

# 2017-18 Mid Year Adjustments:

## Addressing the Board Resolution on Fiscal Solvency

Monday, November 27, 2017



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

# Outcomes



To have a common understanding of the:

- Current fiscal reality at the state and local level.
- Impact of identified options to balance the budget for 2017-18.
- Next steps needed to implement budget adjustments in 2017-18 and 2018-19.

# Presentation Overview

Item	Objective
Current Fiscal Context	Provide an overview of current fiscal reality at the state and local level.
Board Resolution: Proposed Solution	Communicate the impact of identified options to balance the budget for 2017-18.
Next Steps	Communicate the next steps needed to implement budget adjustments in 2017-18 and 2018-19.

# Committed to Fiscal Vitality

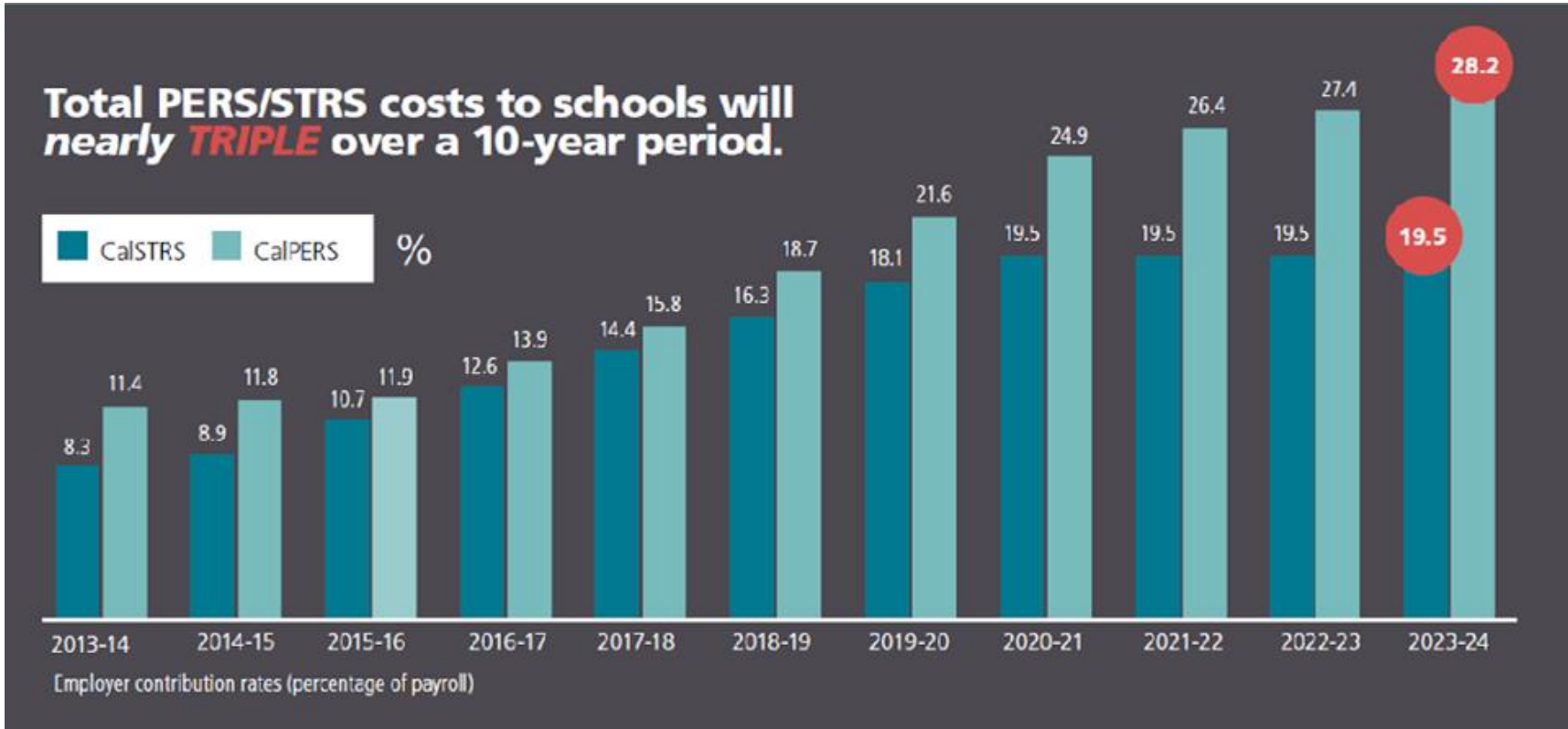


# CA School Districts are Struggling with Finances

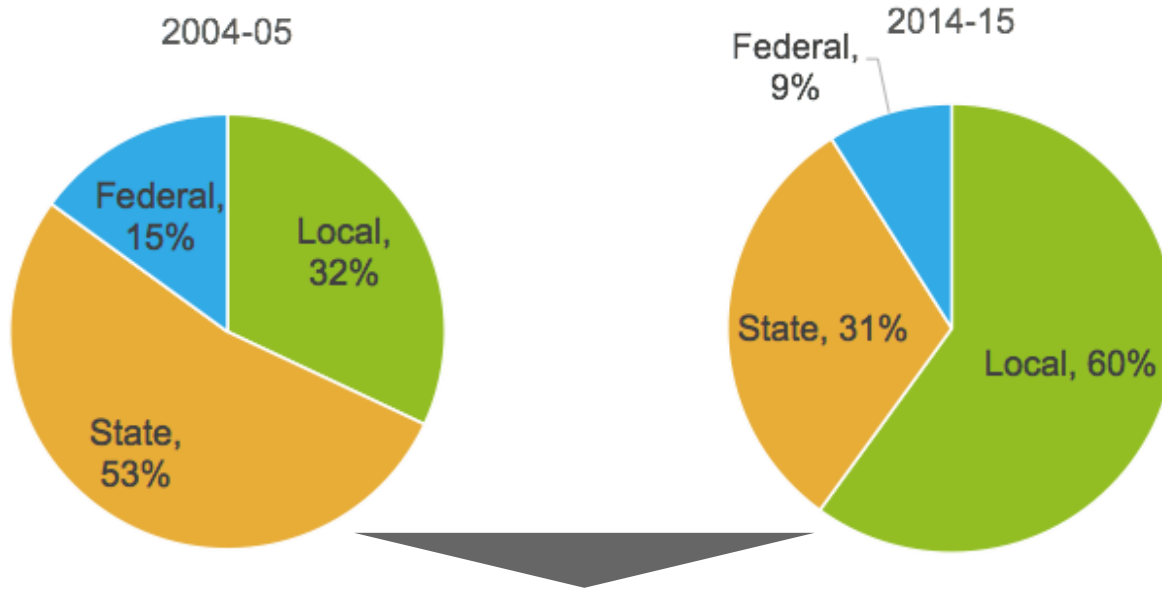


- Oakland is identified among 40 CA districts in threat of not meeting financial obligations, including Los Angeles, San Diego, Napa Valley, Santa Rosa, Newark. [California Department of Education](#).
- Preparing for 150 layoffs and other cuts, *"We are facing challenges much bigger than the school district can fix,"* said San Jose Unified Finance Chief & former teacher's union president, Stephen McMahon. [San Jose Mercury News](#)
- San Diego Unified budgets \$124M in cuts and hundreds of layoffs to balance budget. [San Diego Union Tribune](#)

# State-Mandated Retirement Costs Rapidly Increasing



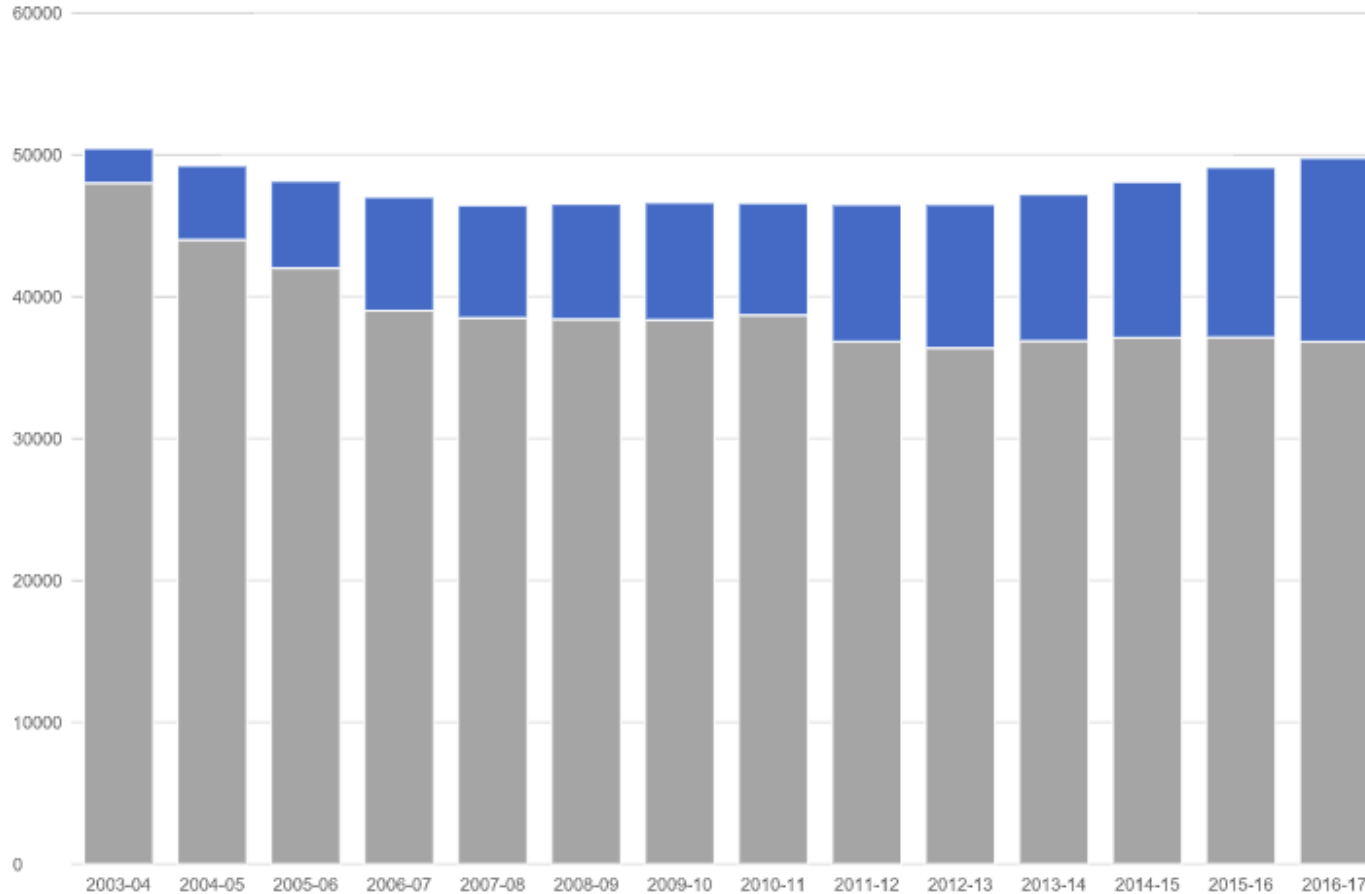
# State/Federal Requirements Dramatically Underfunded



**District share of Special Education costs nearly double in 10 years to over \$50 million annually.**

# OUSD Enrollment Decline = Decline in Resources

OUSD public school and charter school enrollment from 2003-04 to 2016-17





# Poor Systems & Decisions = OUSD Overspending

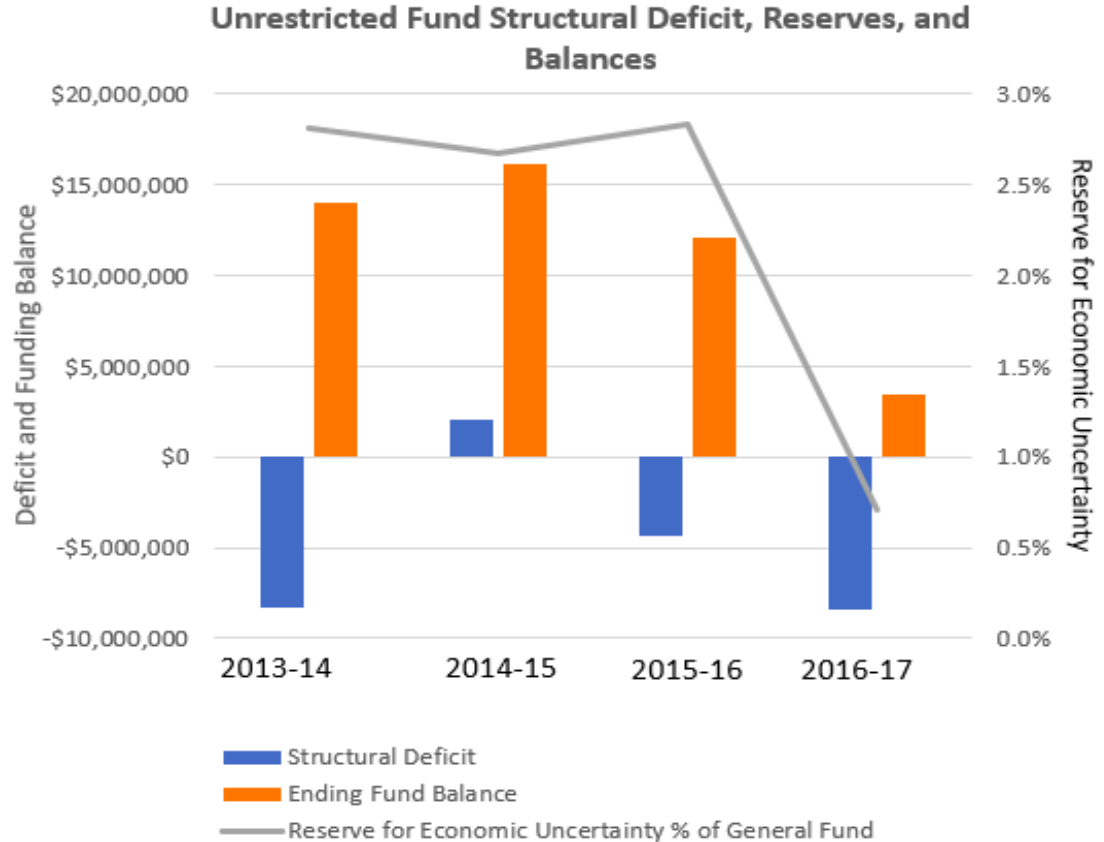
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Important decisions were made without full assessment of financial impact:

- ✓ Investments in educational programs without the financial means to implement or sustain them;
- ✓ Special Education population and costs rising beyond expectations;
- ✓ Lack of effective planning and management of expenditures like reimbursements, mileage, and extended contracts/ET/OT;
- ✓ Commitments to partnerships that exceeded available budget;
- ✓ Decisions outside the budget development process; and
- ✓ Outdated technology systems and limited monitoring tools make forecasting and tracking more difficult.

# Results: Structural Imbalance & Depleted Savings

- Deficit spending 3 of the last 4 years.
- Fund balance (i.e. savings) drops from \$22M in 2012-13 to \$3M to end 2016-17
- Reserve for economic uncertainty falls below required 2% of General Fund costs



# Now What? Moving Towards Fiscal Vitality



**OUSD’s Budget will include changes that reflect:**

<i>Less...</i>	<i>More...</i>
Major revisions and budget surprises throughout the year	Conservative budgeting with transparency to rebuild trust with stakeholders
Staff, particularly at the central office	Focus on spending that achieves results toward established Board priorities
Investment in programs that have little evidence of effectiveness	Commitment to programs that evidence positive impact for students
Inefficiency in operations throughout the organization	Simplified yet effective systems that support students and schools

# Board Seeks Immediate Action - 11/8 Resolution

2017-18 Target: \$15.1M

- \$1.2M restore required reserve
- \$7.2M increase the reserve
- \$4.7M restricted programs
- \$2.0M Self Insurance fund

2018-19 Target: \$11.2M

## Confirming The District's Commitment To Fiscal Solvency

**NOW, THEREFORE, BE IT RESOLVED** that for Step 1, in order to ensure that Oakland Unified School District remains fiscally solvent, and in accordance with the conditions of approval for the District's 2017-18 Adopted Budget as required by the County Superintendent, the Board of Education is committed to the following adjustments -- totaling \$15.1 million -- to the 2017-18 school year adopted budget to support the following priorities:

- \$1.2 million to restore the reserve for economic uncertainty to the state mandated minimum.
- \$7.2 million to increase the reserve for economic uncertainty in alignment with Board policy
- \$4.7 million to increase the District's contribution to restricted programs
- \$2.0 million to begin rebuilding the Self Insurance fund; and

**BE IT FURTHER RESOLVED** that for Step 2, in order to ensure that Oakland Unified School District improves its fiscal condition, the Board of Education is committed to the following adjustments -- totaling \$11.2 million -- to the 2018-19 school year adopted budget to support the following priorities for 2018-19:

- \$5.2 million to continue to build the reserve for economic uncertainty in alignment with Board policy
- \$6 million to rebuild the Self-Insurance Fund back to the level at the beginning of the 2016-17 school year; and

**BE IT FURTHER RESOLVED** for Step 3, that the preliminary 2018-19 school year budget, be presented to the Board of Education by December 13th and includes details in how the District will meet the goals delineated in Step 2 as well as the projected increases in PERS and STRS; and

# Collaboration Across OUSD Needed

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

# District Services and Support that Impact Our Schools

School Based Services	Centralized School Supports	Central Office Administration
Teachers, Principals, Attendance Clerks, Administrative Assistants	Custodians, Safety, Community School Managers, Mental Health, Nurses, Counselors	Payroll, Human Resources, Technology, Accounting, Board Office

# 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)

2017-18 UNRESTRICTED GENERAL FUND BUDGETS (\$MILLIONS)	
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**

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

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

# Proposed Central Office Adjustment Options

Area/Estimated Amount	Impact and Considerations
FTE Reduction: <b>\$2M - \$5M</b>	<ul style="list-style-type: none"><li>● Given contract parameters, maximum layoffs to 300 employees (246.20 FTE)</li><li>● Types of Positions: Management 35%, Clerical 14%, Classified support 51%</li></ul>
Vacancies: <b>\$0.5M - \$2M</b>	<ul style="list-style-type: none"><li>● We will only fill existing vacancies in critical positions necessary for effective operations of the organization (e.g. Chief Financial Officer).</li></ul>



# Proposed Central Office Adjustment Options (cont.)

Area/Estimated Amount	Impact and Considerations
Maximizing Federal Funds: <b>\$1 - \$1.5M</b>	<ul style="list-style-type: none"><li>● Shifting allowable expenses from the unrestricted to available restricted federal sources will provide savings and allow services to continue (e.g. professional development and ELL supports), but makes those federal resources unavailable for other potential uses.</li></ul>
Contracts, Books & Supplies:  <b>\$0.5M - \$1M</b>	<ul style="list-style-type: none"><li>● <b>Consideration.</b> Of the \$28M of total existing contractors &amp; contracted services there is less than \$3.5M of unrestricted funds remaining to be paid on central office contracts. Student transportation alone represents more than \$1.2M of the remaining \$3.5M. <a href="#">See details.</a></li><li>● <b>Impact.</b> Some expected services will stop before contract completion and central equipment &amp; supplies budgets significantly reduced.</li></ul>
Leadership Donations: <b>\$0.1M</b>	<ul style="list-style-type: none"><li>● Senior Leadership made donations of 5-10 unpaid work days which we expect to have minimal operational impact.</li></ul>

# Proposed School Site Adjustment Options

Area/Estimated Amount: <b>\$5.6M</b>	Impact and Considerations
Books & Supplies	Reduction in supplies, Copiers, Books (above and beyond textbooks)
Positive Pay: Stipends	Reduction in collaboration time for Instructional Leadership Teams, grade-levels and Culture Teams; eliminates observers for evaluation
Stip Subs	Reduction in substitutes to provide teacher release time for evaluations and professional development
Contracts	Elimination or reduction of a variety of site-determined programs including mental Health Supports, Facilitative Yard Play
Central Services to School Sites	Elimination or reduction services/positions at sites that are funded centrally: (e.g., Restorative Justice Coordinators, Community School Managers)
Fall Revisions	Adjusted budgets based on actual enrollment

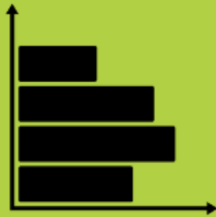
# Next Steps: Board Engagement Budget Timeline

Date	Engagement
Monday, 11/20	Mid Year Adjustment Leads meeting to finalize calculations and impact statements
Wednesday, 11/22	Mid Year Adjustment Presentation Materials Submission to the board staff to be posted
Monday, 11/27	<b>Special Board Meeting:</b> First Read of Resolution: Presenting all recommendations for mid year adjustments and identifying next steps
Wednesday, 12/6	<b>Budget &amp; Finance Committee:</b> First Interim, FCMAT implementation plan, Update on Multi-year projections and 2018-19 budget calendar
Thursday 12/7	<b>Special Board Meeting:</b> Board 2017-18 Reduction Resolution Review: Debrief 11/27 meeting and discuss decision for 12/13
Wednesday 12/13	<b>Regular BOE Meeting:</b> First Interim, FCMAT Implementation, Updates, Postponed items, 2017-18 Resolution Final Review [vote on all FTE reductions]

# 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



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

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