



Governor's Budget Update

Wednesday, January 24 2018



Presented by: Kyla Johnson-Trammell, Superintendent
Troy Christmas, Financial Services Director
To: OUSD Board of Education

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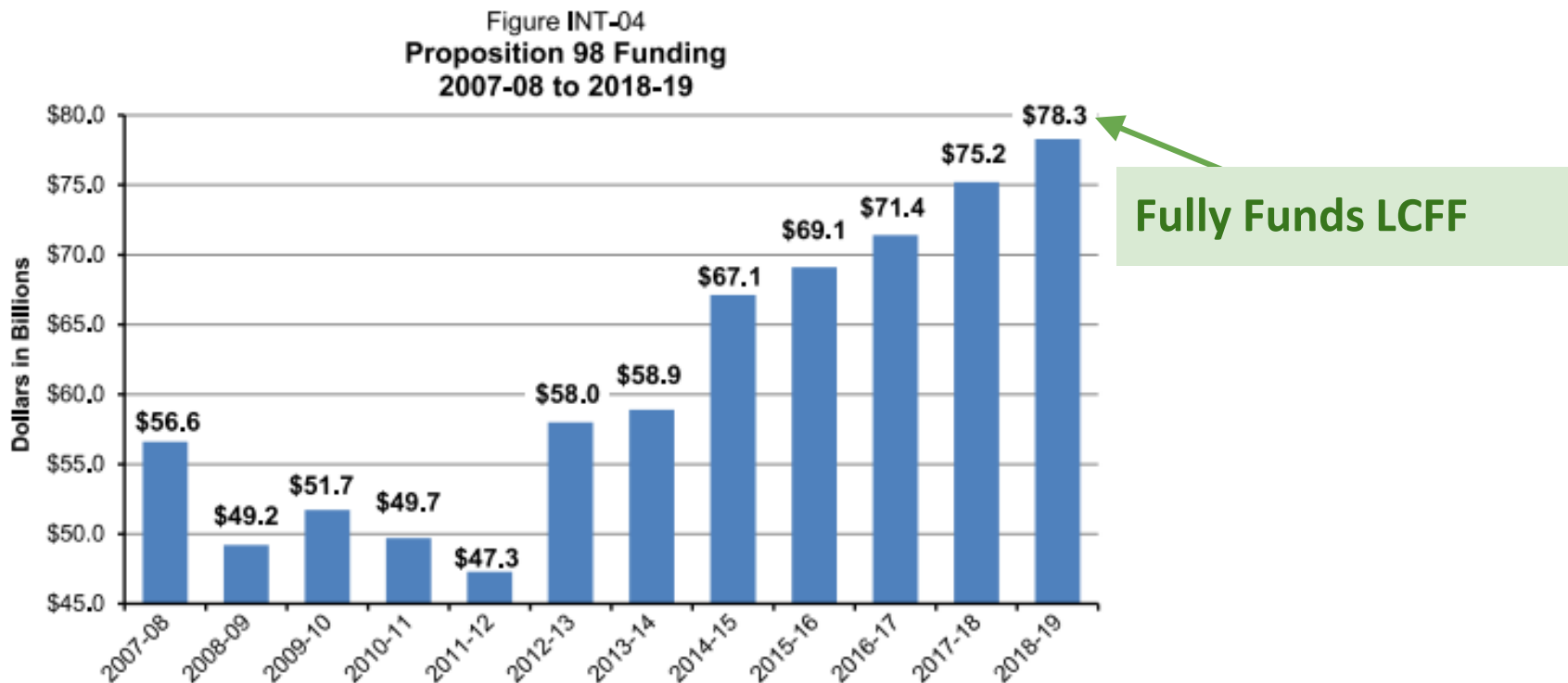


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Governor's 2018-19 Budget Proposal

- ❖ Overall proposal and how much comes to OUSD
- ❖ Expected implications for OUSD's financial situation
- ❖ Next Steps

Proposition 98 Education Funding Over Time



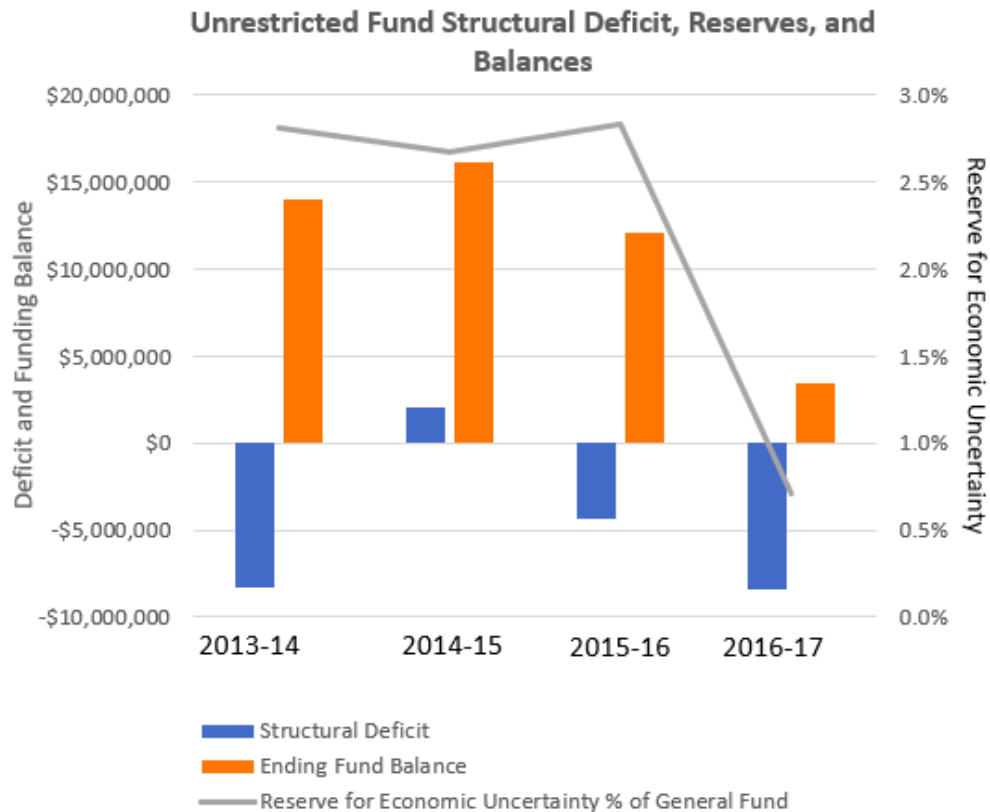
Source: Governor's Budget Summary – 2018-19, Figure INT-04, page 6

Governor’s Proposed Budget – K-12 Education

	Governor’s Proposal	Impact to OUSD*
Ongoing Revenue	\$2.9 billion to K-12 fully funds LCFF ahead of 2020-21 deadline	Estimated \$13.5+ million ongoing LCFF revenue
One-Time Revenue	\$1.8 billion in Prop. 98 one-time funding	Estimated \$5+ million one-time discretionary revenue
Other	2.51% cost-of-living increase for programs outside LCFF (e.g. Special Education, Child Nutrition)	2.51% cost-of-living increase for programs outside LCFF (e.g. Special Education, Child Nutrition)

* Estimates are preliminary and amounts may shift based upon trailer bill language for allocations among base, supplemental and concentration grants.

The Impact on OUSD's Finances – Starting Point



The 2017-18 adjustments help us reach the minimum 2% reserve. Approximately **\$5.5 million additional needed for 3% reserve** directed by Board

The Impact on OUSD's Finances – The Future

Slowing Revenue – Increasing Commitments

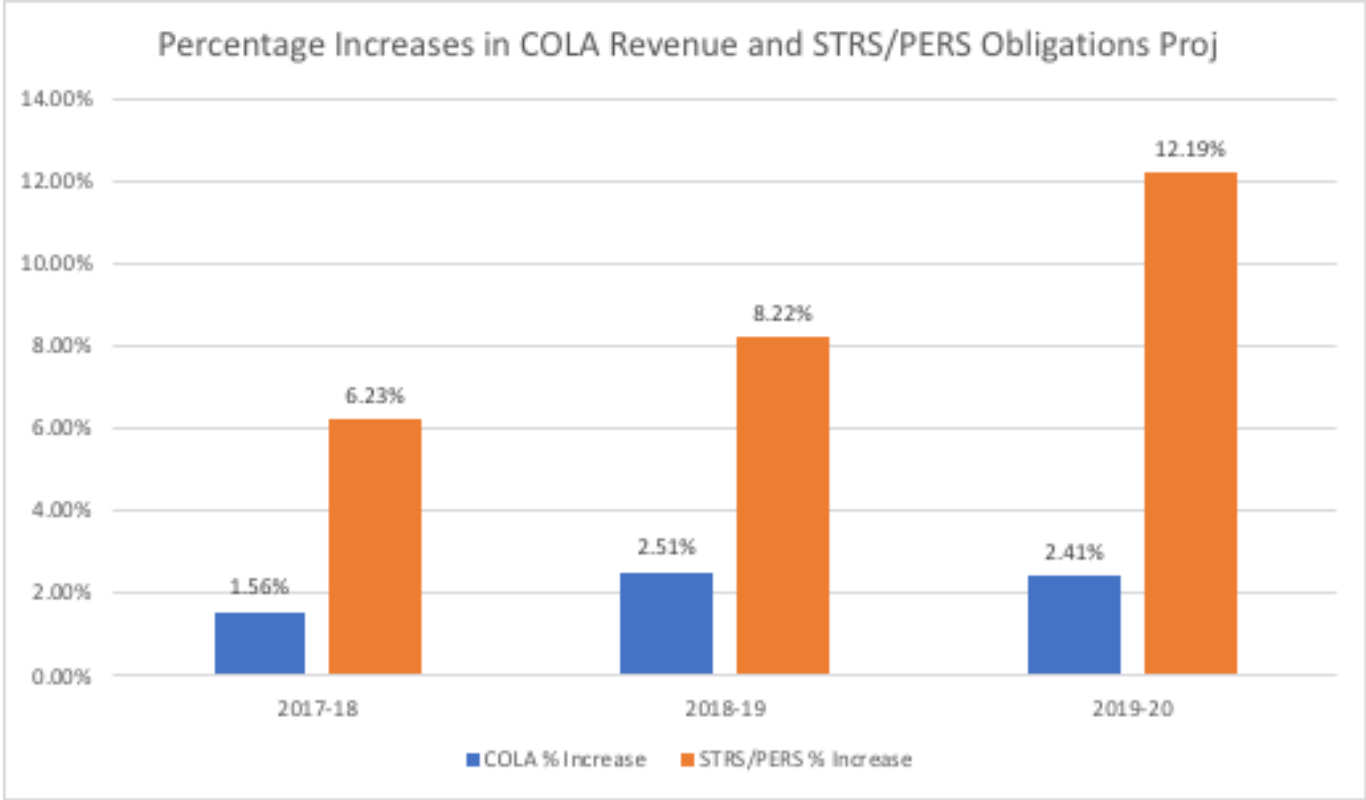
Revenue

- ❖ Cost-of-living increases only after 2018-19

Commitments & Considerations

- ❖ \$5.5 million to reach 3% reserve plus implementation of reserve policy
- ❖ \$9 million to restore Self-Insurance Fund to 40% level by 2021-22
- ❖ Substantial increases to employee pension obligations
- ❖ Health Insurance cost increases
- ❖ Possible federal cuts to Title I and other funding programs
- ❖ Employee compensation

Example: Expense growth outpaces revenue



STRS/PERS increase is one among several anticipated cost increases on annual basis

Suggested Approach for 2018-19 Budget Development

- ❖ Per Board policy, allow any one-time revenue allocation from the State to ***contribute to building back the reserve to 3%***
- ❖ Use refined 2018-19 estimates of revenue and expense to ***identify necessary actions during budget development***
- ❖ ***Fully implement 2017-18 mid-year adjustments***
- ❖ ***Incorporate Plan to replenish Self-Insurance Fund***

Target Dates	Budget Development Milestone
December 11-19, 2017	Zero-based budgeting sessions with central departments
January 24, 2018	Present Budget Revision #3 & Governor's Update to Board
February 9, 2018	One-page communication to school sites for 2018-19
February 12-March 1, 2018	Budget development sessions (lock in staffing and investments) with school sites
February 20-March 5, 2018	Budget development sessions with central sites
February-March	School Sites develop SPSAs (Site Plans) and Central Office Develop CDPS (central site plans)
February 14, 2018	Preliminary 18-19 Budget Information to Board
February 25, 2018	Finalize list of certificated notices
February 28, 2018	List of certificated notices to be approved by Board
March 14, 2018	2nd Interim Budget Report to Board
March 15, 2018	Notice to certificated staff; finalize list of classified staff
April 15, 2018	Notice to classified staff
May 23, 2018	Present May Revise budget update to the Board
June 14, 2018	First reading of budget and LCAP presented to the Board

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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1000 Broadway, Suite 680, Oakland, CA 94607

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