Expenses	Millions
Labor & Non-Labor	\$332*
Additional General Fund Contributions	\$74
Total Expenses	\$406

* Currently encumbered + expenses = \$332M

PEC: 57M
ECE: 1M
Food: 2M
B&G: 14M

ESTIMATED
Cost of Future Expenses Not
Encumbered

Subs & Extra Pay: 3.3M
Utilities & Phones: 4.8M
TOTAL: 8.1 M



Where do we go from Here?

- Continue Spending Limitation Protocol
 - hiring freeze
 - discontinue process transfers for unrestricted budgets
 - no new purchase orders (POs) for unrestricted funds
- Work to disencumber \$2-3M centrally and \$2M of purchases orders at school sites of funds in POs where goods and services have not been rendered
- Stop or minimize overtime and use of Substitutes
- Where appropriate move current expenditures into restricted resources
- Continue identifying operational efficiencies and savings

What happens if we don't get the savings needed?

One of three options can result if we don't get the savings needed:

- Run out of cash – **State Loan and State Receivership**
- Negative Unrestricted Fund Balance – **State Loan and State Receivership**
- Have positive fund balance but **not** the required 2% reserve for economic uncertainty (use a portion of the 2% reserve) – **ACOE can come in and determine what reductions are required to get back 2% reserve during the 2017/18 fiscal year.**



We Can Solve This Together!

We must work together to identify and implement solutions for a healthy financial future.



Who is Here?



EVERY STUDENT THRIVES!



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