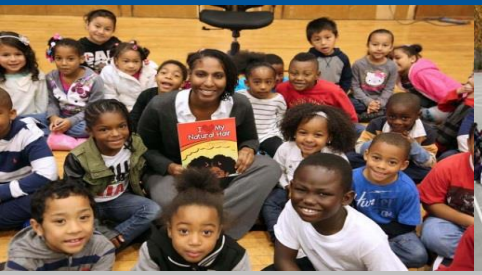
Special Committee on Fiscal Vitality






October 4, 2018

www.ousd.org @OUSDnews

Norms



- 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

Goals of the Special Committee

1. **Explore Depth of Budget Deficit:** Committee will recommend a target goal for budget reductions needed for 2019-20 and 2020-21 school years.
2. **Build Shared Knowledge:** In order to better support our community of stakeholders, the Committee will build a citywide understanding of (1) OUSD's deficit and strategies being explored to address it; (2) Board Policies and theory of action; (3) Central allocations, (4) Base funding allocations; and (5) Academic Return on Investment.
3. **Alignment with Theory of Action:** Committee will reinforce Board of Education's theory of action around school-based decision-making.
4. **Student-centered Budgeting:** Committee will introduce and engage with the idea of academic return on investment for student achievement with emphasis on closing equity gaps and educating the whole child.
5. **Recommendations to Move Forward:** Committee will adopt a resolution, for consideration by the full board, providing directional guidance regarding the budget reductions for the 2019/20 and 2020/21 school years to the Superintendent for improving equity, quality, and sustainability for the district.

OUSD's Governance Theory of Action

#	Short Description	Premise
1	Data-Driven Decisions	IF we consistently **apply quality data in making decisions about high quality and effective academic and social support** for students,
2	Maximize school site decision making	AND in service of high and equitable standards and outcomes for students, we **maximize school site-based decision-making regarding staffing, finances, calendars, and programs**,
3	High-quality Instruction	AND we ensure that there is **high-quality and effective instruction** in every classroom that results in high-quality learning for every student,
4	Diverse providers	AND to ensure high quality schools in every neighborhood, we **partner with diverse providers** in alignment with our policies,
5	Facilities	AND we ensure that all **facilities** are used in service of quality outcomes for students, including constructing and maintaining facilities in accordance with principles of sustainability,
6	Sustainable central office and portfolio	AND we apply data in ways that maximize fiscal and academic opportunities by operating a **central office and the number and type of schools that we can sustain over time,**
7	Community	AND we include and **partner with the community and families** to ensure quality options in each neighborhood throughout Oakland,
8	Equitable access	AND we prioritize **equitable allocation of resources across the district based on need,** recognizing that students come to school needing different resources and supports,
9	Then	THEN Oakland public schools will operate on principles of equity and ensure that all students have the academic, social, and fiscal supports that they need to succeed.

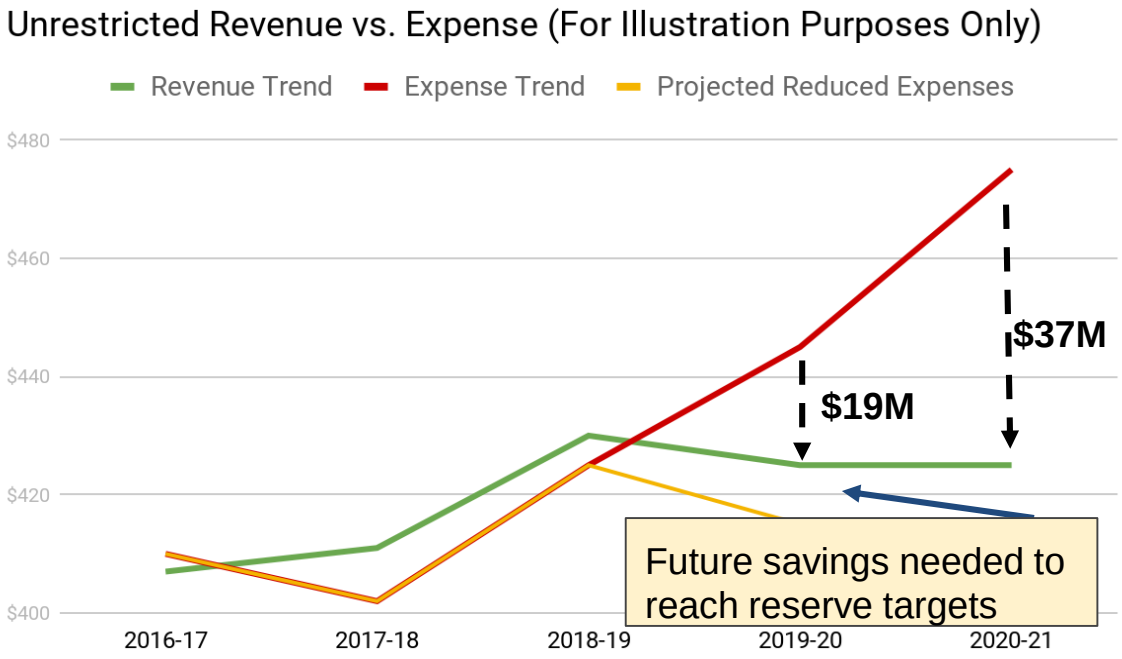
Goals of Today's Session

1. Begin processing some of the key learnings from the opening sessions of the Committee's work.
2. Hear and overview and update on the budget reduction process.
3. Hear reflections from community stakeholders on the key learnings and process.

Commitment to Doing Better

We are committed to doing better going forward to ensure that we aren't in this situation again. We have begun and will continue closer monitoring of trends, building board capacity to provide oversight in alignment with best practices, and working with staff to address the issues identified by FCMAT and others.

Expenses outgrowing Revenue



⇒ Without changes, Unrestricted Expenses are expected to exceed Revenue by $60M by 2020-21.

⇒ To reach Board targets for reserves, Revenue must exceed Expenses enough to replenish reserves

⇒ Expense increases are driven primarily by declining enrollment, charter school growth, increased STRS and PERS pension costs, and special education growth.

Additional Ways to District will Engage

Group/Event	Date	Location	Time
DBAC **Audience: Community Partner Organizations, Unions, Principals & OUSD Staff (will report out at Budget Special Committee)**	Monthly Meetings	Location Varies	Time varies
PAC **Audience: Lead Principals (will report out at Budget Special Committee)**	Monthly Meetings	Location varies	Time varies
PSAC **Audience: Parents and Students** contact Cintya.Molina@ousd.org	10/17/18 12/19/18 2/20/18	Location TBD	Time TBD
BOE Budget Study Session **Audience: parents, staff & community members**	11/27/18	Location TBD	5:30- 8:30 pm
More to Come (i.e. survey, Board sponsored town halls, survey, etc.) **Audience: Neighborhood parents & community members**	TBD	Location TBD	5:30 pm

Today's Agenda

Item
Welcome and Review Committee Goals and Meeting Goals
Discussion: Reflections on the key learnings from the previous Special Committee sessions
Presentation: CBO Marcus Battle updating on the fall budget reductions process
Panel Discussion: Reflections on presentation and key learnings
Board reflections and Public Comment & Preview Upcoming Session and Review Next Steps
Public Comments on non agenda items
Adjourn

In Review

8/29 Meeting

- OUSD is facing a structural deficit of +27 M (which does not include a teacher raise or addressing depleted funds.
- Drivers - Rising Pension and Special education costs and declining enrollment (charter growth).
- Reviewed OUSD Theories of Action
- Discussion with Network Supts.

8/30 Meeting

- Review of three key board policies and implications for making adjustments
- Defining Core v. Strategic initiatives and Administrative spending
- Measuring effectiveness of initiatives

In Review

9/06 Meeting

- OUSD has higher than average staff turnover and it is costly both educationally and fiscally
- There is evidence that ‘growing your own’ approaches might be effective for OUSD
- Salary is among reasons for leaving, but several others
- Discussion with teachers and district staff on retention efforts.

9/13 Meeting

- Financial policies and allocation systems need to be evaluated and updated over time.
- There is a misalignment between resources and board policy (A-G)
- The balancing pool represents a failure of an allocations systems
- There are specific issues to be addressed such as (1) including SDC students in the administrative ratios; (2) implementation of an 8 period day; (3) the “concentration” funds [aka Z-score];

In Review

Department Presentations

- The staff to be commended for increasing funds through grants and other sources, but these also bring instability.
- Found examples of silos in the work that could be more efficient through increased collaboration.
- There are important themes (equity and teacher retention) that are present throughout the system, but need to be more explicit.
- Some misalignment with theory of action in terms of when to centralize services.

Committee Discussion: Key Learnings

Guiding prompts:

1. Do these statements accurately capture the key learnings of the committee?
2. Are there any important omissions?
3. What are you top 3-5 priorities among the findings?
4. What major themes emerge from this list?
5. Any reflections on the proper path forward?

OAKLAND UNIFIED SCHOOL DISTRICT

Community Schools, Thriving Students

2019-20 Budget Reduction Process





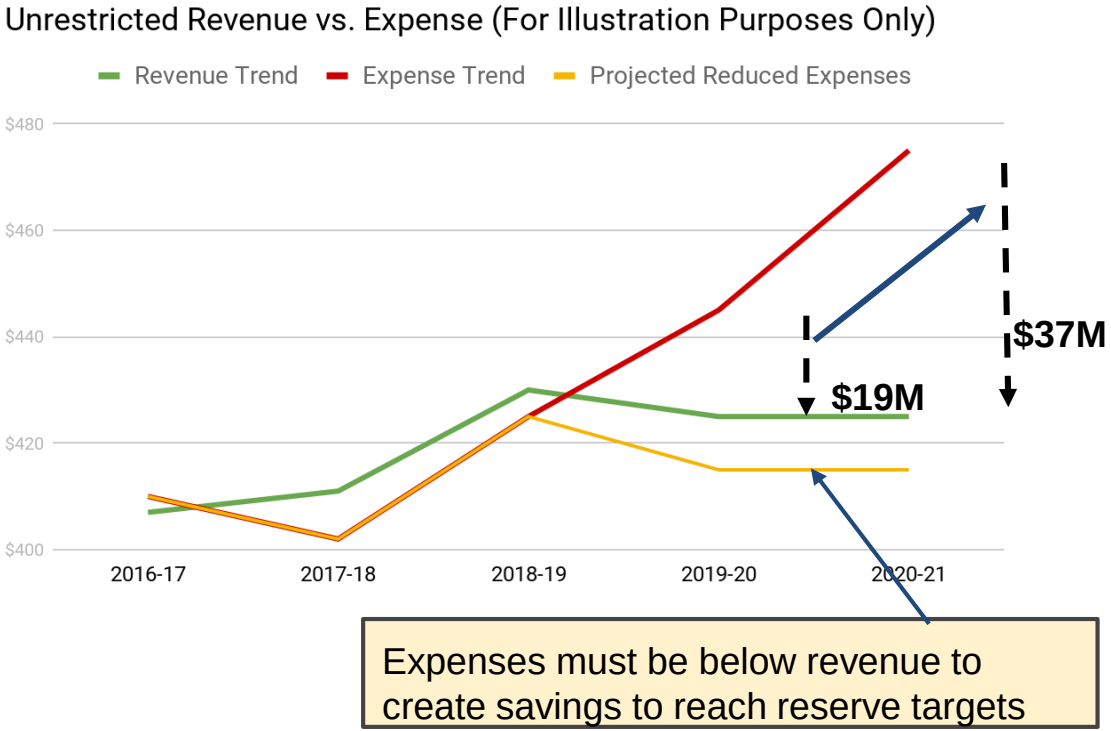


iam OUSD

Discussion Topics

1. Key Drivers for Budget Reductions
2. Guidelines and General Framework for Reductions
3. Budget Reduction Timeline
4. Guiding Principles and Approach to Budget Reductions
5. Opportunities for Reduction and/or Savings Consideration
6. Reduction in Force Targets by Group
7. Scoring and Ranking of Reduction Options
8. Questions/Comments

Key Drivers of the Deficit



⇒ Without changes, cumulatively Unrestricted Expenses are expected to exceed Revenue by almost $60M by 2020-21.

⇒ If we are able to make the necessary reductions in 19-20, fewer reductions will be needed in 20-21.

⇒ Expense increases are driven primarily by declining enrollment/charter school growth, increased STRS and PERS pension costs, and special education growth.

Key Drivers - Issues and Opportunities

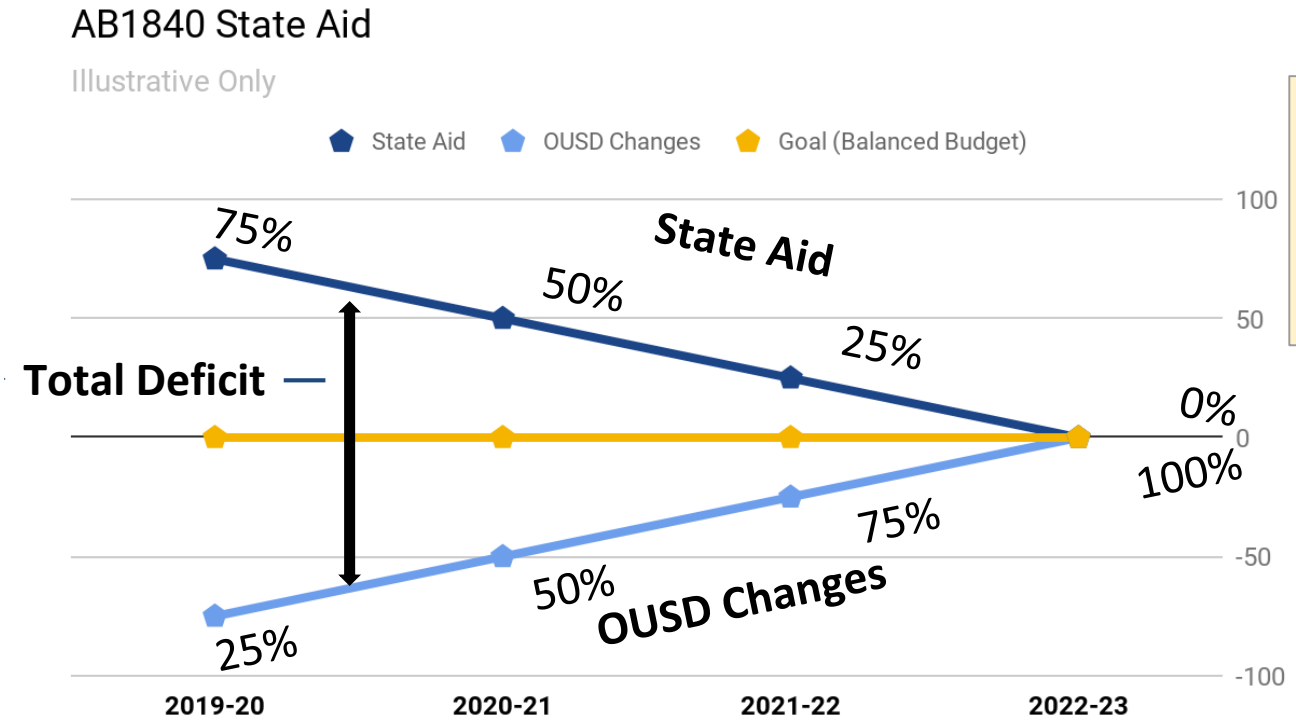
- If OUSD doesn't address the Structural Deficit, it could lead to a Negative Certification by the Alameda County Office of Education and a loss of District Control;
- The current projected deficit does not take into account future negotiated salary increases - OUSD must either increase revenues or reduce expenses in order to pay for future increases
- The Budget Reduction Process will allow OUSD to examine how resources are currently deployed and to realign them to better serve students
- New Legislation AB 1840 provides OUSD with one-time dollars to address our deficit, but requires a detailed plan of action to address our deficit

Framework - Education Trailer Bill (AB 1840)

Key Provisions of Education Trailer Bill (AB 1840)

- Provides for the State to Cover a decreasing portion of OUSD deficits, up to 75% of the Projected Deficit for 2019-20, in 2020-21 up to 50%, and in 2021-22 up to 25%
- Provides Critical Financial Relief (i.e., Soft Landing) to OUSD so that the District Can Avoid Draconian Budget Cuts beginning in FY 2019-20
- The Funding Does not Require Repayment, however, OUSD Will be Required to Meet Critical Benchmarks in order to Qualify for the Funding which Must be Certified by Alameda County Office of Education and FCMAT
- Funds are Unrestricted and are Provided as One-Time Dollars Only
- Funds are Provided with the Intent and Purpose to Fill OUSDs Deficit Hole Until District Proposed Reduction Actions are Fully Implemented

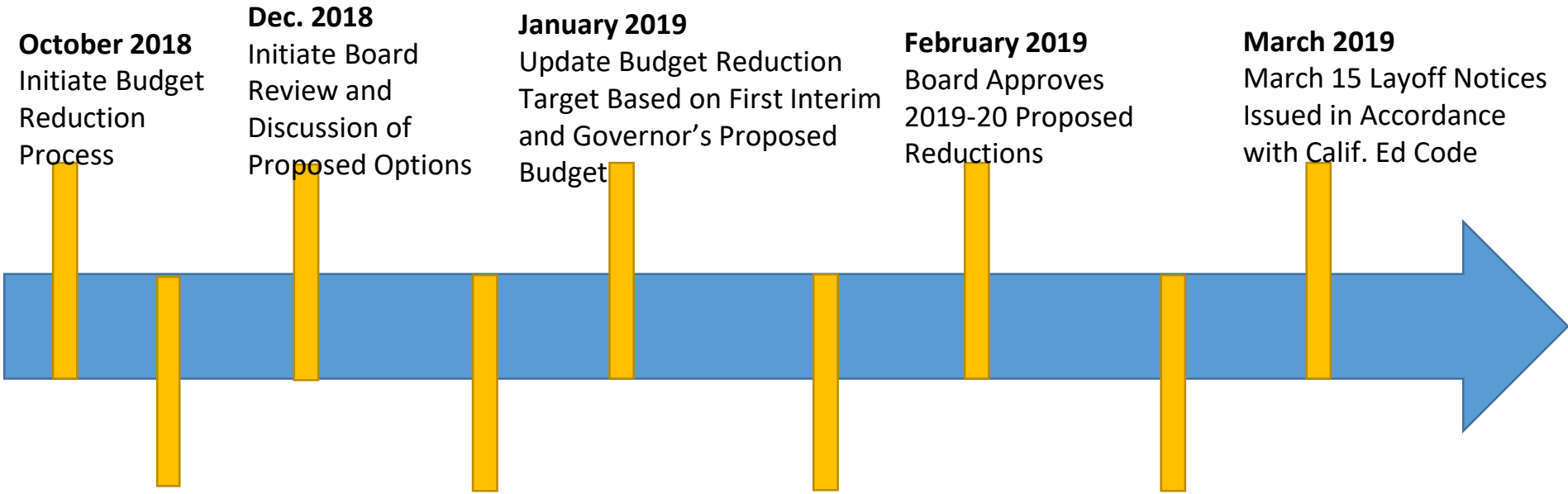
Education Trailer Bill (AB 1840)



AB 1840 provides OUSD the opportunity of a “Soft Landing” where the deficit can be eliminated over 4 years instead of entirely in 2019-20.

GOAL = Balanced Budget

2019-20 Budget Reduction Process Timeline (Key Activities)



THE BUDGET REDUCTION PROCESS



OUR MISSION, VISION, CORE VALUES AND STRATEGIC PRIORITIES GUIDE OUR APPROACH TO BUDGET REDUCTIONS

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.

Key Principles: Quality, Equity, Access and Fiscal Sustainability

District Wide Priorities

Fiscal Vitality

Key Areas of Work: Budget Development Process, Internal Controls & Budget Management, Facilities Capital Projects, Increasing Revenue



Quality Community Schools

Key Areas of Work: Blueprint for Quality Schools, LCAP Goals & Student Learning Outcomes,, Special Education

Organizational Resilience

Key Areas of Work: Central Office Redesign, Employee Retention, Leadership Development, Equity Policy

Our Core Values

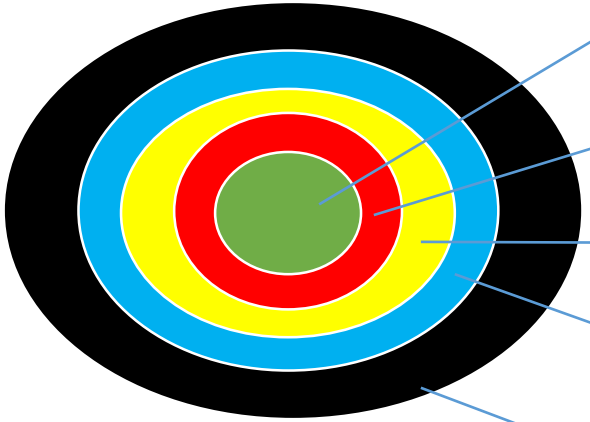
- **Students First**: *We support students by providing multiple learning opportunities to ensure students feel respected and heard.*
- **Equity**: *We provide everyone access to what they need to be successful.*
- **Excellence**: *We hold ourselves to uncompromising standards to achieve extraordinary outcomes.*
- **Integrity**: We are honest, trustworthy and accountable.
- **Cultural Responsiveness**: *We resist assumptions and biases and see the gift of every student and adult.*
- **Joy**: *We seek and celebrate moments of laughter and wonder.*

Guidelines for Reductions

- The integrity of core classroom instruction will be protected by making reductions as far away from classroom as possible.
- Action steps selected for reduction will be based on lowest impact on classroom instruction and highest budget implications.
- Action steps will ensure that reductions are equitably distributed throughout the organization.
- Programs and/or services not aligned with our mission, vision, core values, and, strategic priorities will not be protected.
- Program with low or undeterminable academic return on investment will not be protected.
- Faculty, staff, community, and parents will be able to provide feedback through an online survey and other district and board-level engagements.

Budget Reduction Framework

The diagram below provides a graphic representation of the general reduction framework. In general, we will start the reduction process by considering reductions from categories as far away from the center(core classroom instruction) as possible.



Core Classroom Instruction

Programs, Materials, Supplies, and Instruction

Supports, Instructional, Administrative, Safety, and Security

District Office Supports, staff, administrators, counselors, and professional development

Benefits and Salaries of non-instructional staff, community resources, non-core programs

Our Options

- Increase Revenues (Category 1)
- Increase Enrollment (Category 2)
- Decrease Spending (Category 3)
- Implement Costs Savings (Category 4)

Note: Proposed reduction possibilities will be higher than needed to allow for trade-offs, costs impact adjustments, and future negotiated settlements, as requested by the Board

Category 1 - Increase Revenue Possibilities

Options	Projected 3 Year Target	Recommended 3 Year Target	FY 2019-20 (Year 1)	FY 2020-21 (Year 2)	FY 2021-22 (Year 3)
			Estimated 3 Year Cumulative Revenue		
Facilities Rental Redesign **(NNR)**	$5,000,000	**$3,800,000**	$1,000,000	$1,300,000	$1,500,000
Saturday School District-wide Optional Implementation (ADA) **(NNR)**	$3,000,000	**$2,300,000**	$500,000	$800,000	$1,000,000
Sub-Total Category 1	**$8,000,000**	**$6,100,000**	**$1,500,000**	**$2,100,000**	**$2,500,000**

Note: NR = Negotiation Required / NNR - Negotiation Not Required

Category 2 - Increased Enrollment Possibilities

Options	Projected 3 Year Target	Recommended 3 Year target	FY 2019-20 (Year 1)	FY 2020-21 (Year 2)	FY 2021-22 (Year 3)
			Estimated 3 Year Cumulative Savings		
Implement Strategic Marketing to Grow Enrollment **(NNR)**	$1,000,000	**$500,000**	$100,000	$200,000	$200,000
Sub-Total Category 2	**$1,000,000**	**$500,000**	**$100,000**	**$200,000**	**$200,000**

Note: NR = Negotiation Required / NNR - Negotiation Not Required

Category 3- Decreased Spending Possibilities

(Staffing and program reductions based on weighted criteria)

Options	Projected 3 Yr. Target	Recommended 3 Year Target	FY 2019-20 (Yr. 1)	FY 2020-21 (Yr. 2)	FY 2021-22 (Yr. 3)
			Estimated 3 Year Cumulative Savings		
Reduce Contracts Districtwide (NNR)	$3,750,000	**$3,750,000**	$1,250,000	$1,250,000	$1,250,000
Reduce Staffing Districtwide (NNR)	$18,750,000	**$18,750,000**	$6,250,000	$6,250,000	$6,250,000
Eliminate Vacant Positions Districtwide (NNR)	$5,000,000	**$3,000,000**	$1,000,000	$1,000,000	$1,000,000
Sub-Total Category 3	**$27,500,000**	**$25,500,000**	**$8,500,000**	**$8,500,000**	**$8,500,000**

Note: NR = Negotiation Required / NNR - Negotiation Not Required

Category 3 Cont. - Decreased Spending Possibilities

(Staffing and program reductions based on weighted criteria)

Options	Projected 3 Yr. Target	Recommended 3 Year Target	FY 2019-20 (Yr. 1)	FY 2020-21 (Yr. 2)	FY 2021-22 (Yr. 3)
			Estimated 3 Year Cumulative Savings		
Reduce Energy Costs (NNR)	$1,500,000	**$1,500,000**	$500,000	$500,000	$500,000
Reduce Certificated Subs Costs Districtwide (NNR)	$1,500,000	**$1,500,000**	$500,000	$500,000	$500,000
Consolidate Printing Costs Across the District (NNR)	$1,200,000	**$1,200,000**	$400,000	$400,000	$400,000
Sub-Total Category 3	**$4,200,000**	**$4,200,000**	**$1,400,000**	**$1,400,000**	**$1,400,000**

Note: NR = Negotiation Required / NNR - Negotiation Not Required

Category 4 - Cost Savings Possibilities

Options	Projected 3 Year Target (Potential)	Recommended 3 Year Target	FY 2019-20 Year 1	FY 2020-21 Year 2	FY 2021-22 Year 3
			Estimated 3 Year Cumulative Savings		
Districtwide Telephone Consolidation (NNR)	$6,000,000	$4,000,000	$0	$2,000,000	$2,000,000
Bell Schedule Redesign (NNR)	$2,500,000	$1,500,000	$500,000	$500,000	$500,000
Supplemental Early Retirement Program (NNR)	$4,000,000	$4,000,000	$1,800,000	$1,300,000	$900,000
School Consolidations and Closures (NNR)	$9,000,000	$9,000,000	$0	$3,000,000	$6,000,000
Explore Opportunities to Leverage Restricted Dollars to Support GF (NNR)	$10,000,000	$6,000,000	$2,000,000	$2,000,000	$2,000,000
Sub-Total Category 4	**$31,500,000**	**$24,500,000**	**$4,300,000**	**$8,800,000**	**$11,400,000**

Note: NR = Negotiation Required / NNR - Negotiation Not Required

Category 4 Cont. - Cost Savings Possibilities

Options	Projected 3 Year Target (Potential)	Recommended 3 Year Target	FY 2019-20 Year 1	FY 2020-21 Year 2	FY 2021-22 Year 3
			Estimated 3 Year Cumulative Savings		
Implement Solar Energy Program (NNR)	$2,000,000	$2,000,000	$0	$0	$2,000,000
Benefit Opt Outs (NR)	$2,000,000	$2,000,000	$0	$1,000,000	$1,000,000
Changing Teacher/Class Ratios from 6/5 to 5/4, or 4/4 (NR)	$1,000,000	$1,000,000	$0	$500,000	$500,000
Special Education - Reduce Students in Non-Public Schools (NNR)	$1,000,000	$1,000,000	$0	$500,000	$500,000
Sub-Total Category 4 Cont.	**$6,000,000**	$6,000,000	$0	$2,000,000	$4,000,000
Total Target Possibilities (All Categories)	**$78,200,000**	**$66,800,000**	**$15,800,000**	**$23,000,000**	**$28,000,000**

Note: NR = Negotiation Required / NNR - Negotiation Not Required

Districtwide Reduction in Force (RIF) (Proportional Distribution Approach)

Employee Groups	% of Total Salaries	2019/20 Reductions (est.)	Average Salary w/o Benefits (est.)	2019-20 Projected (RIF FTEs)
Certificated	59.80%	$3,737,500	$75,000	49.8
Classified	21.40%	$1,337,500	$50,000	26.75
Certificated and Classified Administrators & Managers	18.80%	$1,175,000	$100,000	11.75
Totals	**100%**	**$6,250,000**		**88.3**

FY 2019-20 Initial RIF Target - $6,250,000 / Budget Target 150 FTEs

Districtwide Reduction in Force (RIF) (Targeted Distribution Approach)

Divisions	Total % Reduction	2019/20 Reduction Options (ie. Adjust Total Spend Per Pupil, RIF FTEs, Vacancy Elimination, Program Elimination, Restricted Funding Redistribution)
Central Office - Certificated Instructional Supports	35%	$2,187,500
Central Office - Non-Certificated Instructional Supports	35%	$2,187,500
Site-based - Certificated Instructional Supports	15%	$937,500
Site-based - Non-Certificated Supports	15%	$937,500
Totals	**100%**	**$6,250,000**

Districtwide Approach to Staffing Reductions

- All proposed reductions to districtwide staffing must not directly impact students or core classroom instruction, if possible
- The Impact of any recommended staffing reductions will be fully reviewed and impacts fully known
- Staffing reduction recommendations will generally flow up from Directors, Administrators, and Managers as opposed to top down
- Directors, Administrators, and Managers may recommend to eliminate budgeted vacant positions to reach staffing reduction targets
- All Chiefs, Deputy Chief, Director's, Administrators, and Managers will be provided reduction targets to achieve the budget reduction goal
- Staffing and Program Reduction recommendations will be vetted and scored by the District's Budget Advisory Committee and Submitted to the Superintendent and CORE for inclusion in the Final Prioritization and Board Recommendation

The Process- Districtwide Drilldown Options

- The district Advisory Team, department directors, and Site Administrators will each lead their individual sites and departments in the development of a list of staffing and/or program reduction options tied to Category 3 Districtwide Staffing Reductions.
- Subject knowledge committees will be established and tasked with determining costs and viability of program costs savings possibilities
- The Chief Financial Officer and Chief Business Officer will assign a budget costs impact to the recommended strategies and the District Budget Advisory Committee will review impact assessments for all reduction options and provide criteria scores.
- The reduction options with scores will be provided to CORE for prioritization and this information along with other available surveys, reports, and stakeholder feedback will form the basis for the District's recommendation for cost reductions which will be presented to the Board for approval and adoption.

Scoring Criteria Definitions

Comparing individual programs and services and how they relate to the stated criteria allows for better strategic alignment of funding with limited and/or dwindling resources

CRITERIA	DEFINITION
Student Achievement (LCAP)	**Impacts the District's Commitment to the following LCAP Goals:** 1. Supporting Students being College and Career Ready 2. Supporting Students being Proficient in meeting State Academic Standards and Next Generation Science Standards 3. Supporting Students Reading at or Above Grade Level 4. Supporting Students in Reaching English Fluency 5. Supporting Students Engagement in School 6. Supporting Parents and Families being Engaged in School Activities
District Vision, Mission, Core Values, and Strategic Priorities	Impacts Alignment and Commitment to the District Vision, Mission, Core Values, Equity and Strategic Priorities
Student Success	Minimizes or reduces the sites or District's ability to engage students in required learnings and/or interventions to eliminate and/or reduce barriers to student success.
Site-based Instruction	Impacts the Board's stated Commitment to the OUSD Theory of Action, or Board Policy 3150
Community Engagement	Impacts the level of community and/or family involvement in schools and has the potential to reduce the number of ways for parents to partner with the District to ensure their children's success in school.
Culture and Climate	Impacts school sites and departments ability to effectively ensure that systems of supports for students and families is prioritized with an equity lens in a responsive, and timely, customer-focused manner

Scoring Matrix Scorecard

Budget Reduction Criteria Scorecard

Directions: The matrix below will be used to aid in clarifying which reduction strategies should be implemented. Each strategy presented will be evaluated based on the criteria listed in the heading of each column. The strategy will receive a score between 0 and 4 based on the level of impact reduction of the identified strategy will have on the criteria.

		Evaluation Criteria							
		Scoring Matrix: (0) No Impact; (1) Minimal Indirect Impact; (2) Significant Indirect impact; (3) Direct impact; (4) Direct Significant Impact							
		Student Achievement (LCAP)	Mission, Vision, Core Values, and Strategic Priorities	Student Success	Site-based Instruction	Community Engagement	Culture and Climate	Total Score	Savings
Department/Site	**Reduction Option**								
XXXXXXX	Eliminate 2 FTEs	0	1	0	1	0	0	2	$200,000
YYYYYYY	Eliminate 10 FTEs	2	2	1	2	1	1	9	$1,500,000
ZZZZZZZ	Eliminate 5 FTEs	1	3	1	2	0	0	7	$800,000

Sample Core Selection Prioritization List

Budget Reduction Strategy	Criteria Score	Budget Imp.	Take Action
Reduce Districtwide Contracts	2	$3,750,000	Y
Eliminate 2 X FTEs from Dept. XXXXX	5	$200,000	Y
Implement Supplemental Early Retirement Program	2	$4,000,000	Y
Recommended for Action		**$7,950,000**	
Not Recommended for Action			
Increase Co-pay by $10 on all Benefit Plans	10	$3,000,000	N

Decision Tool Matrix

The tools just outlined would be used to rationally make decisions about revenue enhancements and cost reductions. By staying true to the process and analyzing the actions based on impact on the criteria listed, the appropriate priority will be assigned to each reduction strategy and the likelihood that our reductions will not severely impact the quality of education will be enhanced.

Panel Discussion: Key Learnings

OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students

Guiding prompts:

1. Do these statements accurately capture the key learnings of the committee?
2. Are there any important omissions?
3. What are you top 3-5 priorities among the findings?
4. What major themes emerge from this list?
5. Any reflections on the proper path forward?



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