

# Board of Education Retreat

## Monday, May 7<sup>th</sup>



Presented by Superintendent, Kyla Johnson Trammell

# Today's Outcomes

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- To understand the current status of the 17-18 budget
- To preview the current underlying assumptions of the projected 18-19
- To provide more transparency on the 18-19 budget development process and prioritization of investments
- To discuss potential scenarios to achieve board mandated fiscal vitality action steps going forward

# Team Norms

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- ▶ Honor Time - No Sidebars, Technology Aligned to Meeting Purpose, Start and End on Time
- ▶ Act as a Collective Body - Honor Confidentiality
- ▶ Check for Understanding, Surface Assumptions
- ▶ Share Divergent Views - Value as a Learning Opportunity
- ▶ Celebrate Successes and Each Other's Contributions
- ▶ Presume positive intent
- ▶ No personal attacks

# Agenda

Item	Objective
Overview	Frame the discussion for the board study session
2017-18 Budget Current Status	To understand the current status of the 17-18 budget
2018-19 Current Budget Projection	To preview the current underlying assumptions of the projected 18-19
2018-19 Budget Development Process	To provide more transparency on the 18-19 budget development process and prioritization of investments
Going Forward	To discuss potential scenarios to achieve board mandated fiscal vitality action steps going forward
Meeting Review	Ensure follow up on next steps and clarity of decisions
Closing	Set an optimistic close and share any announcements

# Overview & Introduction

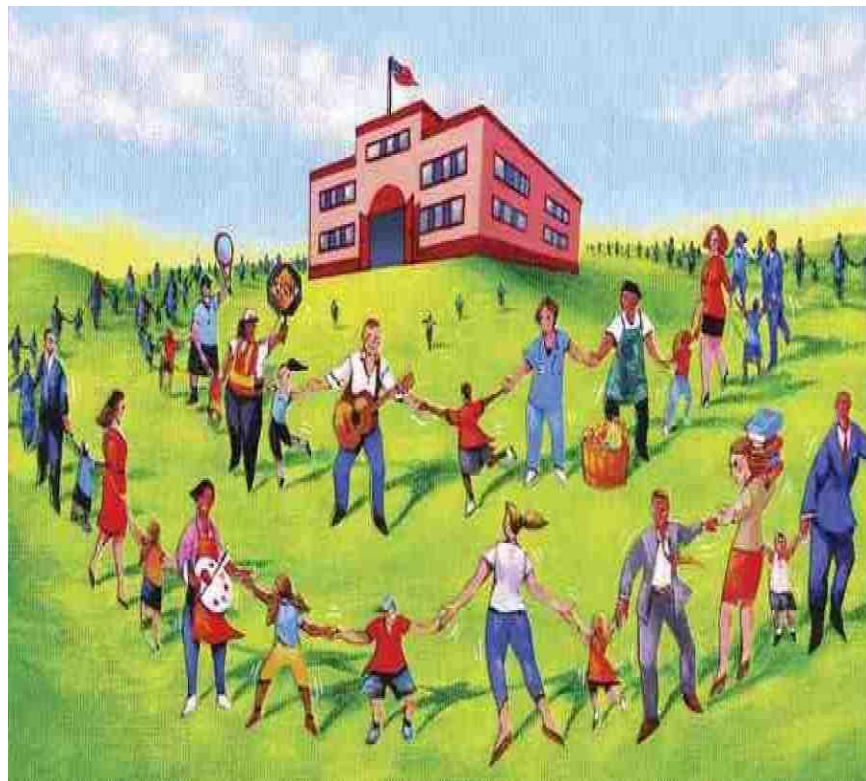
# Our Vision and Mission Ground Us

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**Vision:** All OUSD students will find joy in their academic learning 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.

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**Mission:** To become 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.



# Our Focus: Quality Community Schools

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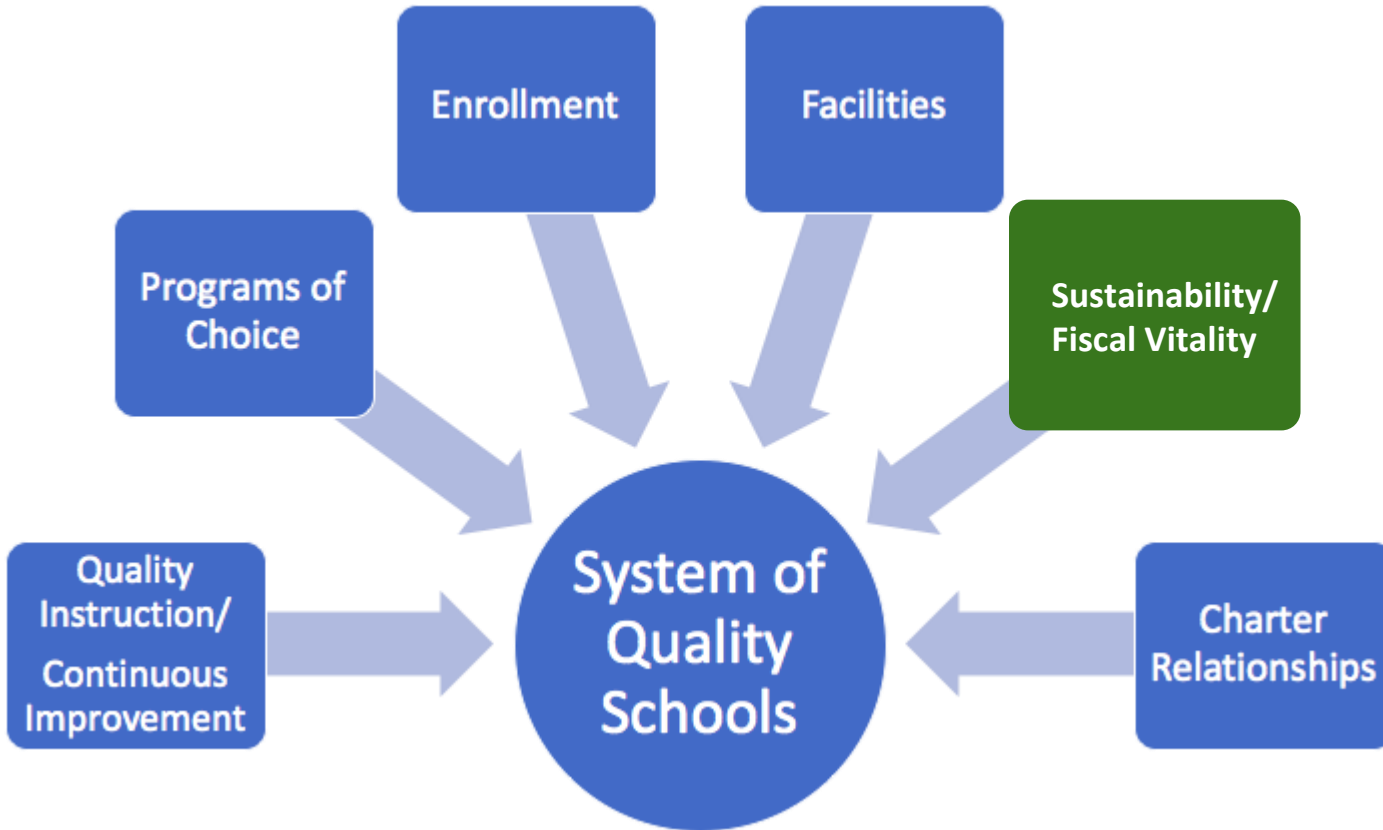
We are committed to providing a **quality community school** in every neighborhood. Each of our schools will have the resources they need to teach and nurture the whole child so that students can achieve success in college, career and community.



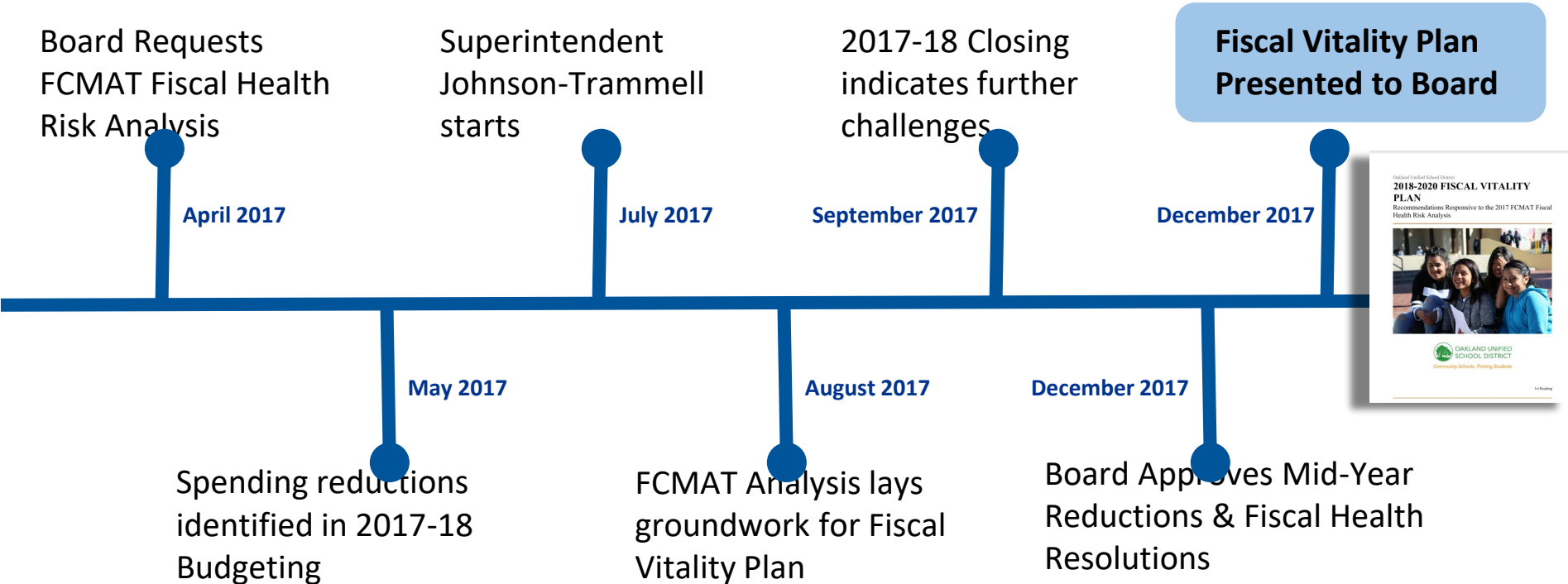
**Focused on Quality:  
Equity, Access and Sustainability**

# Fiscal Vitality is Critical to a System of Quality Schools

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# Our Journey Toward Fiscal Vitality is ongoing . . .



# Fiscal Vitality Plan Identified 3 Overlapping Phases

## Stability (1 - 6 months)

- 2017-18 Mid-Year Adjustments
- Begin Improved Monitoring Practices

## Recovery (3 - 12 months)

- Improve Forecasting in 18-19 Budget Development
- Establishing Internal Controls
- ESCAPE Information System Transition

## Vitality (6 - 18 months)

- Defining Roles and Responsibilities for Oversight
- Blueprint for Quality Schools



# Today We Discuss Key Areas of Stability & Recovery

1

**2017-18 Budget  
Current Status**

2

**2018-19 Preliminary  
Budget Projection**

3

**2018-19 Budget  
Development  
Process**

4

**Going Forward**

# Today We Discuss Key Areas of Stability & Recovery

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**Going Forward**

# We focus on the General Fund: It's 80% of Revenue

Fund	Fund Description	Revenue* (\$M)	Percentage
1	General (UR)	411.0	59.6%
1	General (R)	151.7	22.0%
11	Adult Ed	2.7	0.4%
12	Early Childhood	12.3	1.8%
13	Food Service	19.6	2.8%
14	Deferred Maintenance	0.0	0.0%
21	Building	0.8	0.1%
25	Capital Facilities	7.9	1.1%
35	County Facilities	0.3	0.0%
40	Capital Projects	0.3	0.0%
51	Bond Funds	60.6	8.8%
67	Self-Insurance	21.9	3.2%
	<b>Total</b>	<b>689.0</b>	<b>100.0%</b>

- 82% of revenue flows into the General Fund.
- 60% of revenue is unrestricted.
- Our 2% reserve can only be funded with unrestricted revenue.

\*2017-18 projected revenues as of March 31, 2018

# 2017-18 Unrestricted General Fund Budget Update

Unrestricted	General Fund Unrestricted					Preliminary	
	Budget Adoption 6/30/2017	First Interim 12/13/2017	Second Interim 3/14/2018	Revision 4 4/11/2018	Budget Differences	Third Interim as of 05/02/18	
<b>A. REVENUE</b>							
1. LCFF Sources	359,593,984	361,813,016	362,233,213	362,233,213	-	362,233,213	
2. Federal	63,500	63,500	63,500	63,500	-	63,500	
3. State	13,205,696	13,347,383	13,347,383	13,347,383	-	13,347,383	
1a. 1X Funds - Obj 8550				-	-	-	
4. Local	34,469,643	35,369,881	35,369,881	35,530,681	(285,600)	35,245,081	
<b>Total Revenue</b>	<b>407,332,823</b>	<b>410,593,780</b>	<b>411,013,977</b>	<b>411,174,777</b>	<b>(285,600)</b>	<b>410,889,177</b>	<b>A</b>
<b>B. EXPENDITURES</b>							
1. Certificated	138,911,376	141,103,328	139,621,434	139,440,981	301,328	139,742,309	
2. Classified	55,651,598	57,933,585	57,165,415	57,042,488	(148,223)	56,894,265	
3. Benefits	80,776,605	82,384,610	47,028,951	46,967,781	(49,270)	46,918,511	
3a. H&W Costs			34,445,429	36,344,568	(91,507)	36,253,061	
4. Books & Supplies	14,538,817	6,153,274	5,617,387	6,013,236	287,023	6,300,258	
4a. Midyear Adjustments	-	-	210,030	901,559	(723,242)	178,317	<b>B</b>
4b. Surplus	-	2,135,670	1,829,978	1,527,749	(137,239)	1,390,510	<b>C</b>
5. Contracts & Services	36,270,665	39,686,160	38,983,960	40,610,925	(133,168)	40,477,757	
5a. Sub Agreements			-	-	-	-	
6. Capital Outlay	-	74,514	69,854	84,577	-	84,577	
7. Other Outgo	6,087,521	6,087,521	6,087,521	6,087,521	-	\$6,087,521	
8. Direct Support/Indirect Costs	(4,271,913)	(4,808,061)	(4,935,411)	(4,940,191)	(628,459)	(5,568,650)	<b>D</b>
9. Interfund Transfers (Trnsf Out-In)	940,521	2,106,744	2,653,394	2,593,888	-	2,593,888	
10. Contributions to Restricted Prog	70,327,977	71,006,060	71,006,060	71,006,060	-	71,006,060	
<b>Total Expenditures</b>	<b>399,233,168</b>	<b>403,863,407</b>	<b>399,784,003</b>	<b>403,681,142</b>	<b>(1,322,758)</b>	<b>402,358,385</b>	
<b>C. Net Incr/Decr to Fund Balance</b>	<b>8,099,655</b>	<b>6,730,373</b>	<b>11,229,974</b>	<b>7,493,635</b>	<b>1,037,158</b>	<b>8,530,792</b>	

# 2017-18 Unrestricted General Fund - Highlights

## Notes to Budget Preliminary 3rd Interim General Fund Unrestricted as of 05/02/2018

Note #	Comments	Amount \$ in millions
<b>A</b>	<b>Revenues</b>	
	<i>Construction Related Rent Credit to Aspire Berkeley Maynard Academy</i>	<b>\$ (0.29)</b>
<b>B</b>	<b>Expenses</b>	
	Midyear Reductions removed from site budgets	<b>\$ (0.70)</b>
	Site reprioritizing surplus budgets to other expense priorities	<b>\$ (0.13)</b>
	True up of indirect credits from restricted	<b>\$ (0.60)</b>
		<b>\$ (1.43)</b>

# 2017-18 Unrestricted General Fund Balance Impact

Unrestricted	General Fund Unrestricted					Preliminary
	Budget Adoption 6/30/2017	First Interim 12/13/2017	Second Interim 3/14/2018	Revision 4 4/11/2018	Budget Differences	Third Interim as of 05/02/18
<b>C. Net Incr/Decr to Fund Balance</b>	8,099,655	6,730,373	11,229,974	7,493,635	1,037,158	8,530,792
<b>D. Fund Balance, Reserves</b>						
1. Beginning Fund Balance	8,431,472	3,420,073	3,420,073	3,420,073	-	3,420,073
Assigned: LCFF-S&C						
2. Ending Balance (C+D1)	16,531,127	10,150,446	14,650,047	10,913,708	1,037,158	11,950,865
3. Revolving Cash and/or Prepaid Exp	150,000	150,000	150,000	150,000	-	150,000
4. Reserve Economic Uncertainty	10,498,275	10,000,446	14,500,047	10,763,708	1,037,158	11,800,865
<b>5. % Reserve Economic Uncertainty</b>	<b>2.00%</b>	<b>1.80%</b>	<b>2.66%</b>	<b>1.94%</b>	<b>-0.54%</b>	<b>2.12%</b>
<b>Total Proj Expenses Unrest &amp; Rest</b>	524,913,746	556,031,884	544,989,642	553,477,508		557,173,090

# Improved Reporting Forthcoming

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## Current Challenges

- ▶ Interim reports typically represent an annualized budget (i.e. Current Working Budget) and not the most accurate reflection of expected year-end results.
- ▶ Business rules and current software designed to focus on working budget instead of expected actuals.

## Steps towards Improving the Reporting Process for 3rd Interim

- ▶ Review year to date actual expense trends.
- ▶ Projecting the remaining of the year based on seasonal patterns and current encumbrances.

# Mid Year Adjustments Sought to Cover Any Shortfall

Projected	Current	Adjustment	Notes
\$3.8M	\$3.70M	School Site Adjustments	Adjustments for reduced staffing will be realized by 5/11
\$2.1M	\$2.08M	Central Office FTE Adjustments	Adjustments for reduced staffing will be realized by 5/11
\$1.6M	\$0.10M	Central Office Maximize Restricted Resources	Projected adjustments were not captured due to a focus on ensuring compliance and minimizing unintended consequences (e.g. audit findings)
\$0.5M	\$0.79M	Central Office Books & Supplies	\$0.29M adjustments from 4000s
\$0.4M		Central Office Contracts	\$0.5M adjustments from 5000s
\$0.4M	Pending	Central Office Undesignated reduction	Projected adjustments were not captured- no additional area of savings was identified
\$0.25M	\$0.25M	Central Office Donations & Furloughs	Central Office Senior Leader donations fully realized
<b>\$9.0M</b>	<b>\$6.92M</b>	<b>TOTAL</b>	

# Additional Costs Validate Need for Mid-Year Adjustments

**\$5.7M**

Additional Costs  
since 1st Interim

Restricted  
Programs Costs

Health Benefit  
Contribution

Unpaid 2016-17  
Invoices

Legal/Labor  
Settlements

Subs/Overtime  
/Extra-time

Reinstated  
Positions

**\$6.9M**

Savings realized  
since 1st Interim

Mid-Year  
Adjustments

## Result:

\$1.2M in projected savings available to cover the \$1.1M shortfall identified at 1st Interim & any other shortfall.

# 2018-19 Budgeting is our Best Option to Adjust Further

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## Options to Address 2017-18 Shortfalls

Increase Revenue  
in 2017-18

Further Reductions in  
2017-18 Spending

Do Nothing

Adjust 2018-19  
Budget to Cover Any  
Anticipated Shortfall



# 2017-18 Restricted General Fund Budget Update

Restricted	General Fund Restricted					Preliminary	
	Budget Adoption 6/30/2017	First Interim 12/13/2017	Second Interim 3/14/2018	Revision 4 4/11/2018	Budget Differences	Third Interim as of 05/02/18	
<b>A. REVENUE</b>							
1. LCFF Sources	2,412,110	2,412,110	2,890,934	2,890,934	-	2,890,934	
2. Federal	44,694,665	48,946,353	49,035,041	49,706,170	1,101,722	50,807,892	
3. State	47,847,129	50,999,310	57,976,624	58,243,203	(4,674,364)	53,568,839	
4. Local	41,066,700	42,007,006	41,816,478	45,558,394	798,877	46,357,271	
<b>Total Revenue</b>	<b>136,020,604</b>	<b>144,364,779</b>	<b>151,719,077</b>	<b>156,398,701</b>	<b>(2,773,765)</b>	<b>153,624,936</b>	<b>A</b>
<b>B. EXPENDITURES</b>							
1. Certificated	53,115,015	54,577,455	54,958,051	55,683,700	1,016,218	56,699,918	
2. Classified	36,069,443	35,979,665	36,580,795	37,475,667	607,276	38,082,942	
3. Benefits	51,788,512	51,918,391	33,575,632	33,719,054	293,727	34,012,781	
3a. H&W Costs			18,643,054	18,664,893	32,987	18,697,880	
4. Books & Supplies	16,264,702	22,628,279	14,015,853	13,898,650	4,060,668	17,959,317	B
4a. Midyear Adjustments	-	-	11,845	1,302,187	(889,698)	412,489	C
4b. Surplus	-	7,377,452	6,080,877	3,979,926	(314,408)	3,665,518	D
5. Contracts & Services	33,473,044	43,988,572	45,622,910	49,044,817	(341,640)	48,703,177	
5a. Sub Agreements							
6. Capital Outlay	35,000	971,911	1,037,690	1,165,587	158,805	1,324,393	
7. Other Outgo	2,040,000	2,040,000	2,488,928	2,203,928	300,000	2,503,928	
8. Direct Support/Indirect Costs	2,658,774	3,094,969	3,196,064	3,664,018	94,404	3,758,422	
9. Interfund Transfers (Trnsf Out-In)	-	-	-	-	-	-	
10. Contributions to Restricted Prog	(70,327,977)	(71,006,060)	(71,006,060)	(71,006,060)	-	(71,006,060)	
<b>Total Expenditures</b>	<b>125,116,513</b>	<b>151,570,634</b>	<b>145,205,639</b>	<b>149,796,366</b>	<b>5,018,339</b>	<b>154,814,705</b>	
<b>C. Net Incr/Decr to Fund Balance</b>	<b>10,904,091</b>	<b>(7,205,855)</b>	<b>6,513,438</b>	<b>6,602,335</b>	<b>(7,792,105)</b>	<b>(1,189,769)</b>	
<b>D. Fund Balance, Reserves</b>							
1. Beginning Fund Balance	-	20,055,782	20,055,782	20,055,782	-	20,055,782	
2. Ending Balance (C+D1)	10,904,091	12,849,927	26,569,220	26,658,118	(7,792,105)	18,866,013	

# 2017-18 Restricted General Fund - Highlights

Notes to Preliminary Budget 3rd Interim General Fund Restricted as of 05/02/2018		
Note #	Comments	Amount \$ in millions
<b>A</b>	<b>Revenues</b>	
	State: Prop 39 CA Clean Energy	\$ (3.60)
	State: LEA MediCal Object Code Accounting Correction	\$ (1.00)
	Federal: LEA MediCal Object Code Accounting Correction	\$ 1.00
	Local: Various Restricted Local	\$ 0.80
		<b>\$ (2.80)</b>
	<b>Expenses</b>	
<b>B</b>	Books & Supplies : Spend down offund balance	\$ 4.00
<b>C</b>	Midyear reductions - reprioritization of expenses	\$ (0.89)
<b>D</b>	Site reprioritizing surplus budgets to other expense priorities	\$ (0.30)
		<b>\$ 2.81</b>

# 2017-18 Combined General Fund Budget Update

General Fund Combined Unrestricted & Restricted					Preliminary
Combined	Budget Adoption 6/30/2017	First Interim 12/13/2017	Second Interim 3/14/2018	Revision 4 4/11/2018	Third Interim as of 05/02/18
<b>A. REVENUE</b>					
1. LCFF Sources	362,006,094	364,225,126	365,124,147	365,124,147	365,124,147
2. Federal	44,758,165	49,009,853	49,098,541	49,769,670	50,871,392
3. State	61,052,825	64,346,693	71,324,007	71,590,586	66,916,222
4. Local	75,536,343	77,376,887	77,186,359	81,089,075	81,602,352
<b>Total Revenue</b>	<b>543,353,427</b>	<b>554,958,559</b>	<b>562,733,054</b>	<b>567,573,478</b>	<b>564,514,113</b>
	543,353,427.00				
<b>B. EXPENDITURES</b>					
1. Certificated	192,026,391	195,680,783	194,579,485	195,124,681	196,442,227
2. Classified	91,721,041	93,913,250	93,746,211	94,518,155	94,977,207
3. Benefits	132,565,117	134,303,001	80,604,583	80,686,835	80,931,292
3a. H&W Costs			53,088,483	55,009,461	54,950,941
4. Books & Supplies	30,803,519	28,781,553	19,633,240	19,911,886	24,259,576
4a. Midyear Adjustments	-	-	221,875	2,203,746	590,806
4b. Surplus	-	9,513,122	7,910,855	5,507,675	5,056,029
5. Contracts & Services	69,743,709	83,674,732	84,606,870	89,655,742	89,180,934
6. Capital Outlay	35,000	1,046,425	1,107,544	1,250,164	1,408,969
7. Other Outgo	8,127,521	8,127,521	8,576,449	8,291,449	8,591,449
8. Direct Support/Indirect Costs	(1,613,139)	(1,713,092)	(1,739,347)	(1,276,173)	(1,810,228)
9. Interfund Transfers (Trnsf Out-In)	940,521	2,106,744	2,653,394	2,593,888	2,593,888
10. Contributions to Restricted Prog	-	-	0	-	-
<b>Total Expenditures</b>	<b>524,349,681</b>	<b>555,434,040</b>	<b>544,989,642</b>	<b>553,477,508</b>	<b>557,173,090</b>
<b>C. Net Incr/Decr to Fund Balance</b>	<b>19,003,746</b>	<b>(475,482)</b>	<b>17,743,412</b>	<b>14,095,970</b>	<b>7,341,023</b>
<b>D. Fund Balance, Reserves</b>					
1. Beginning Fund Balance	8,431,472	23,475,855	23,475,855	23,475,855	23,475,855
2. Ending Balance (C+D1)	27,435,218	23,000,373	41,219,267	37,571,825	30,816,878

# Board Questions & Public Comment



**TIME  
FOR  
A**



**BREAK!**

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# Today We Discuss Key Areas of Stability & Recovery

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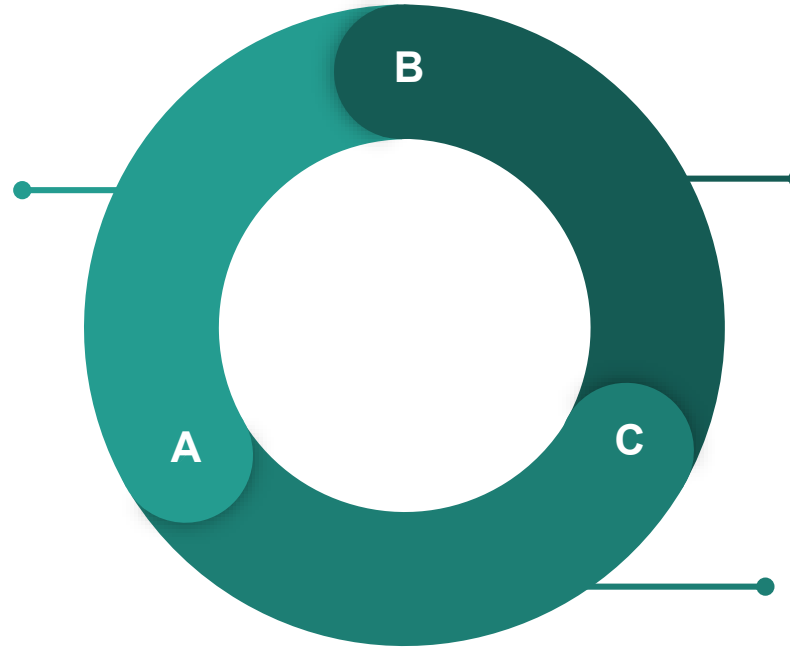
**Going Forward**

# 2018-19 Unrestricted Revenue - Key Assumption Areas

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## Enrollment Projections

OUSD enrollment is projected to decrease for the next few years



## LCFF Revenue

State is fully-funding LCFF meaning significant increase in revenue per student

## Other State Revenue

Other ongoing revenue is projected down nearly 50%. This includes Lottery, block grants and others.

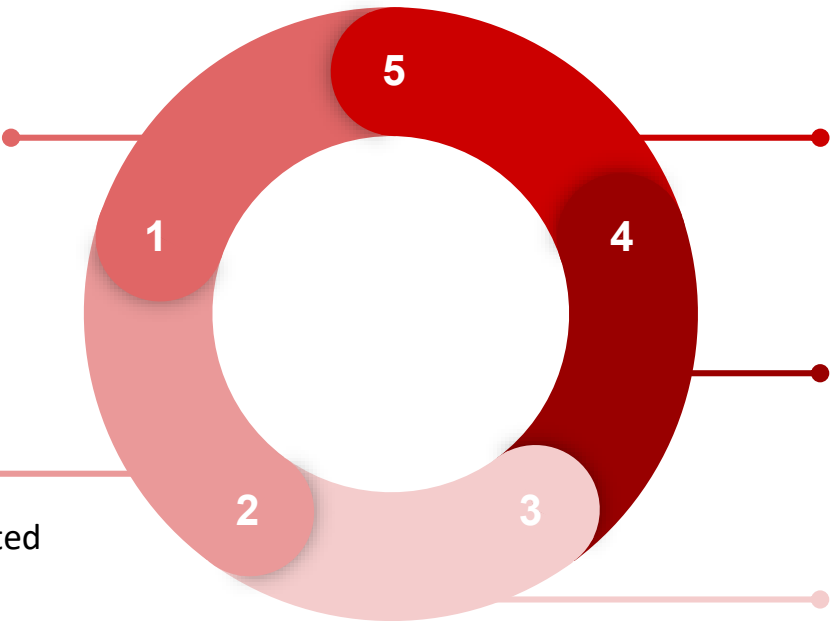
# 2018-19 Unrestricted Expenditures - Key Considerations

## Accounting Changes

Eliminate the practice of accounting for potential “vacancy” savings before actually realized. Move some expenses from Self-Insurance Fund to General Fund.

## Forecasting Accuracy

Re-evaluate prior year and current year expending to ensure all reasonably- expected expenses are budgeted.



## Cost Growth

Significant growth in Health Benefit contribution, Special Education, Transportation, Retirement Costs and Utilities.

## Prioritized Investments

Targeted investments to support schools and students consistent with District focus aligned with LCAP.

## Planning for Unknowns

Setting aside funds to restore reserves, bargaining and address other contingencies.

# 2018-19 Unrestricted General Fund Preliminary Estimates

## Key areas of cost growth

➤ Net Ongoing Revenue (LCFF, Lottery, etc)	\$10M
➤ Net One-Time	\$10M
	<hr/>
	<b>\$20M</b>

## Key areas of cost growth

➤ Special Education Contribution Increase	\$5M
➤ Transportation Cost Increase	\$4M
➤ Retirement Contribution Increases	\$4M
➤ Step & Column Increases	\$2M
➤ Health Benefit Contribution	\$5M
	<hr/>
	<b>\$20M</b>

# Board Questions & Public Comment



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**Going Forward**

# Key Considerations in 2018-19 Budget Planning

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## Allocation of Unrestricted General Fund

### Covering Required Expenditures

Allocate funds to existing legal, contract or operational requirements

### Program Investments

Allocate funds to invest in promising strategies to support students and schools

### Base Funding Allocations to Schools

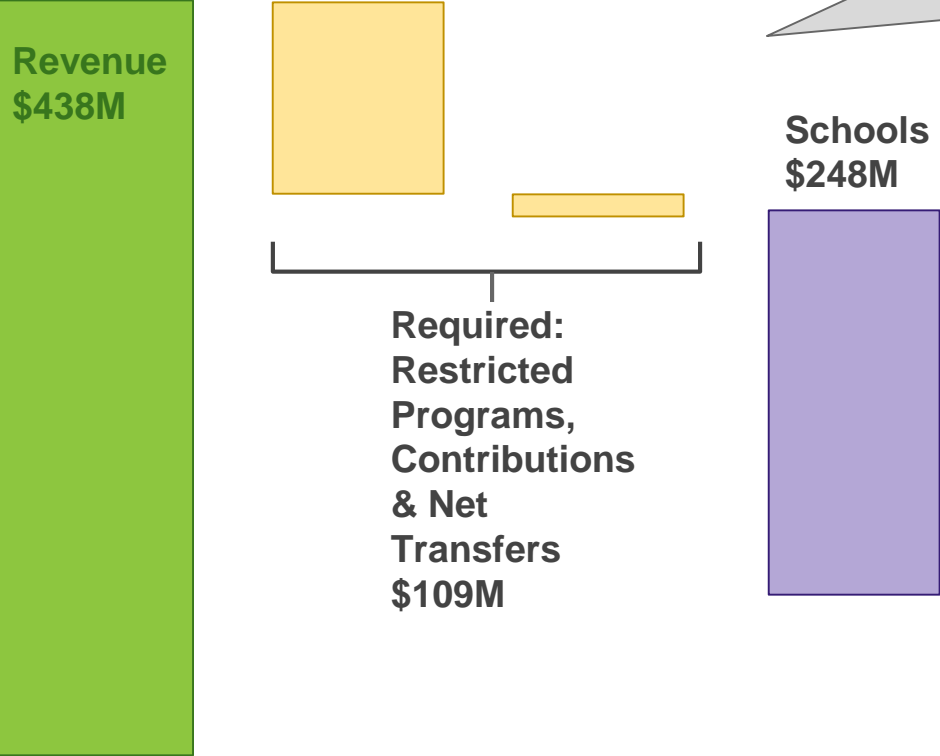
Allocate funds to cover base staffing levels at schools (e.g. teachers, admin)

### Phase 1 - Central Office Redesign

Targeted structural central office changes to better support priorities

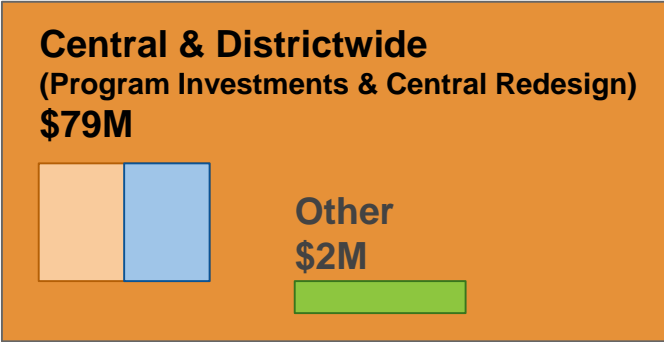
# Preliminary Allocation of Estimated 2018-19 Revenue

## Unrestricted General Fund



- Required programs (e.g. Special Education) included
- Allocation of base program costs to schools including reversal of 2017-18 reductions reversed.

## Today's Focus



# Purpose of Central Office & Central Program Investments

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Begin to redesign into a central office that is *intently* focused on supporting high academic achievement while serving the whole child, eliminating inequity, and providing every student with excellent teachers, every day.

- Align core functions to key district priorities to support mission and vision
- Provide quality central services and remove barriers from school sites
- Manage and allocate resources in equitable and efficient ways

We must stay within parameters of the Fiscal Stability Resolution approved by the OUSD Board of Education on December 13, 2017.

# Investments & Redesign Aligned to Student Goals (LCAP)

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**Goal 1:** Graduates are college and career ready.

**Goal 2:** Students are proficient in state academic standards.

**Goal 3:** Students are reading at or above grade level.

**Goal 4:** English Learners are reaching fluency.

**Goal 5:** Students are engaged in school every day.

**Goal 6:** Parents and families are engaged in school activities.



## Academic Strategies:

- Language and Literacy
- Conditions for Student & Adult Learning
- Standards-Based Instruction

# Program Investments (Unrestricted & Restricted)

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## Instructional Teacher Leaders

- 27.9 FTE were funded using Title 1
- Most schools were supported with a .5 FTE; Elevation schools received a 1.0
- Used SRI Data to set a criteria
- Feedback from Alameda County on Foundational PD (LCAP Goal 2)

## Restorative Justice Coordinators

- 9.3 FTE funded centrally; schools funded additional FTE
- Used engagement data (Suspensions, referrals, and chronic absenteeism) to identify need
- Feedback from Alameda County on services to students to reduce suspensions for African American, English Language Learners, Special Education students (LCAP Goal 5).

# Program Investments (cont.)

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## College and Career Readiness Specialists

- 6 FTE funded centrally; schools funded additional FTE
- High School/Linked Learning Leadership assigned support
- Feedback from Alameda County to provide clear college and career readiness support (LCAP Goal 1)

## Community School Managers

- Existing partnerships through grant funding
- Feedback from Alameda County regarding engaging families in the educational program (LCAP Goal 6)

## Library and Music Programs

- Measure G funded, remaining the same for this upcoming year

# Central Office Redesign: Phase I

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(2017-2018)

- Launch zero-based budgeting sessions
- Reconfigure central departments based on 17-18 mid-year adjustments
- Define departmental core functions aligned to mission, vision and key district priorities
- Begin process of redesigning departmental job positions to improve central office efficiencies
- Develop communication plan to inform and engage stakeholders

# Zero Based Budgeting Findings

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## **Finding #1**

Automate systems to use staff time and number of staff more efficiently

## **Finding #2**

End inefficient budgeting practices (e.g. shared costs across departments)

## **Finding #3**

Consolidate and organize to better align and support key functions

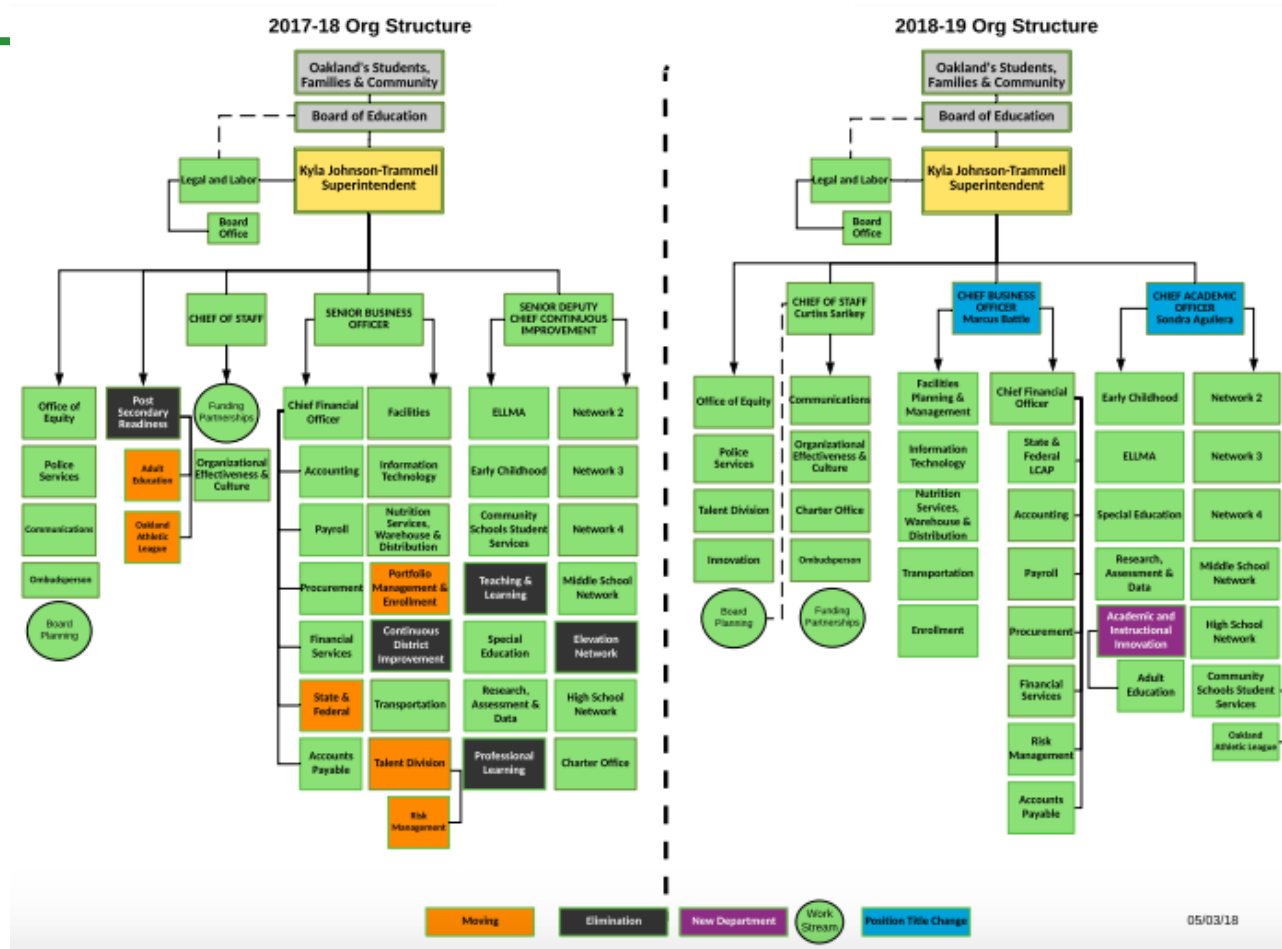
## **Finding #4**

Realign Central Office position titles and compensation

# 2018-19 Central Budget Development Decision Process

Who	How	When
Supt. and Chief Academic Officer decide which departments will exit in 2018-19.	<b>Informed by:</b> Mid year adjustments and zero based budgeting information	2/2
Supt. and Chief Academic Officer decide Staffing for 2018-19 Departments	<b>Informed by:</b> <ul style="list-style-type: none"> <li>→ multiyear projections and target reduction number for 18-19</li> <li>→ zero based budgeting findings</li> <li>→ LCAP goals (Academic Division)</li> <li>→ job classification and union contract compliance</li> <li>→ department leads where clarification on position roles &amp; responsibilities was needed</li> <li>→ principal survey, community survey and network team on central services to sites</li> </ul>	2/2-3/14
Supt., Chief Academic Officer & Fiscal Team decide budget details for central office	Fiscal Team enters staffing decisions in budget development tool to identify non-labor allocations	3/23
Central leaders decide on use of non-labor	<b>Informed by:</b> LCAP goals & Supt. priority areas	Ongoing

# 2018-19 Org Structure Changes



# 2018-19 Staffing Changes Summary

Site	Certificated Eliminations	Certificated Additions	Classified Eliminations	Classified Additions	Notes
909 - Academics and Instructional Innovation	10	13	3		
912 - Office of Postsecondary Readiness (Linked Learning)			7	3	Including 1 FTE from 998, 921, 928
915 - Educator Effectiveness	5		4		Transfer to Academics. Grant term ended.
921 & 928 - Office of Postsecondary Readiness	1		7		Department transfers to OPSR Linked Learning

# 2018-19 Staffing Changes Summary (continued)

Site	Certificated Eliminations	Certificated Additions	Classified Eliminations	Classified Additions	Notes
922- Community Schools Student Services			6		Does not include RJ Coordinators
948- RAD			0.5		Positions moving from other departments to align to core function.
954- Enl Language Learner and Multilingual Achievement			1		
956- Continuous School Improvement			3		2 FTE moving to Academics
<b>Totals</b>	<b>16</b>	<b>13</b>	<b>31.5</b>	<b>3</b>	<b>Net Elim: 31.5 FTE</b>

# Central Office Phase Redesign II

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**(during 2018-2019)**

- Continue process of redesigning departmental job positions and core functions to improve central office efficiencies and quality of services
- Pilot central office strategic planning process to create central office department performance goals aligned to key district priorities
- Develop communication plan to inform and engage stakeholders

# Central Office Redesign Phase III

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(during 2019-2020)

- Launch central office strategic planning process to create central office department performance goals aligned to key district priorities
- Revise departmental core functions to reflect Equity Policy
- Develop communication plan to inform and engage stakeholders

# 2018-19 Budget Development Timeline as of 5/7

Date	Description
4/11	Classified staffing decisions presented to and approved by board
4/25	Classified Staffing updates to Board for approval
4/30	Draft LCAP Actions & Services with fiscal information due to the county
5/7	Budget Retreat
5/9	Classified Staffing Amendments
5/23	Finalize central office non-labor allocations
5/23	Third Interim Report
5/23	Governor's May Revise
6/13	LCAP & 18-19 Budget Public Hearing (material posting on 5/25)
6/27	Final 2018-19 Budget & LCAP

# Board Questions & Public Comment





# Today We Discuss Key Areas of Stability & Recovery

1

**2017-18 Budget  
Current Status**

2

**2018-19 Preliminary  
Budget Projection**

3

**2018-19 Budget  
Development  
Process**

4

**Going Forward**

# Considerations in Completing 2018-19 Budget


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3%+ Reserves



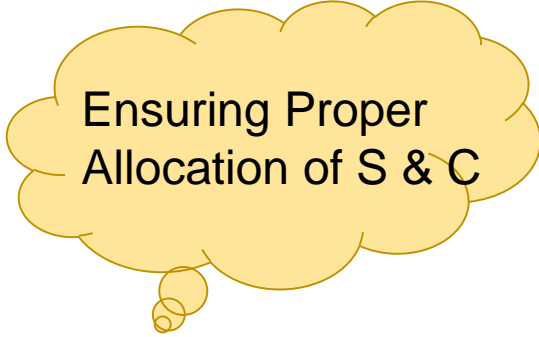
Use of One-time Funds



Self-Insurance Fund  
Restoration Plan



Labor Negotiations



Ensuring Proper  
Allocation of S & C

# Considerations - Growing Reserves



## 3%+ Reserves


- Cost growth, fixing past accounting issues and forecasting more completely indicate meeting 2% reserve will be difficult.
- 2% is based on **all General Fund** spending, including restricted funds. As revenue/spending rise, so does 2%.
- Reaching 3% reserve would require over \$5.5M in additional reductions



- Further checking for completeness and accuracy
- Development of preferred options toward reaching 3% reserve in short-term
- Presentation to Board of options at 3rd Interim


# Considerations - Restoring Self-Insurance Fund

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## Self-Insurance Fund Restoration Plan

- Major cost items are being removed from Fund 67 based on recommendation from auditors and County.
- Workers' Compensation rate which funds Self-Insurance Fund increased



Combination of reduced costs and increased revenue is projected to create surplus in fund and build its fund balance over time.

# Considerations - Board Resolution Re: One-time Funds

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Use of One-time Funds

- Recommend to Board best use of projected one-time funds.
- Ensure one-time funds are not unnecessarily used for ongoing expenses.



Evaluation of potential tradeoffs still underway.


# Considerations - Labor Negotiations

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## Labor Negotiations

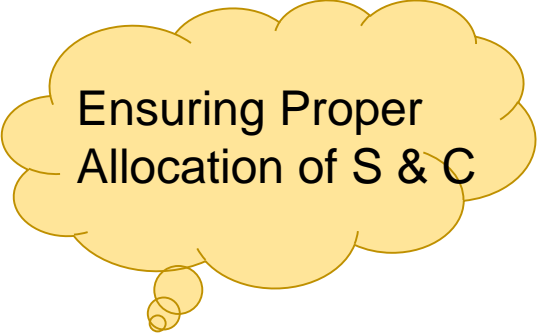
- We have significant tension between our desire to increase compensation as part of retaining quality staff and our need for financial sustainability.
- Some structural compensation increases of roughly \$11M are already expected due to existing contracts and retirement cost increases.



Evaluation of potential tradeoffs still underway.


# Considerations - Supplemental & Concentration Funds

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Ensuring Proper  
Allocation of S & C

- Significant portion of Unrestricted Funds must be allocated consistent with State rules and county oversight.
- PSAC and other stakeholder input considered in investments with S & C.



Validation still  
underway.

# Going Forward - The Next 90 Days

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- Complete Preliminary picture of 2018-19 LCAP and Budget (**May 23**)
  - Recommendation and options regarding reserve for economic uncertainty
  - Update Multi-Year Projections
- Onboard CBO and CFO (**June 1 & ?**)
- 2018-19 LCAP and Budget 1st Reading and Adoption (**June 13th & June 27th**)
- Transition to ESCAPE Finance and Human Resource System (**July 1st**)
- Staff Training on new system and processes (**Summer 2018**)
- Incorporate GFOA in reporting infrastructure (**Summer 2018**)

# Board Questions & Public Comment



# Meeting Review

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**Process Check:** Reflection on outcomes & norms

**Review Next Steps:** What, who, by when

**Review Decisions:** Ready to communicate, needs more discussion

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# Board of Education Retreat

## Monday, May 7<sup>th</sup>



## APPENDIX

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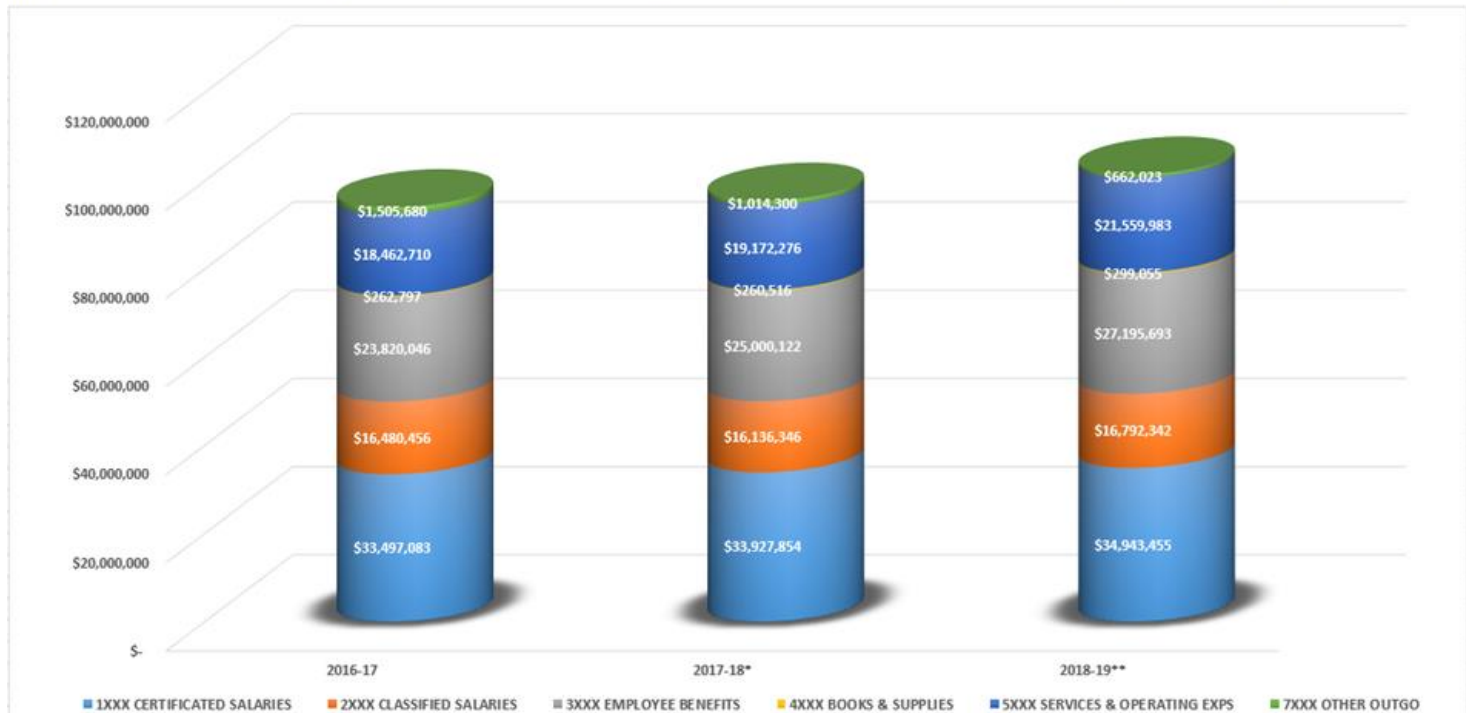


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# Special Education Costs

# 2018-19 Preliminary Projected SpEd Budget

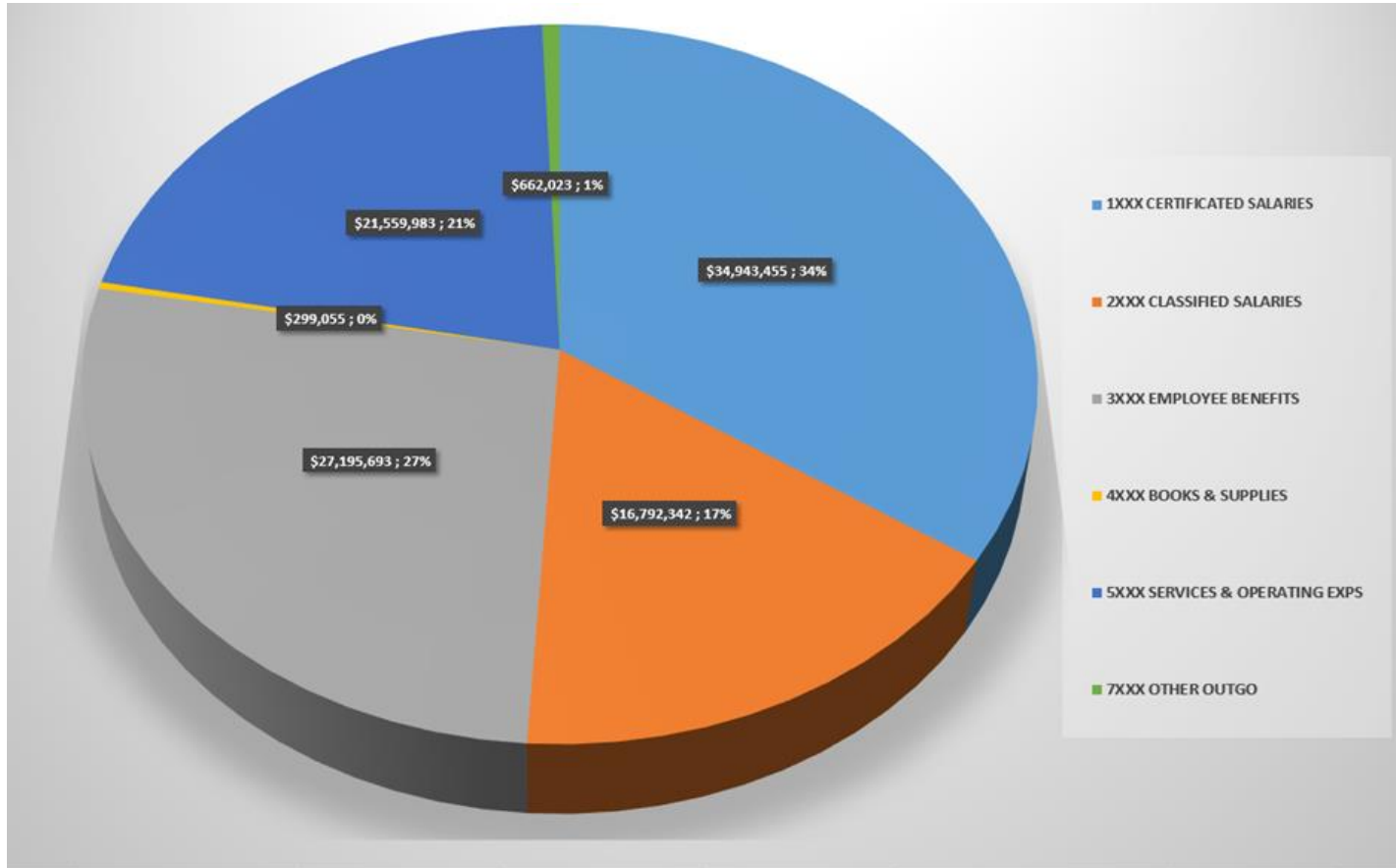
FISCAL YEAR	1XXX CERTIFICATED SALARIES	2XXX CLASSIFIED SALARIES	3XXX EMPLOYEE BENEFITS	4XXX BOOKS & SUPPLIES	5XXX SERVICES & OPERATING EXPS	7XXX OTHER OUTGO	GRAND TOTAL
2016-17	\$ 33,497,083	\$ 16,480,456	\$ 23,820,046	\$ 262,797	\$ 18,462,710	\$ 1,505,680	\$ 94,028,772
2017-18*	\$ 33,927,854	\$ 16,136,346	\$ 25,000,122	\$ 260,516	\$ 19,172,276	\$ 1,014,300	\$ 95,511,413
2018-19**	\$ 34,943,455	\$ 16,792,342	\$ 27,195,693	\$ 299,055	\$ 21,559,983	\$ 662,023	\$ 101,452,551
AVERAGE	\$ 34,122,797	\$ 16,469,714	\$ 25,338,620	\$ 274,123	\$ 19,731,656	\$ 1,060,668	\$ 96,997,579



\*Based on budget as of 4/24/18. Does not include Transportation, CEIS, or Legal Costs

\*\*Based on Budget Development projections as of 4/24/18. Does not include Transportation

# 2018-19 Preliminary Projected SpEd Budget



# Students in Special Education: 2013-2018

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Year	Total Students
12/2013	5,085
12/2014	5,288
12/2015	5,315
12/2016	5,458
4/2017	5,874
5/2018	6,401 (894 Pending)

# Forecasted Demands for 2018/19

The number of students requiring Special Education services continues to increase.  
This results in the need for more classrooms, materials, and staff.

## **Average Expenditure Per Student**

**Mild/Moderate**

**\$ 12,478**

**This includes costs of a Special Education Teacher, Instructional Support Specialist, and Speech Therapist**

## **Average Expenditure Per Student**

**Moderate/Severe**

**\$25,272**

**This includes costs of a Special Education Teacher, 2 Para Educators, 1 Occupational Therapist, 1 SLP, and an Adaptive Physical Education Teacher.**



# Forecasted Demands for 2018

An ongoing, critical shortage of qualified speech-language pathologists has led to an increase in reliance upon nonpublic agency personnel.

**3,053**

Students have  
some form of

**46.6 FTE**

district speech-  
language  
pathologists

**49.6%**

Of all students  
with IEPs in our

SELPA.



Speech-Language  
Service

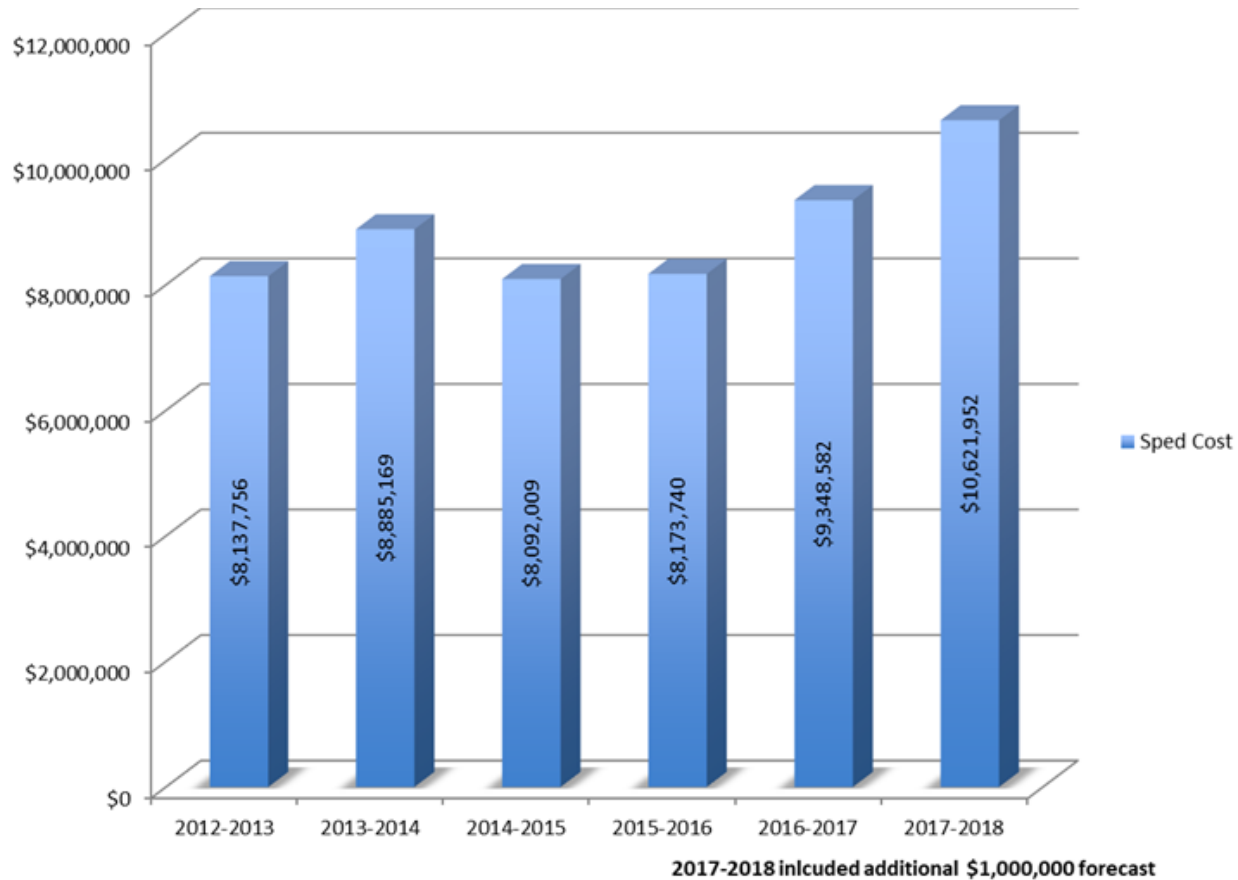
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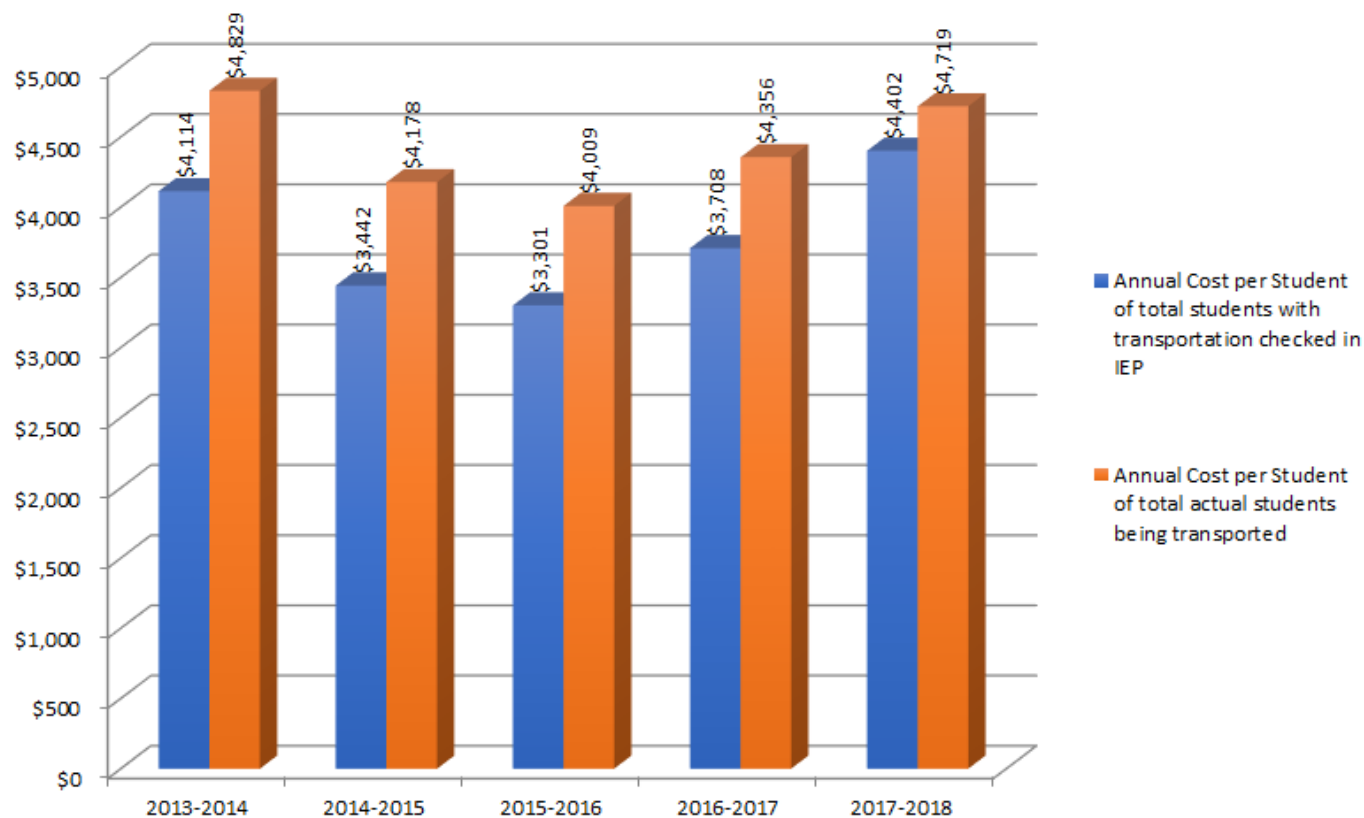
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# Transportation Costs

## SPECIAL EDUCATION TRANSPORTATION COSTS

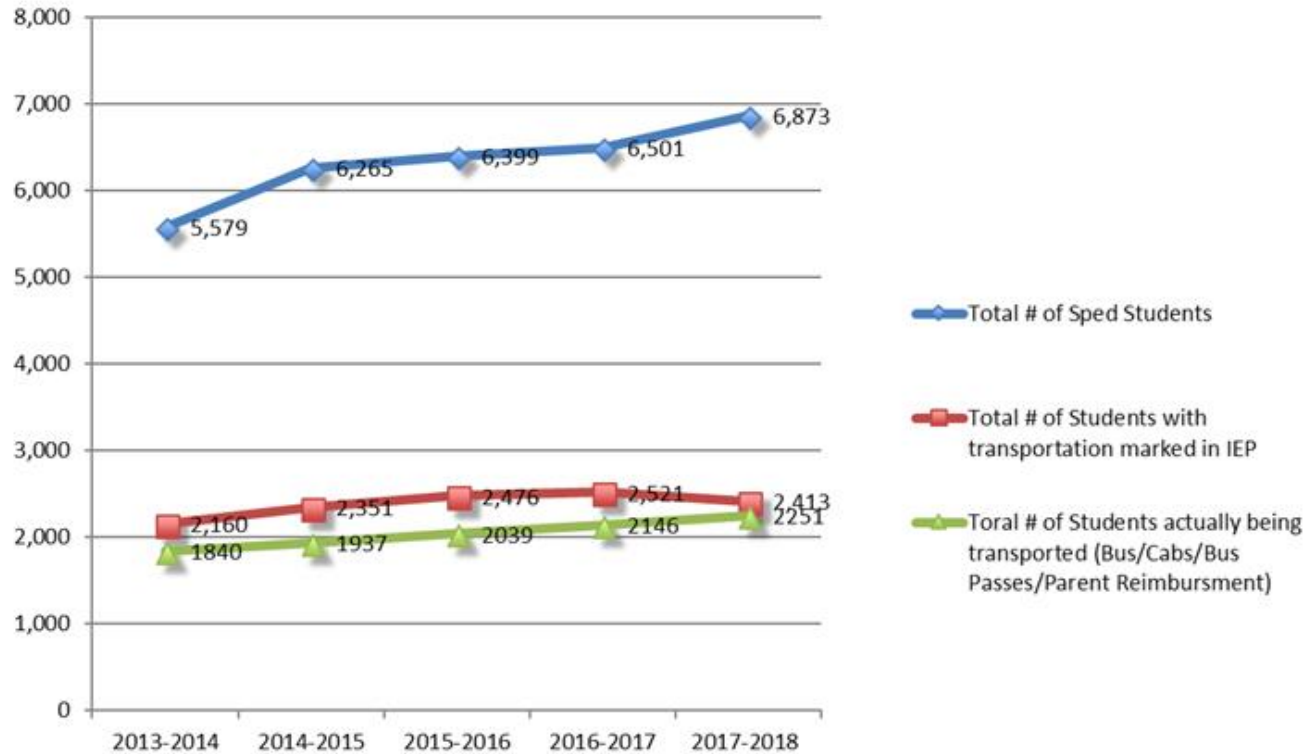


## Transportation Cost Per Student



2017-2018 includes additional \$1,000,000 forecast

## Transportation Sped Student Data

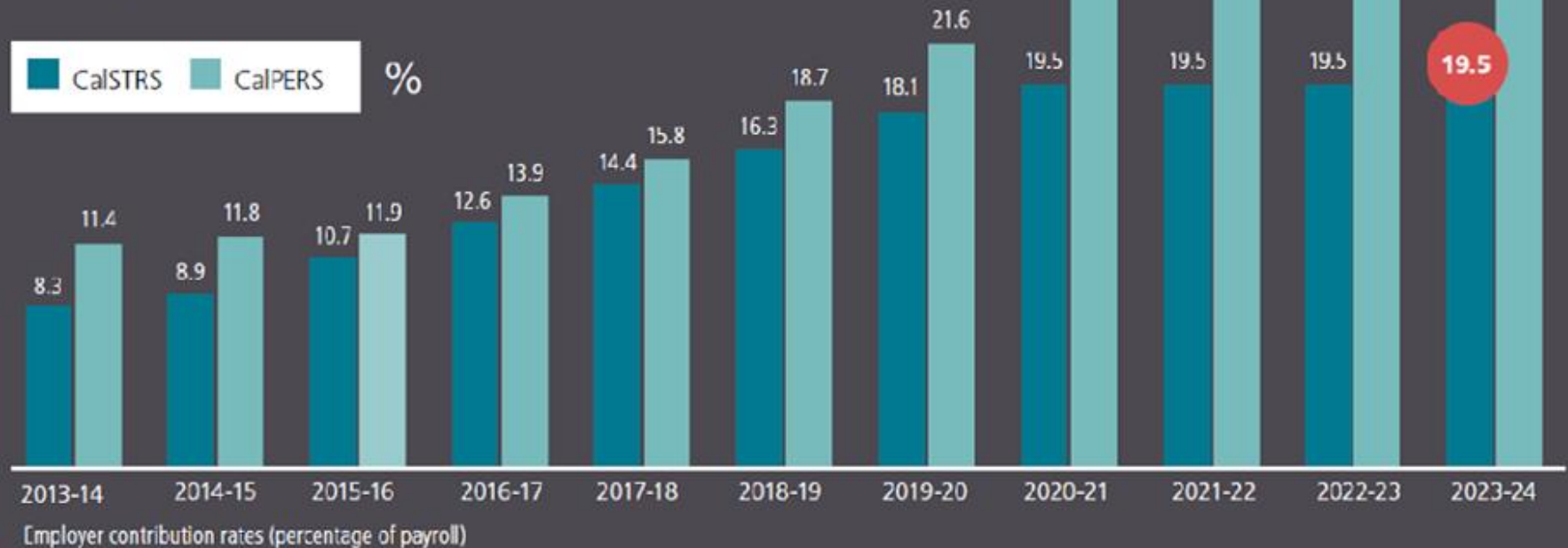


All data as of June 30  
\*\* except 2017-2018  
Total # of students plus 850 referrals

# Retirement Costs

# Retirement Costs Rising much faster than Revenue

Total PERS/STRS costs to schools will *nearly **TRIPLE*** over a 10-year period.



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