



Review for the 2018-19 Budget and LCAP Actions & Services LCAP Parent & Student Advisory Committee Wednesday, May 16th



Presentation Outcomes



- To understand the current status of the 2017-18 budget
- To preview the current underlying assumptions of the projected 2018-19 budget
- To review current prioritization of services and investments for the 2018-19 budget and LCAP to gather committee and community feedback

Community Agreements



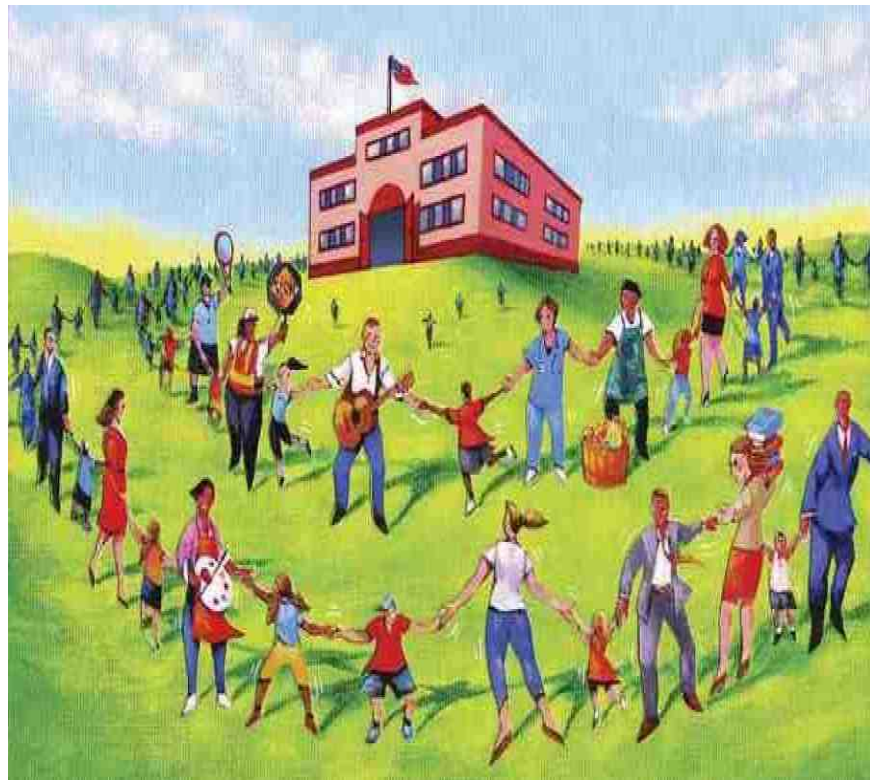
- Keep Students at the Center
- One Mic
- Step Up; Step Back
- Listen to Understand
- Tough on the Problems; Easy on the People
- Honor the Agenda

Overview & Introduction

Our Vision and Mission Ground Us

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.

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.



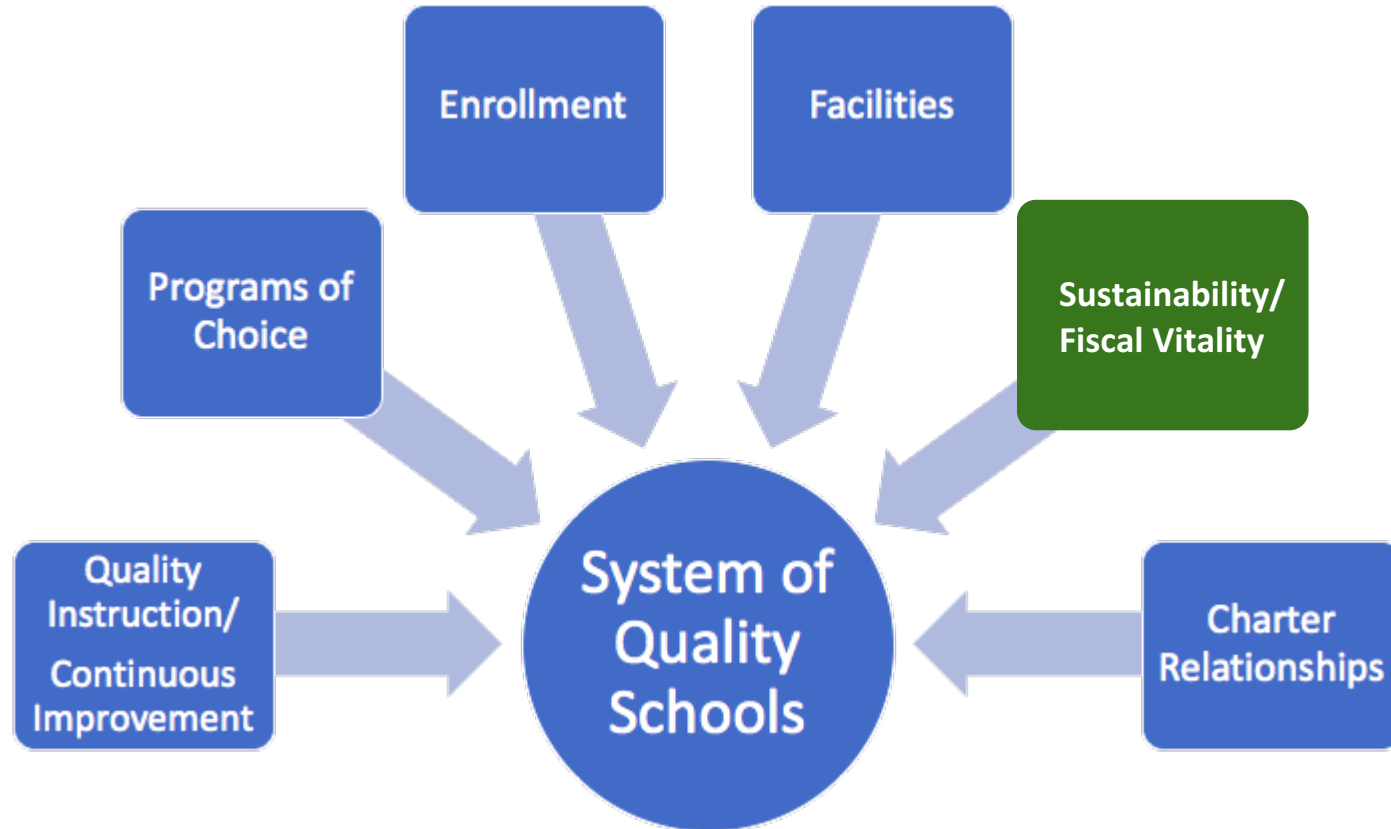
Our Focus: Quality Community Schools

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.

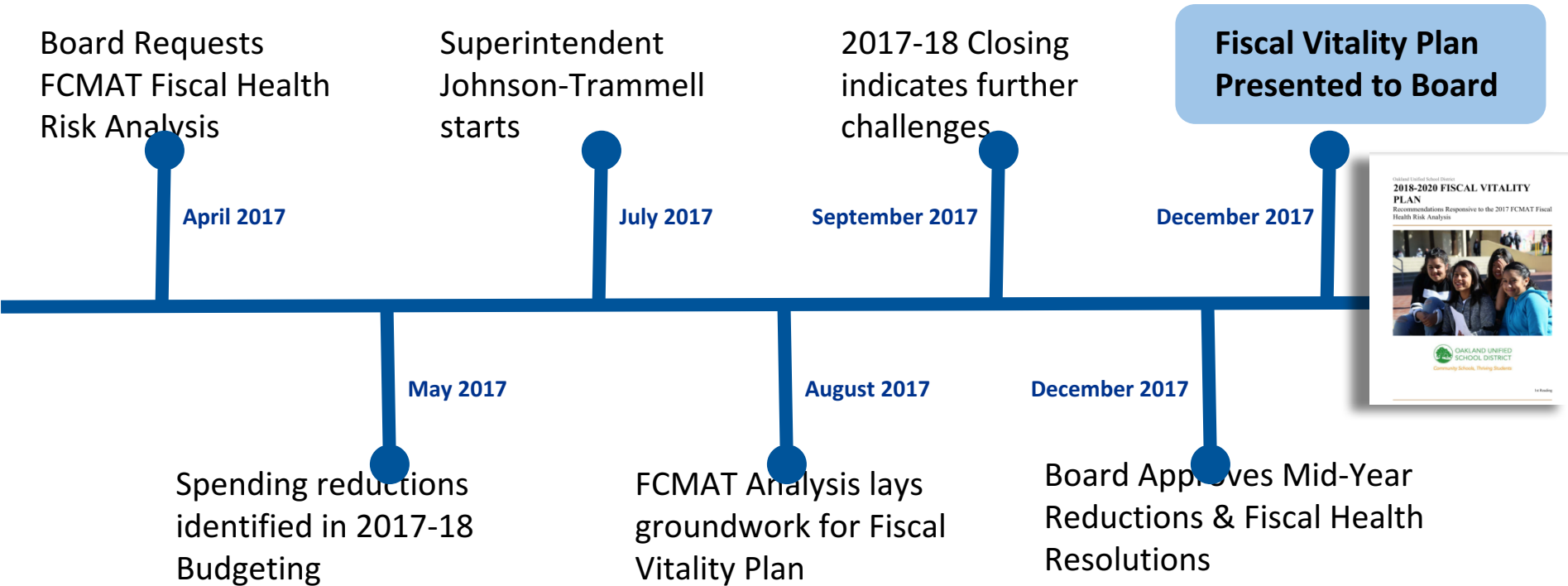


**Focused on Quality:
Equity, Access and Sustainability**

Fiscal Vitality is Critical to a System of Quality Schools



Our Journey Toward Fiscal Vitality is ongoing . . .



Fiscal Vitality Plan Identified 3 Overlapping Phases

Stability (1 - 6 months)

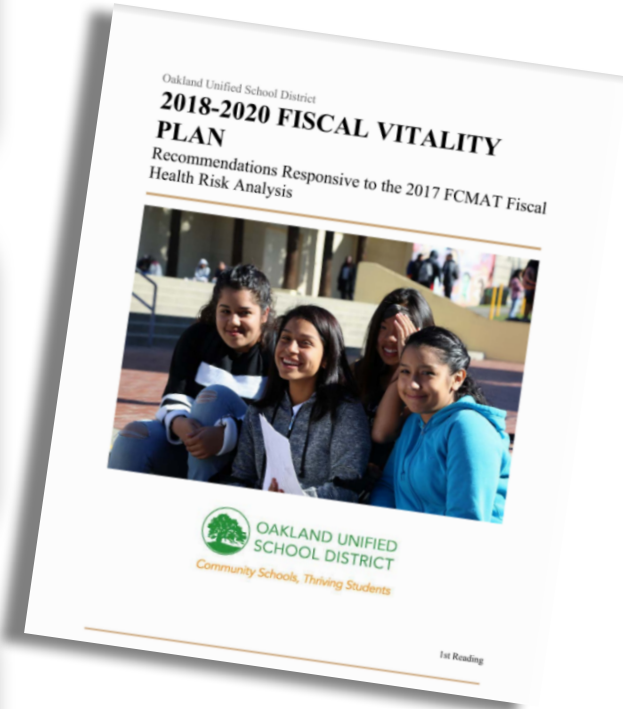
- 2017-18 Mid-Year Adjustments
- Begin Improved Monitoring Practices

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



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

Fund	Fund Description	Revenue* (\$M)	Percentage
1	General (Unrestricted)	411.0	59.6%
1	General (Restricted)	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%
	Total	689.0	100.0%

- 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

We are improving reporting.

The Challenge

- Our systems (e.g software) create spending reports that are accurate to the date but that do not predict well what spending will be by the end of the year.

Steps Towards Improvement

- Frequent reviews of actual expenses to identify trends
- Project remaining of the year based on seasonal patterns and the amounts that have been set aside (encumbered).

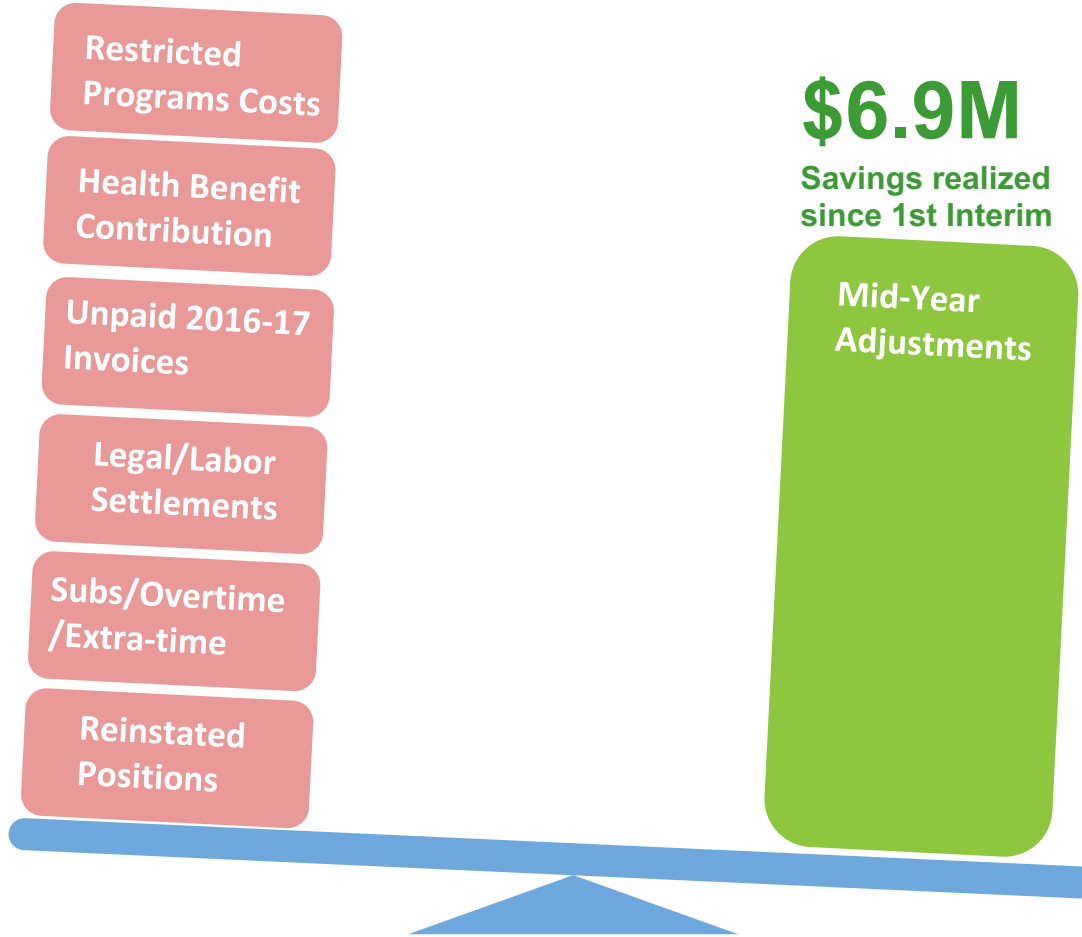
Mid Year Adjustments to Cover Shortfalls

Projected	Current	Adjustment	Notes
\$3.8M	\$3.70M	School Site Adjustments	Adjustments for reduced staffing by 5/11
\$2.1M	\$2.08M	Central Office FTE Adjustments	Adjustments for reduced staffing by 5/11
\$1.6M	\$0.10M	Central Office Maximize Restricted Resources	Focused on ensuring compliance and minimizing unintended consequences (e.g. audit findings)
\$0.5M	\$0.79M	Central Office Books & Supplies	\$0.29M in adjustments
\$0.4M		Central Office Contracts	\$0.5M in adjustments
\$0.4M	Pending	Central Office Undesignated Reduction	No additional area of savings was identified
\$0.25M	\$0.25M	Central Office Donations & Furloughs	Central Office Senior Leader donations fully realized
\$9.0M	\$6.92M	TOTAL	

Additional Costs Validate Need for Mid-Year Adjustments

\$5.7M

Additional Costs
since 1st Interim



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

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



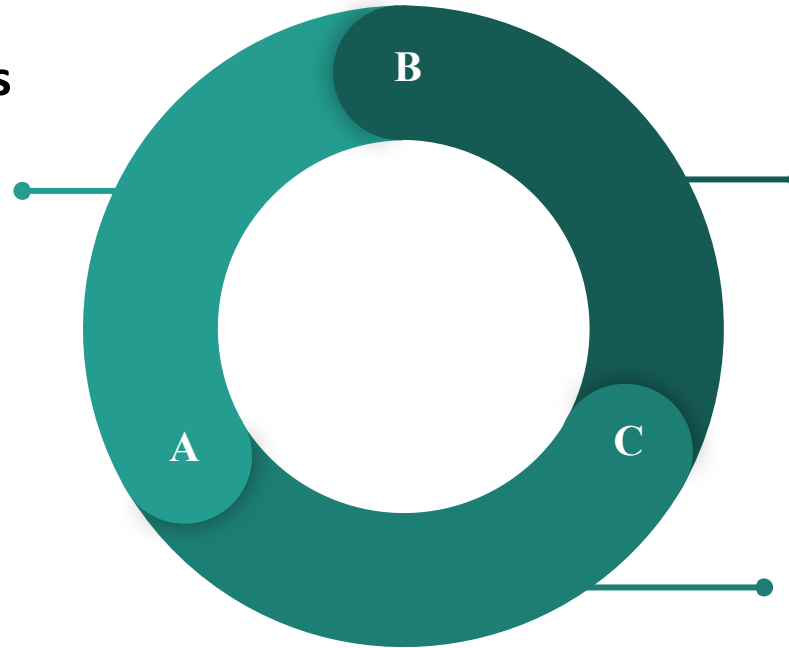
Questions



2018-19 Unrestricted Revenue - Key Assumptions

Enrollment Projections

OUSD enrollment is projected to decrease for the next few years.



LCFF Revenue

State is fully-funding LCFF. This is a significant increase in revenue per student.

Other State Revenue

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

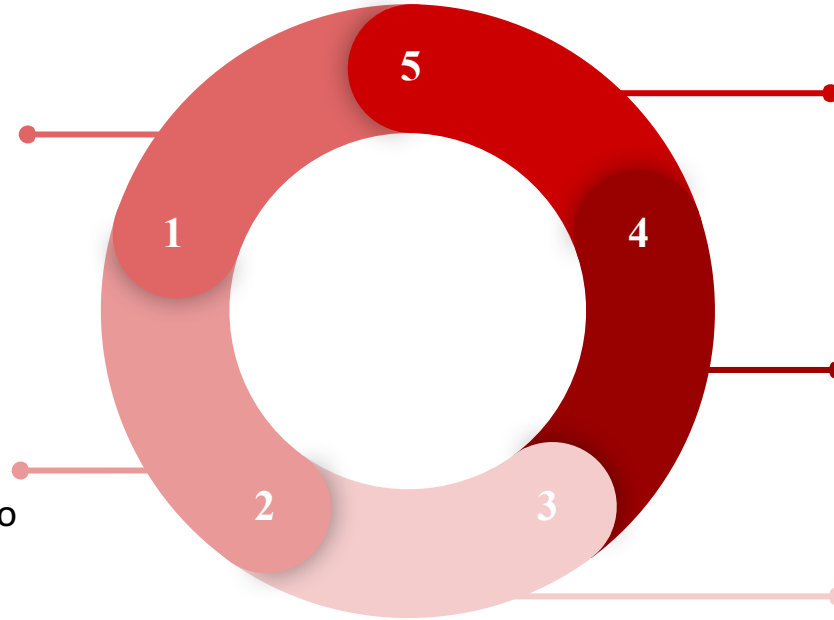
2018-19 Unrestricted Expenditures - Key Considerations

Accounting Changes

Not count potential “vacancy” savings before they happen. Move some expenses from Self-Insurance Fund to General Fund.

Forecasting Accuracy

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



Cost Growth

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

Set aside funds to restore reserves, for bargaining and to address other unexpected circumstances.

2018-19 Unrestricted General Fund Preliminary Estimates

Key areas of cost growth

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

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/>
	\$20M

Questions



Key Considerations in 2018-19 Budget Planning

Unrestricted General Fund

Covering Required Expenditures

Existing legal, contract, or operational requirements

Program Investments

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

Base Funding to Schools

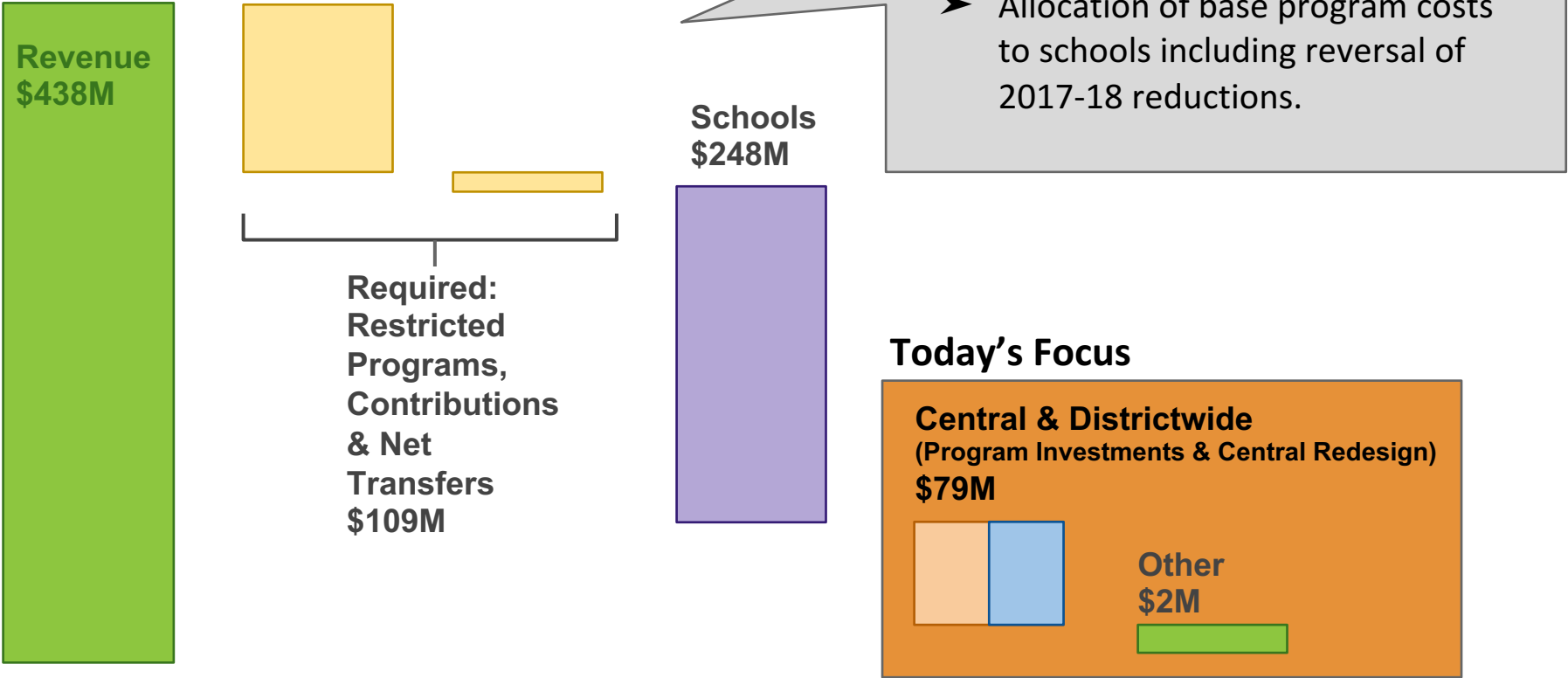
Funds to cover base at schools (e.g. teachers, administrators)

Phase 1 - Central Office Redesign

Targeted structural central office changes to better support priorities

Preliminary Allocation of Estimated 2018-19 Revenue

Unrestricted General Fund



Purpose of Central Office & Central Program Investments

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 LCAP Goals

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)

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 data from the Scholastic Reading Inventory to set a criteria
- Feedback from Alameda County on Foundational Professional Development (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.)

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

2018-19 Staffing Changes Summary

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

2018-19 Staffing Changes Summary (continued)

Site	Certificated Eliminations	Certificated Additions	Classified Eliminations	Classified Additions	Notes
Community Schools and Student Services			6		Does not include RJ Coordinators
Research, Assessment, and Data (RAD)			0.5		Positions moving from other departments to align to core function.
English Language Learner and Multilingual Achievement			1		
956- Continuous School Improvement			3		2 FTE moving to Academics
Totals	16	13	31.5	3	Net Elim: 31.5 FTE

Key May & June Dates for LCAP and Budget

5/9	Classified Staffing Amendments
5/16	Review of 2018-19 LCAP Actions and Services by the LCAP PSAC
5/23	Finalize Central Office Non-Labor Allocations
5/23	Third Interim Budget Report
5/23	Governor's May Revise
6/13	LCAP & 18-19 Budget Public Hearing
6/27	Final Adoption of 2018-19 Budget & LCAP

Questions



: iam OUSD



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

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APPENDIX

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	
A. REVENUE							
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	
Total Revenue	407,332,823	410,593,780	411,013,977	411,174,777	(285,600)	410,889,177	A
B. EXPENDITURES							
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
4b. Surplus	-	2,135,670	1,829,978	1,527,749	(137,239)	1,390,510	C
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)	D
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	
Total Expenditures	399,233,168	403,863,407	399,784,003	403,681,142	(1,322,758)	402,358,385	
C. Net Incr/Decr to Fund Balance	8,099,655	6,730,373	11,229,974	7,493,635	1,037,158	8,530,792	

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	
A. REVENUE							
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	
Total Revenue	136,020,604	144,364,779	151,719,077	156,398,701	(2,773,765)	153,624,936	A
B. EXPENDITURES							
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)	
Total Expenditures	125,116,513	151,570,634	145,205,639	149,796,366	5,018,339	154,814,705	
C. Net Incr/Decr to Fund Balance	10,904,091	(7,205,855)	6,513,438	6,602,335	(7,792,105)	(1,189,769)	
D. Fund Balance, Reserves							
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 Unrestricted General Fund - Highlights

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

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

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
C. Net Incr/Decr to Fund Balance	8,099,655	6,730,373	11,229,974	7,493,635	1,037,158	8,530,792
D. Fund Balance, Reserves						
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
5. % Reserve Economic Uncertainty	2.00%	1.80%	2.66%	1.94%	-0.54%	2.12%
Total Proj Expenses Unrest & Rest	524,913,746	556,031,884	544,989,642	553,477,508		557,173,090

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
A	Revenues	
	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
		\$ (2.80)
	Expenses	
B	Books & Supplies : Spend down offund balance	\$ 4.00
C	Midyear reductions - reprioritization of expenses	\$ (0.89)
D	Site reprioritizing surplus budgets to other expense priorities	\$ (0.30)
		\$ 2.81

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
A. REVENUE					
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
Total Revenue	543,353,427	554,958,559	562,733,054	567,573,478	564,514,113
	543,353,427.00				
B. EXPENDITURES					
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	-	-
Total Expenditures	524,349,681	555,434,040	544,989,642	553,477,508	557,173,090
C. Net Incr/Decr to Fund Balance	19,003,746	(475,482)	17,743,412	14,095,970	7,341,023
D. Fund Balance, Reserves					
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

Zero Based Budgeting Findings

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 Org Structure Changes

