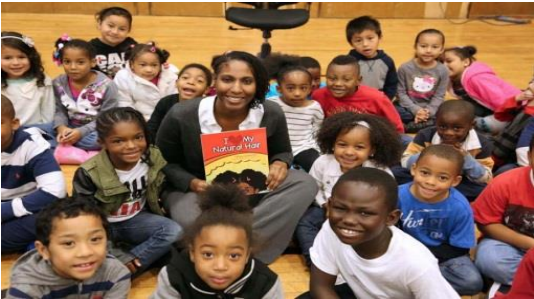




OAKLAND UNIFIED
SCHOOL DISTRICT
Community Schools, Thriving Students

2019-20 Budget Reduction Process



iam OUSD

Agenda

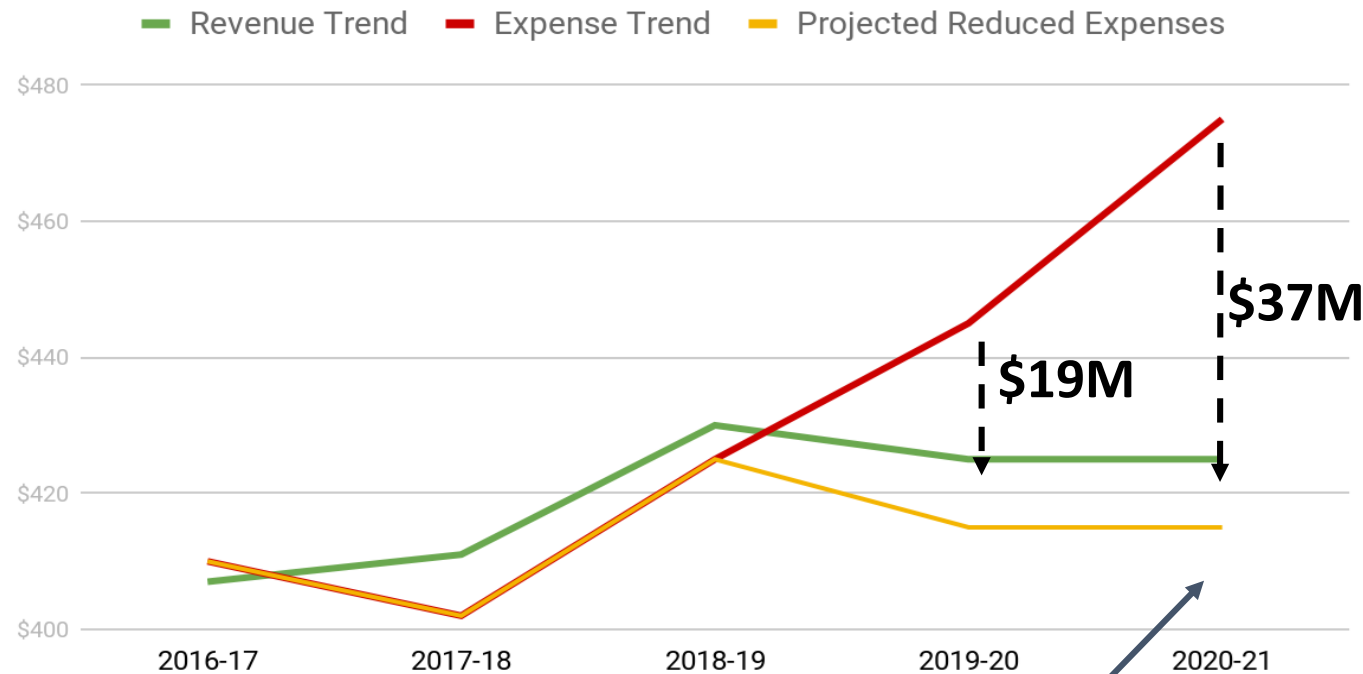
- Overview and Introduction
- Budget Reflection: How Did we Get Here?
- Current Fiscal Challenges and Realities
- Right-Sizing the District - Budget Reduction Plan
- Questions and/or Comments

Budget Reflection: How Did we Get Here?



Expenses Outgrowing Revenue

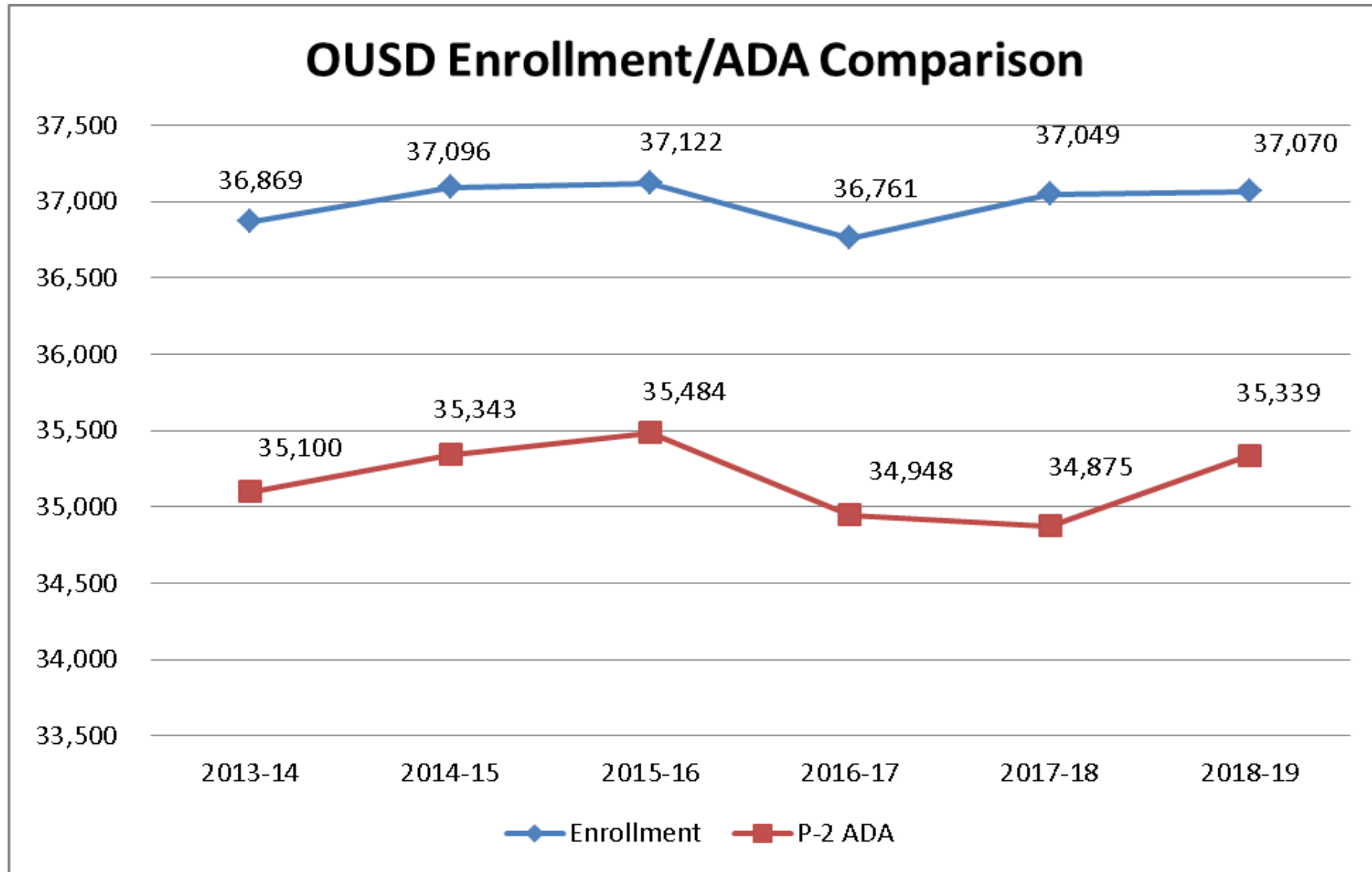
Unrestricted Revenue vs. Expense (For Illustration Purposes Only)



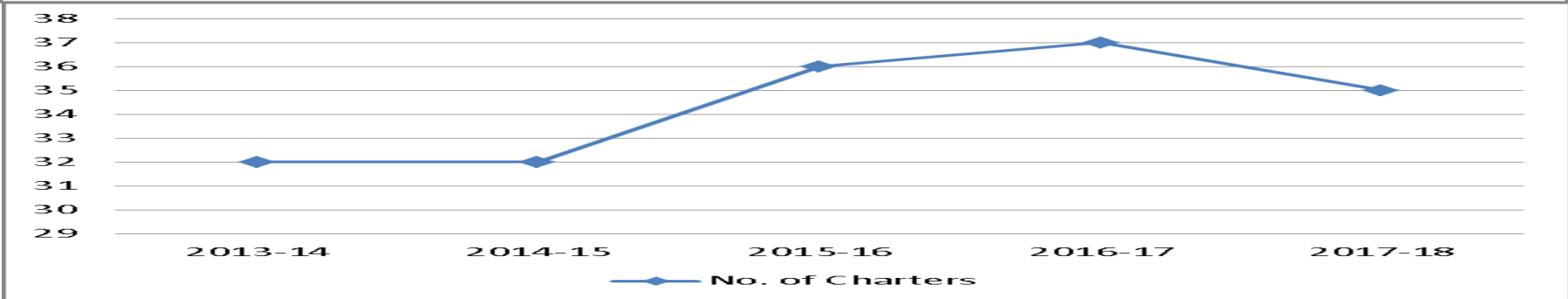
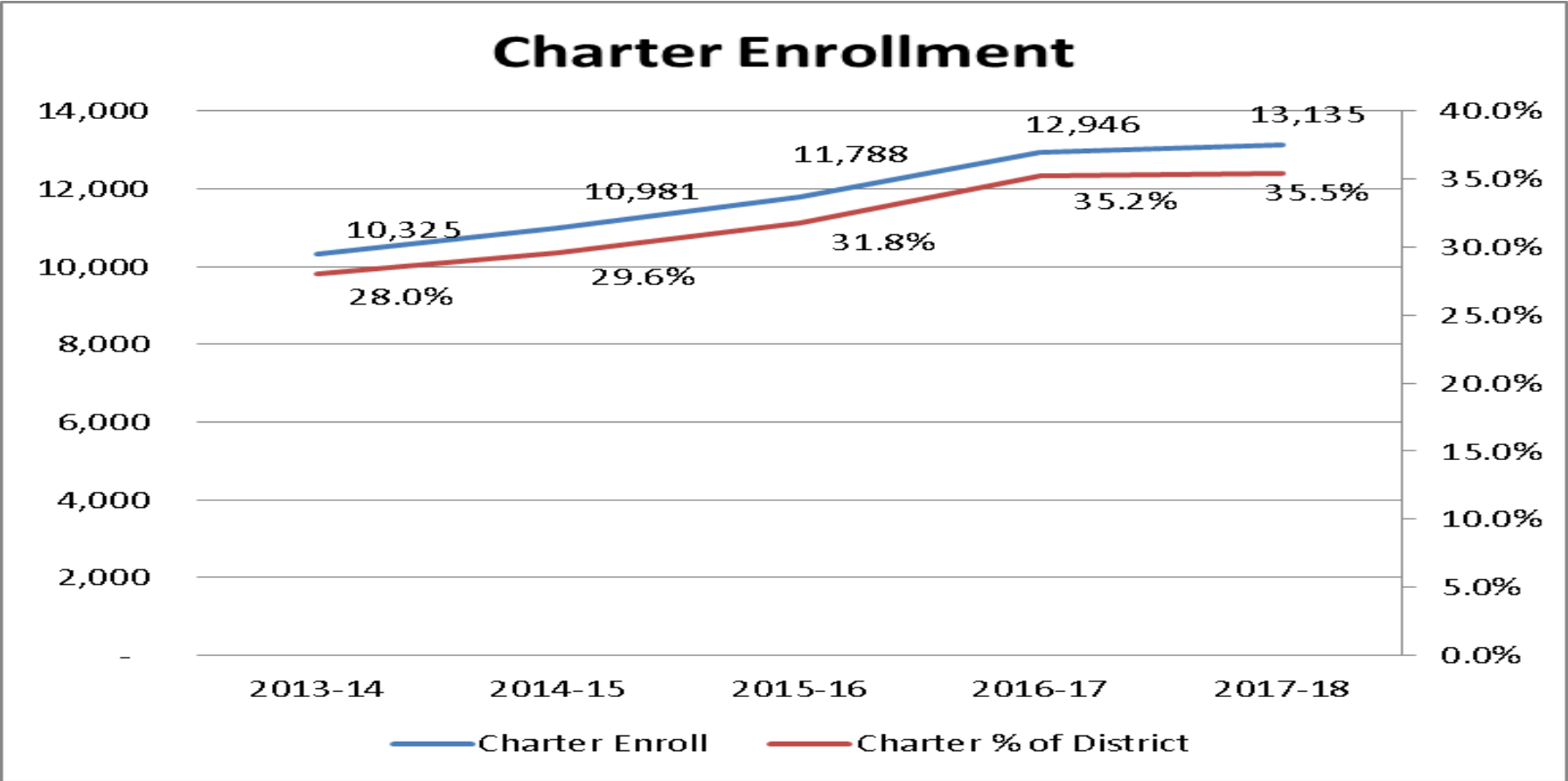
Future savings needed to reach reserve targets

- ⇒ Without changes, Unrestricted Expenses are expected to exceed Revenue by almost \$60M by 2020-21.
- ⇒ To reach Board targets for reserves, Revenue must exceed Expenses enough to replenish reserves
- ⇒ Expense increases are driven primarily by flat enrollment, charter school growth, increased STRS and PERS pension costs, and special education growth.

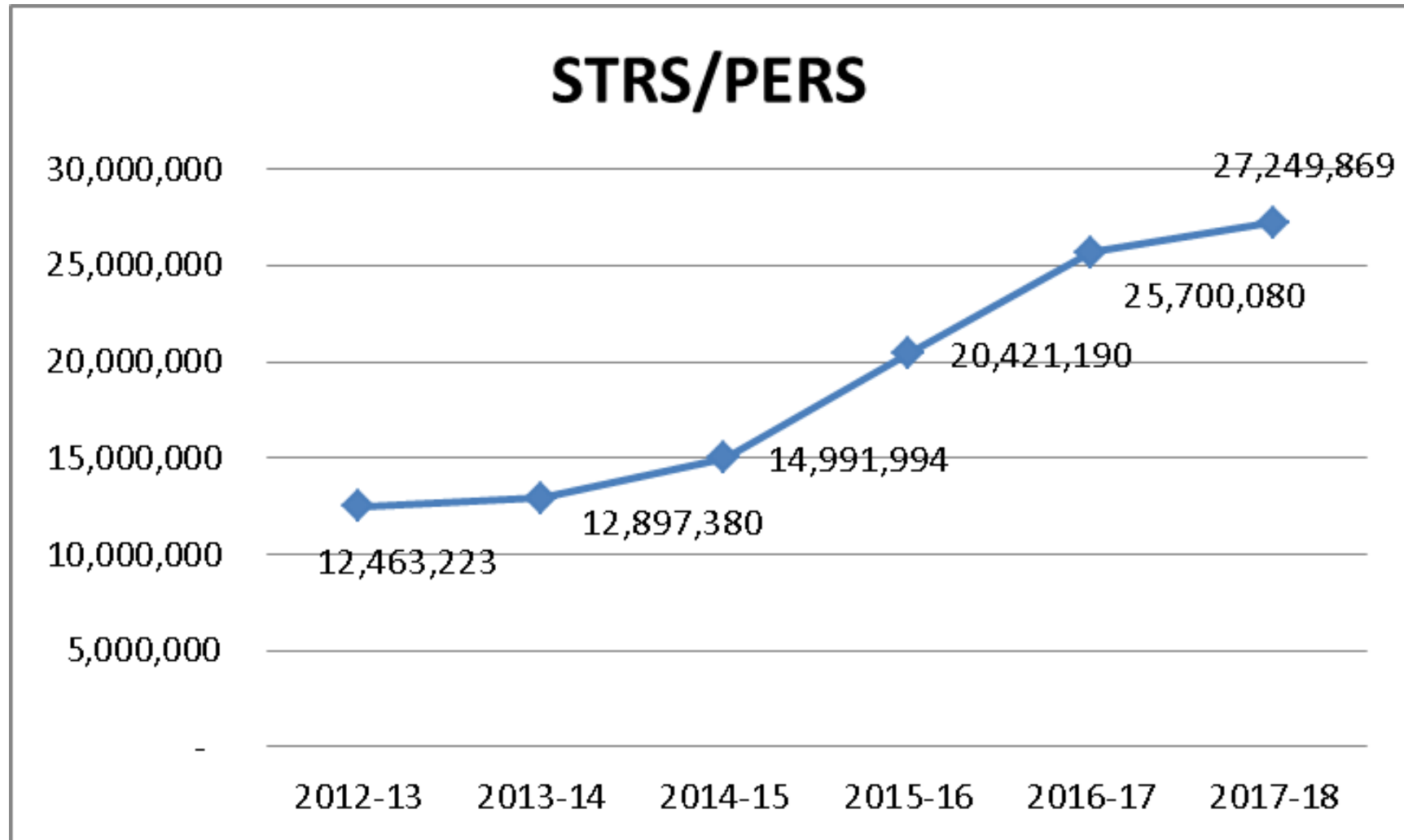
Enrollment & ADA Projection



District-wide Charter School Enrollment



Pensions

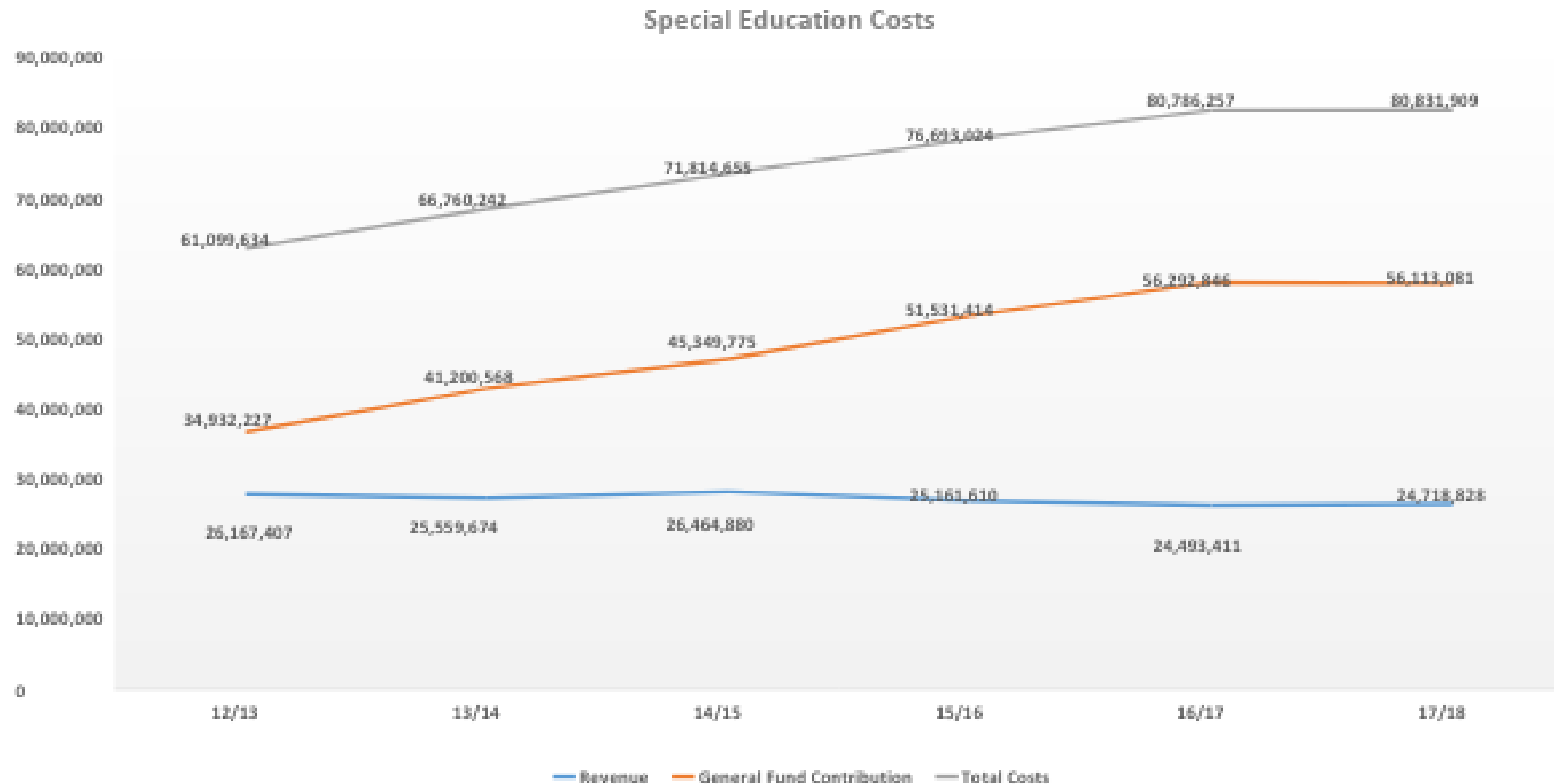


Special Education Enrollment

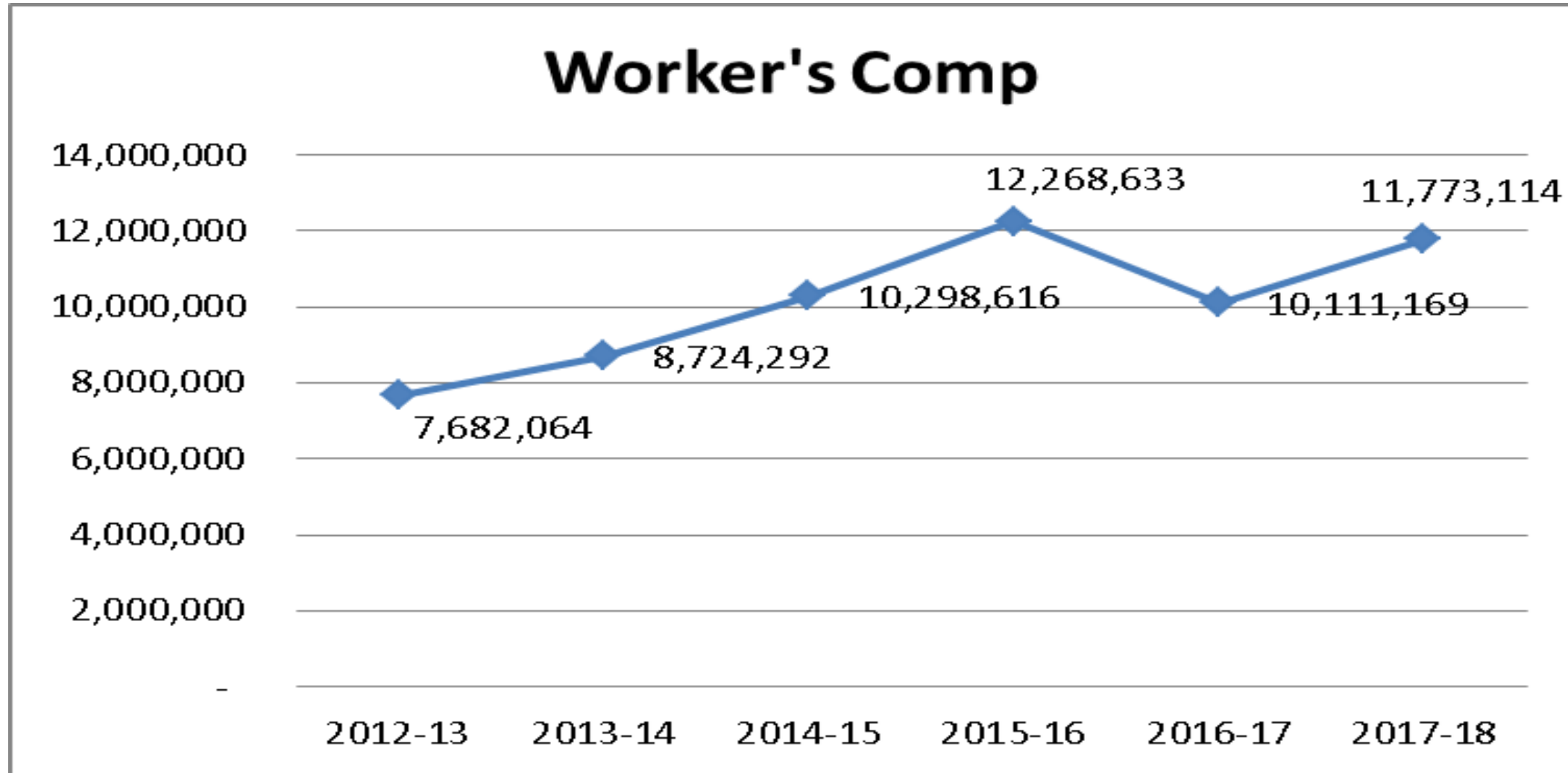
YEAR	TOTAL # OF STUDENTS
DECEMBER 2013	5,085
DECEMBER 2014	5,288
DECEMBER 2015	5,315
DECEMBER 2016	5,458
DECEMBER 2017	5,774
SEPTEMBER 2018	6,175

Special Ed General Fund Contribution

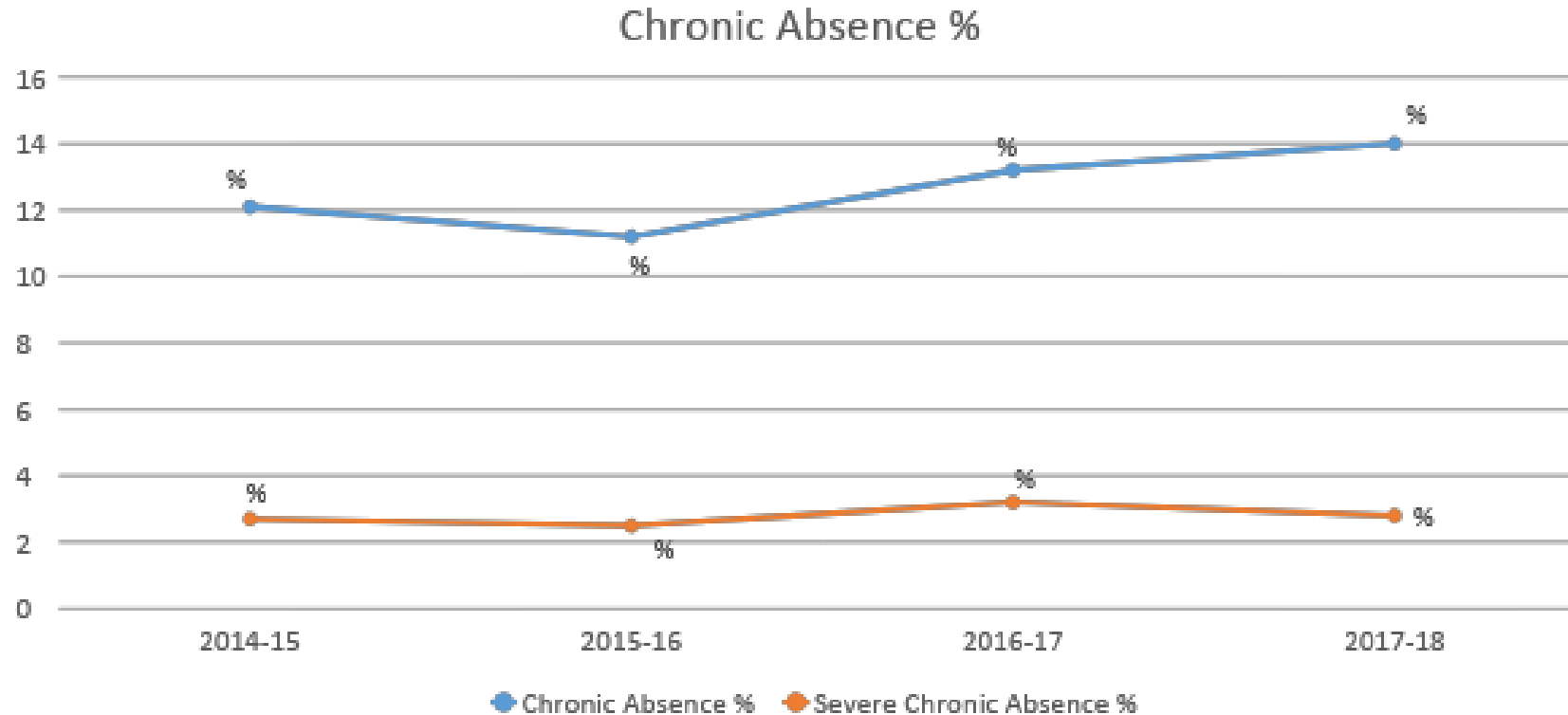
(Transfers in from the General Fund)



Workers Compensation



Chronic Absenteeism



Note: severe chronic absence, missing 20% or more of the school year

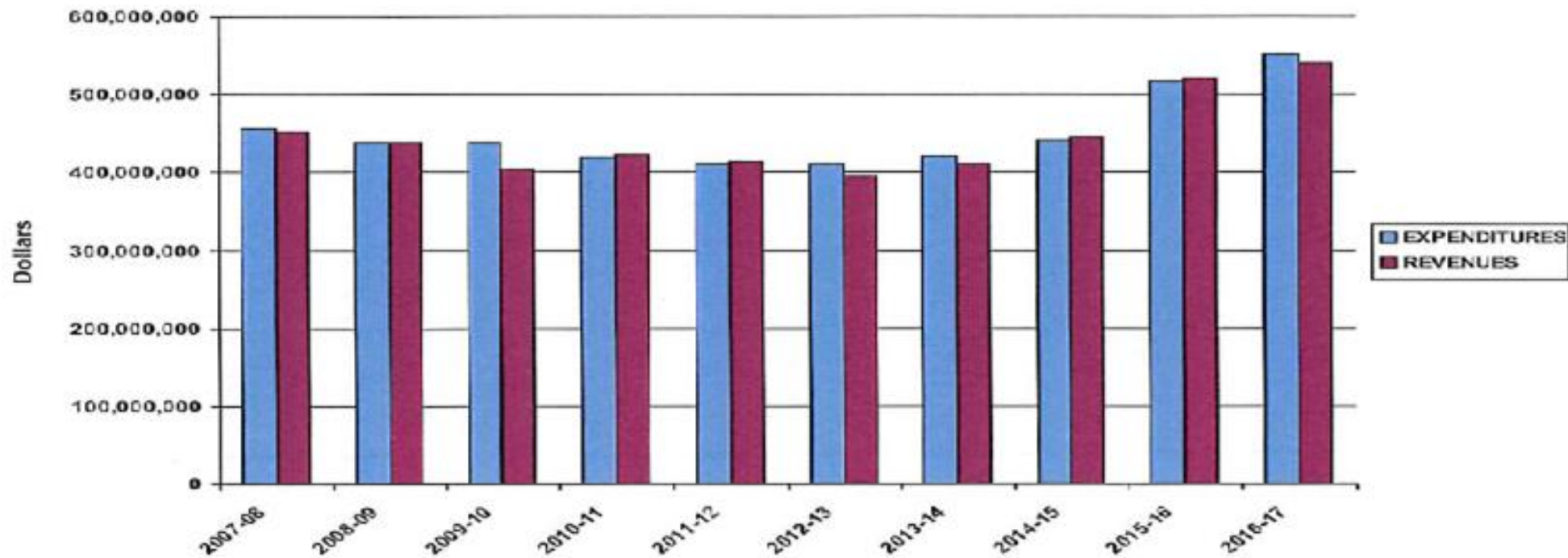
- Statewide Chronic Absence Rate Equals 10.8%
- The Estimated Loss from Chronic Absences in Local Control Funding Dollars total \$7 Million in FY 2017-18

Current Realities and Fiscal Challenges for OUSD



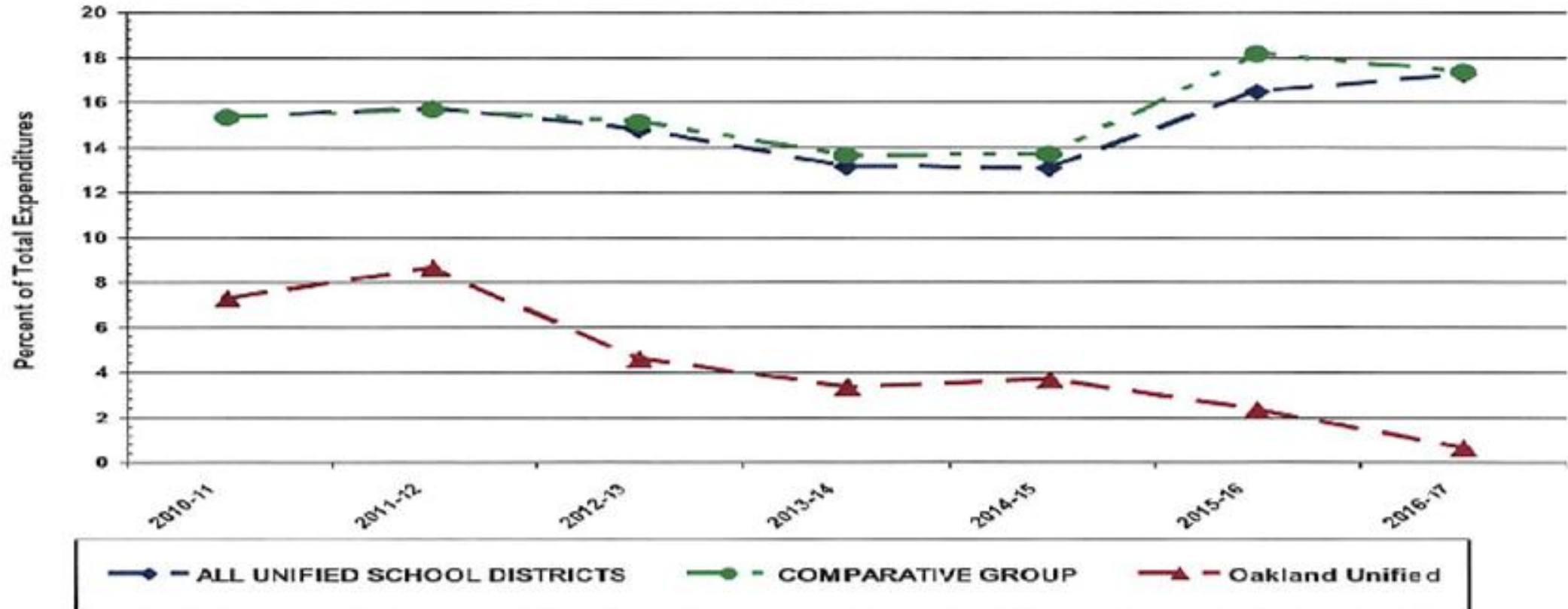
Oakland Unified

Revenues vs. Expenditures by Fiscal Year 2007-08 to 2016-17, General Fund



Oakland Unified

Historic Percentage of Unrestricted Net Ending Balance to Total Expenditures, Transfers and Other Uses 2010-11 to 2016-17



Copyright 2018, School Services of California, Inc.

Oakland Unified

Total Revenues and Expenses with Personnel Costs 2007-08 to 2016-17, General Fund

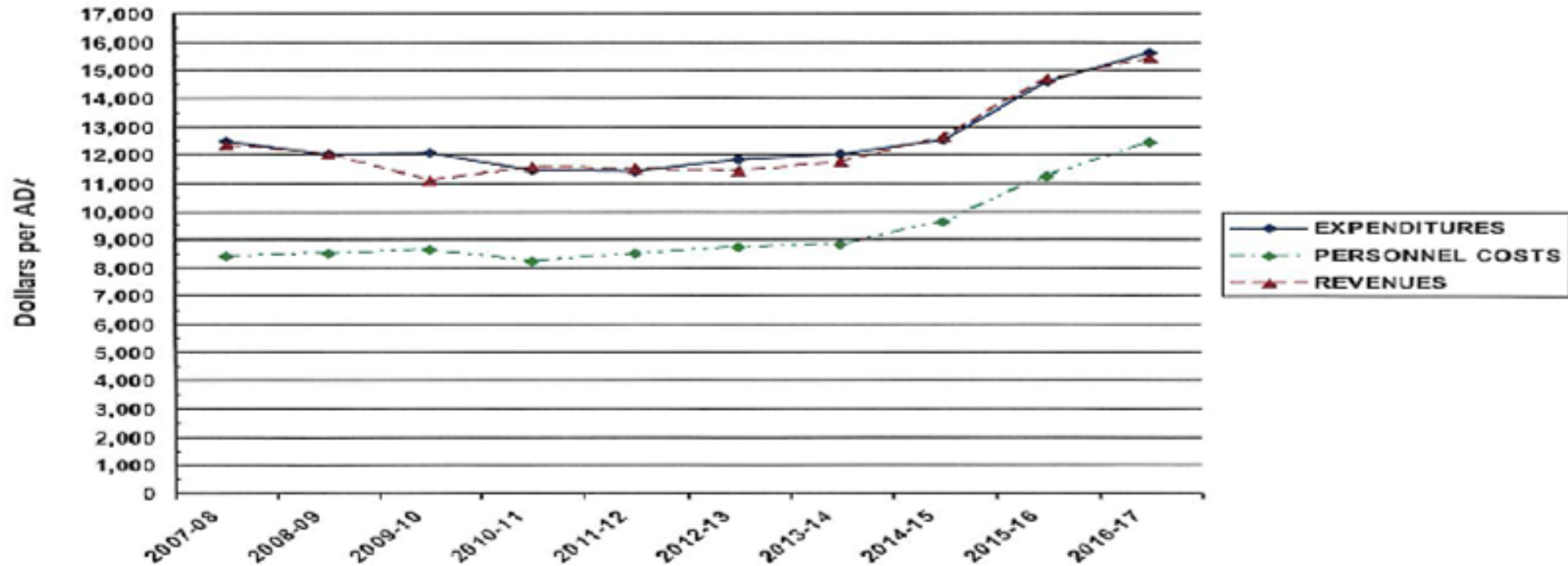


Table 1

AVERAGE CLASS SIZE BY GRADE LEVEL

RANK	DISTRICT	DISTRICT AVERAGE	GRADE K-3	GRADE 4-6	GRADE 7-8	GRADE 9-12
1	Irvine Unified	30.23	27.45	30.69	32.09	29.76
2	New Haven Unified	29.90	24.23	31.66	31.81	29.84
3	Castro Valley Unified	29.29	23.97	31.79	32.20	28.37
4	San Ramon Valley Unified	29.23	23.18	29.82	30.83	30.04
5	San Leandro Unified	28.53	25.39	30.81	31.57	27.41
6	West Contra Costa Unified	28.09	22.53	29.02	29.41	28.87
7	Poway Unified	27.73	24.28	31.14	30.53	25.84
8	Moreno Valley Unified	27.48	22.45	30.82	31.63	26.07
9	Fontana Unified	27.44	21.34	27.30	29.78	27.85
10	COMPARATIVE GROUP	26.92	23.41	28.63	28.87	26.47
11	San Jose Unified	26.78	25.69	25.95	26.52	27.32
12	Alameda Unified	26.71	23.34	27.97	26.34	27.26
13	Sacramento City Unified	26.41	22.43	28.97	27.27	26.70
14	San Lorenzo Unified	26.31	21.58	26.54	28.21	26.34
15	Hayward Unified	26.09	24.96	28.24	27.53	25.27
16	Fremont Unified	25.87	23.95	28.03	28.58	24.69
17	Lodi Unified	25.21	22.55	27.60	25.27	25.39
18	Berkeley Unified	25.10	19.47	26.27	26.01	25.54
19	Mt. Diablo Unified	24.88	23.49	27.39	27.90	22.68
20	Oakland Unified	24.15	22.99	25.33	24.59	23.94
21	Twin Rivers Unified	23.72	22.74	26.83	26.08	22.05
22	Stockton Unified	23.43	23.16	25.85	27.80	22.20
23	ALL UNIFIED DISTRICTS	23.33	21.21	26.04	24.85	22.35

Table 11

STUDENT ENROLLMENT PER SCHOOL LEVEL ADMINISTRATOR

RANK	DISTRICT	2012	2013	2014	2015	2016
1	Oakland Unified	272.34	245.83	275.75	254.24	241.19
2	Berkeley Unified	342.02	367.05	347.72	362.74	321.43
3	San Jose Unified	377.55	390.49	354.01	346.80	332.81
4	Mt. Diablo Unified	521.46	503.81	412.71	332.19	348.57
5	Twin Rivers Unified	415.22	412.42	389.73	357.37	357.49
6	West Contra Costa Unified	392.04	398.46	364.31	359.39	360.28
7	New Haven Unified	523.29	483.72	389.34	380.34	360.39
8	Alameda Unified	407.62	395.17	432.76	367.13	370.60
9	Stockton Unified	434.50	402.05	412.83	397.85	374.97
10	Sacramento City Unified	507.42	530.42	454.58	403.22	379.54
11	San Lorenzo Unified	456.26	446.47	420.19	399.64	384.59
12	Hayward Unified	528.93	418.92	392.45	368.53	384.65
13	ALL UNIFIED DISTRICTS	415.66	405.67	380.92	400.64	387.98
14	San Leandro Unified	357.75	387.19	359.04	372.17	392.64
15	Lodi Unified	383.39	385.60	410.07	395.08	400.91
16	COMPARATIVE GROUP	475.99	464.22	440.68	415.41	403.17
17	San Ramon Valley Unified	459.61	436.39	416.34	411.94	405.82
18	Castro Valley Unified	460.50	490.37	492.68	407.22	425.36
19	Moreno Valley Unified	657.74	631.27	593.43	527.75	437.64
20	Fontana Unified	568.73	563.13	540.68	509.76	452.55
21	Poway Unified	533.27	554.66	484.75	470.67	495.94
22	Fremont Unified	535.59	448.81	492.19	508.06	496.89
23	Irvine Unified	610.88	593.56	656.05	622.60	561.78

Beginning with the 2012-13 school year, the CDE modified the data structure of the source data used to generate these reports. As a result, some inconsistencies may appear when reviewing historical information.

STUDENT ENROLLMENT PER DISTRICT LEVEL ADMINISTRATOR

Table 12

RANK	DISTRICT	2012	2013	2014	2015	2016
1	Fontana Unified	618.95	583.68	519.34	458.49	376.23
2	West Contra Costa Unified	1,233.78	1,238.91	1,001.55	657.24	435.32
3	Castro Valley Unified	635.17	526.38	508.75	517.46	475.03
4	<i>Oakland Unified</i>	<i>1,102.73</i>	<i>713.27</i>	<i>883.66</i>	<i>565.83</i>	<i>507.06</i>
5	Poway Unified	461.89	373.66	384.51	352.39	544.46
6	Berkeley Unified	675.18	660.69	697.93	652.93	602.69
7	San Leandro Unified	758.85	1,111.92	1,013.76	598.60	604.06
8	New Haven Unified	932.83	724.20	724.36	724.46	691.45
9	San Ramon Valley Unified	1,210.91	1,125.38	793.30	732.24	702.30
10	<i>ALL UNIFIED DISTRICTS</i>	<i>879.01</i>	<i>853.15</i>	<i>776.03</i>	<i>774.20</i>	<i>712.64</i>
11	Twin Rivers Unified	614.57	896.57	842.32	767.29	733.06
12	<i>COMPARATIVE GROUP</i>	<i>1,000.24</i>	<i>1,046.33</i>	<i>941.09</i>	<i>821.84</i>	<i>793.17</i>
13	Alameda Unified	719.92	677.43	863.55	952.70	801.42
14	Mt. Diablo Unified	1,026.10	1,220.77	1,173.93	1,024.42	841.01
15	Lodi Unified	1,256.29	1,027.34	994.86	853.41	866.65
16	San Lorenzo Unified	1,425.25	1,626.43	1,012.27	915.83	894.17
17	Hayward Unified	446.35	1,232.12	1,049.80	1,163.72	944.14
18	Moreno Valley Unified	17,430.00	4,300.50	1,137.40	1,130.27	953.70
19	San Jose Unified	1,175.04	992.90	1,079.73	1,029.23	972.44
20	Irvine Unified	1,266.75	1,255.13	1,326.80	890.33	995.56
21	Fremont Unified	0.00	33,661.00	1,787.42	1,502.09	1,514.43
22	Stockton Unified	2,201.94	2,020.88	2,327.38	2,245.42	1,904.86
23	Sacramento City Unified	1,272.71	3,331.04	25,641.25	3,983.30	13,695.00

Beginning with the 2012-13 school year, the CDE modified the data structure of the source data used to generate these reports. As a result, some inconsistencies may appear when reviewing historical information.

FY 2018-19 Adopted Budget Prior to \$30 Mil. Reduction (As Presented at the June 20 Board Meeting)



Ending Fund Balance Only (Unrestricted)	FY 2018-19	FY 2019-20 (Negative Certification)	FY 2020-21
Beginning Balance	\$5,597,721	\$13,692,022	(\$2,907,319)
Increase (Decrease) in Fund Balance	\$8,094,301	(\$16,599,341)	(\$38,884,488)
Ending Balance before Reserve	\$13,692,022	(\$2,907,319)	(\$41,791,807)
Revolving Cash & Stores	150,000	\$150,000	\$150,000
General Fund Reserves	\$13,542,022	(\$2,757,319)	(\$41,641,817)
Reserve % - Prior to \$30 Mil. In Reductions	2.50%	(.53%)	(6.97%)

FY 2018-19 Adopted Budget Prior to \$30 Mil. Reduction (As Presented at the June 20 Board Meeting)

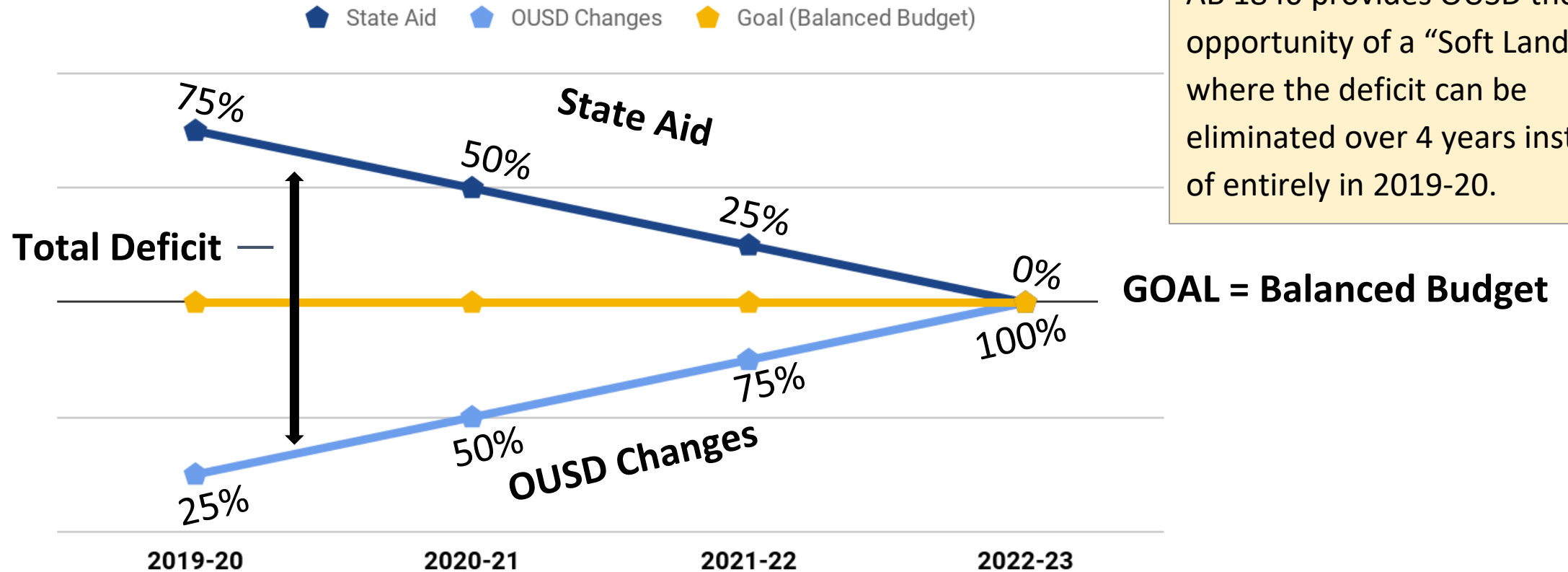
Ending Fund Balance Only (Unrestricted)	FY 2018-19	FY 2019-20 (Qualified Certification)	FY 2020-21
Beginning Balance	\$5,597,721	\$26,069,261	\$9,469,920
Adjustment : Beginning Balance based on 2017-18 Unaudited	\$12,377,239		
Increase (Decrease) in Fund Balance	\$8,094,301	(\$16,599,341)	(\$38,884,488)
Ending Balance before Reserve	\$26,069,261	\$9,469,920	(\$29,414,568)
Revolving Cash & Stores	150,000	\$150,000	\$150,000
General Fund Reserves	\$25,919,261	\$9,319,920	(\$29,564,568)
Reserve % - Prior to \$30 Mil. In Reductions	5.91%	2.02%	(6.085%)

Education Trailer Bill (AB 1840)

AB1840 State Aid

Illustrative Only

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.



Education Trailer Bill (AB 1840)

Provides financial relief (soft landing) helping OUSD to avoid draconian budget cuts beginning in FY 2019-20. The funding:

- **Does not** require repayment, however, OUSD must meet benchmarks in order to qualify for funding
- **Is unrestricted** and provided as **one-time dollars**
- **Provides up to 75%** of the projected deficit for FY 2019-20, in the second year **up to 50%**, and the third year **up to 25%**
- Requires that the **District collaborates with ACOE and FCMAT**
- **Every March 1** going forward until 2021, **the state will receive a progress report** on the District's completion of activities to improve its fiscal solvency.



Rightsizing the District – The Budget Reduction Plan



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

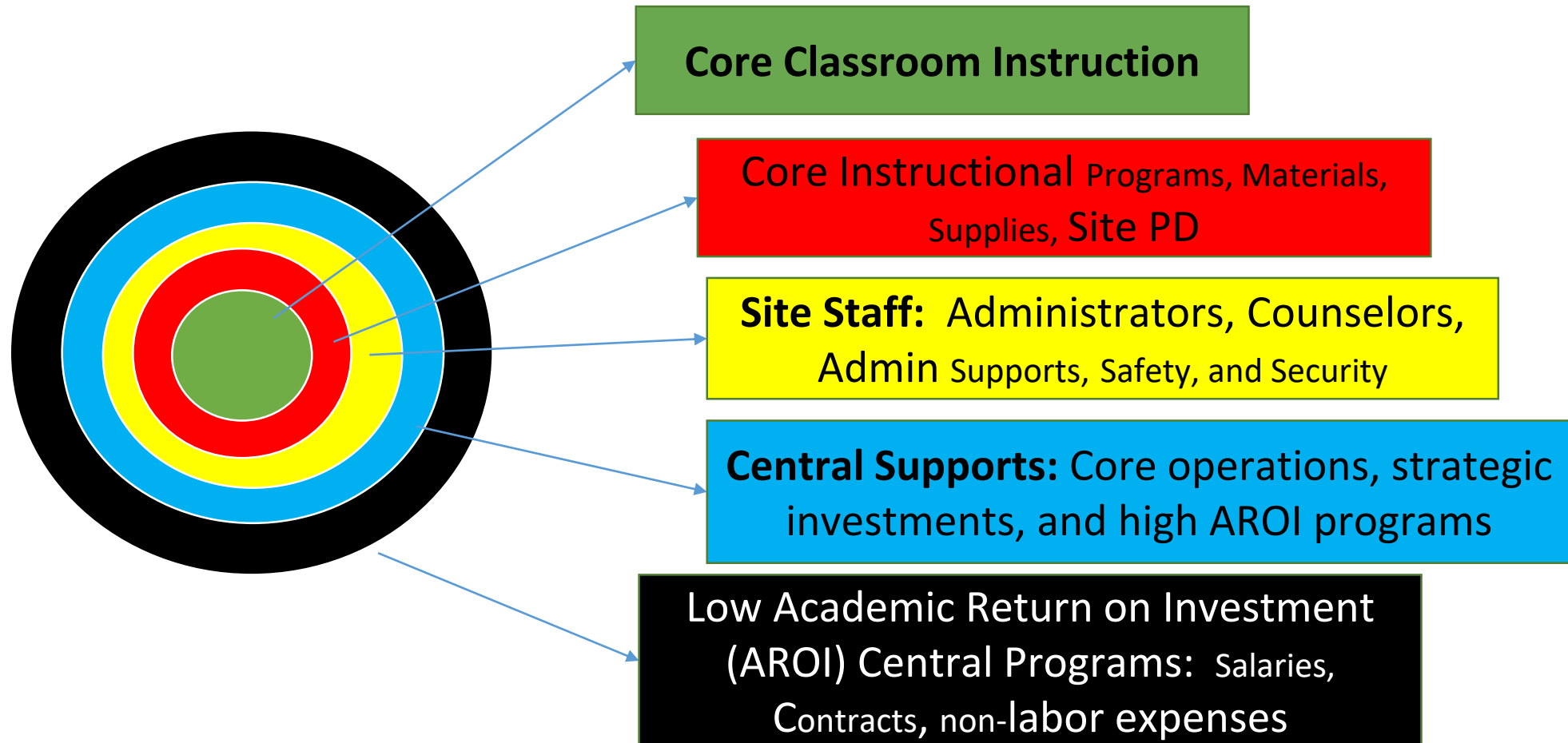
Guidelines for Reductions

- 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 afforded opportunities to engage in a collaborative outreach process to provide.

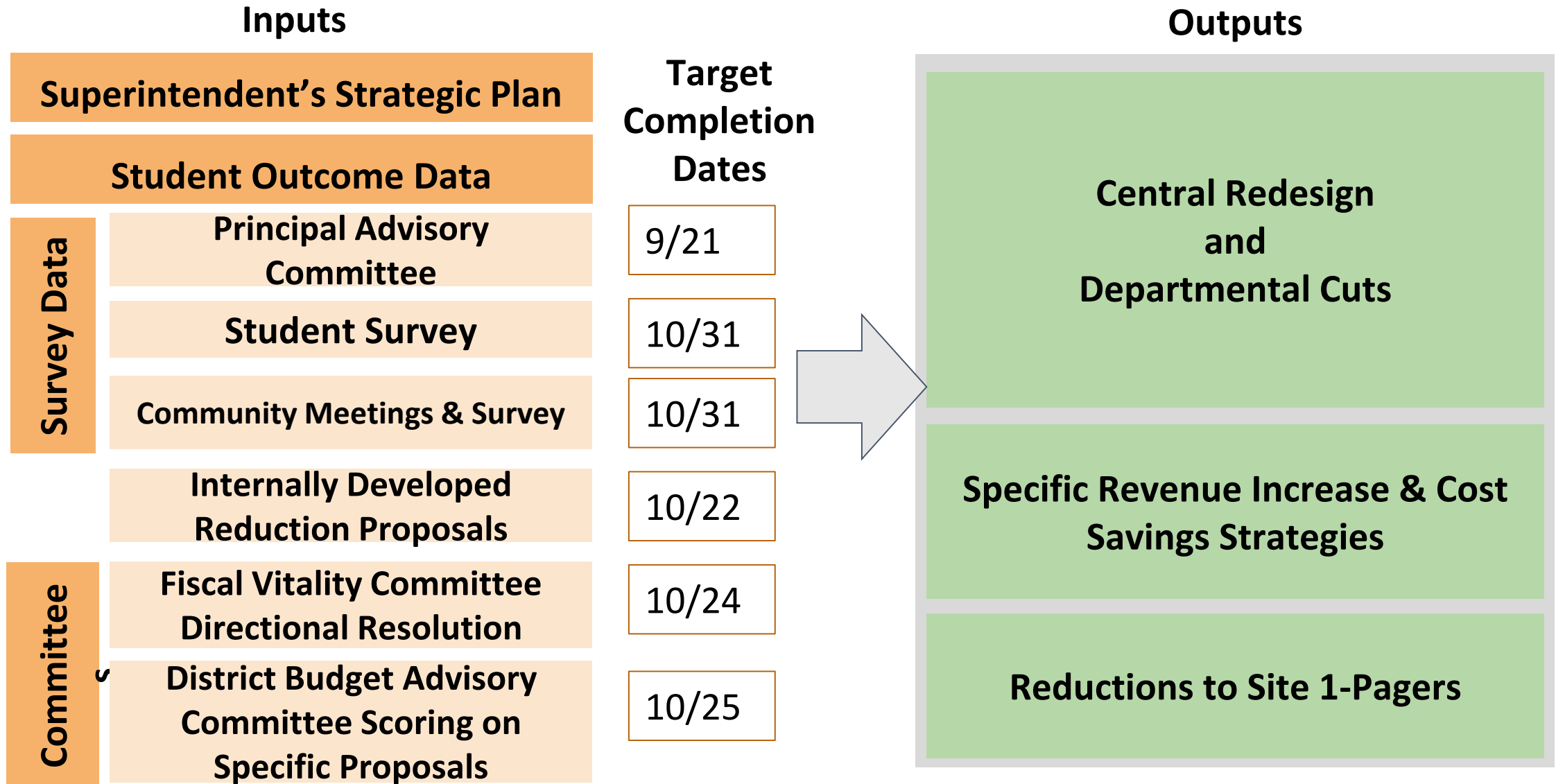


Budget Reduction Framework

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.



Inputs/Outputs for Prioritization and Reductions



Decision Making Process

Revenue & Savings Options Assessed

Viability of identified options assessed for savings and ability to implement by cross-functional teams (Academic, Operational, Finance).

FTE Reductions Proposed

Central Division Leaders provided FTE reduction target by Division leading to department-level proposals indicating services impacted.

Stakeholder Feedback

Process feedback from multiple stakeholder groups including District Budget Advisory Committee Assessment, Fiscal Vitality Special Committee Resolution and separate surveys of PAC, Students and Community.

CORE Team Review

District Division Leadership and Superintendent review all inputs; including survey results, DBAC scoring, Fiscal Vitality Board Resolutions, Strategic Plan, LCAP. **CORE and Superintendent not limited by proposals.**

Superintendent Recommendation & Board Decision

Superintendent recommends Reduction Plan for adoption by Board of Education

Redesign & FTE Reductions

Specific Central Office Redesign Plans and FTE Reductions.

District-wide Strategies

Implementation plans for specific revenue increase or cost saving strategies.

School site reductions

Reductions, if any, provided as reduction to site allocations in 1-pagers

Our Options

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

*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



Category 1 - Increase Revenue Possibilities

Options	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)	\$4,100,000	\$1,000,000	\$1,300,000	\$1,800,000
Saturday School District- wide Optional Implementation (ADA) (NR)	\$4,500,000	\$1,000,000	\$1,500,000	\$2,000,000
Sub-Total Category 1	\$8,600,000	\$2,000,000	\$2,800,000	\$3,800,000

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

Category 2 - Decreased Spending Possibilities

(Staffing and program reductions based on weighted criteria)

Options	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	\$1,250,000	\$1,250,000	\$1,250,000
Reduce Staffing Districtwide (NNR)	\$30,000,000	\$10,000,000	\$10,000,000	\$10,000,000
Eliminate Vacant Positions Districtwide (NNR)	\$3,000,000	\$1,000,000	\$1,000,000	\$1,000,000
Sub-Total Category 3	\$36,750,000	\$12,250,000	\$12,250,000	\$12,250,000

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

Category 2 Cont. - Decreased Spending Possibilities

(Staffing and program reductions based on weighted criteria)

Options	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	\$500,000	\$500,000	\$500,000
Consolidate Printing Costs Across the District (NNR) (Savings would be absorbed by the District)	\$6,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Sub-Total Category 3	\$7,500,000	\$2,500,000	\$2,500,000	\$2,500,000

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

Category 3 - Cost Savings Possibilities

Options	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)	\$4,000,000	\$0	\$2,000,000	\$2,000,000
Bell Schedule Redesign (NR)	\$750,000	\$250,000	\$250,000	\$250,000
School Consolidations and Mergers (NNR)	\$1,300,000	\$0	\$500,000	\$800,000
Explore Opportunities to Leverage Restricted Dollars to Support GF (NNR)	\$4,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Implement Solar Energy Program (NNR)	\$2,000,000	\$0	\$0	\$2,000,000

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

Category 3 Cont. - Cost Savings Possibilities

Options	Recommended 3 Year Target	FY 2019-20 Year 1	FY 2020-21 Year 2	FY 2021-22 Year 3
		Estimated 3 Year Cumulative Savings		
Supplemental Early Retirement Program (NRR)	TBD	\$0	\$0	\$0
Consider a Technology Bond (NRR)	TBD			
Refinance I-Bank Loan (NRR)	TBD			
Sub-Total Category 3	\$12,550,000	\$1,750,000	\$4,250,000	\$6,550,000
Total Target Recommendations (All Categories)	\$65,400,000	\$18,500,000	\$21,800,000	\$25,100,000

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

Recommended Reduction Targets

Estimated Site/Central Reduction Target \$10 Mil., per year beginning in FY 2019-20
Target by Divisions as follows

- School Sites per pupil allocation 30% reduction or \$3 million
- Central Office Departments 70% reduction or \$7 million as follows:
 - Superintendent Depts. - 14% or \$1,400,000
 - Academic Services Depts. - 28% or \$2,800,000
 - Operations Depts. - 28% or \$2,800,000

Notes:

*Division Leaders will determine how best to allocate reductions among their departments/offices.

* The District will make every attempt to leverage Restricted Dollars where possible to offset proposed FTE reductions



Reduce Staffing District-wide - School Site Target Reductions

\$3 million will be reduced on a per pupil basis. Like earlier reductions, amounts will be per pupil by grade-span which is the same way Discretionary dollars are allocated.

We will use 2019-20 enrollment projections when they become available, but for illustrative purposes only, the table at right shows the per pupil reduction for \$3 million based on 2017-18 enrollment.

Illustrative Estimates Only

Grade Span	Per Pupil Reduction
Elementary	(\$60)
Middle	(\$77)
High School	(\$103)
K-8	(\$68)
6-12	(\$90)



Divisional Targets – Office of the Superintendent

Estimated
10.8 FTEs
Reduction

Site	Department Name	2018-19 Personnel	
		Unrestricted FTE	Restricted FTE
901	Chief of Staff	4.5	1.5
906	Ombudsman	0.0	0.0
918	Facilities Planning	0.0	0.0
929	Office Of Equity	17.5	4.5
940	Board Of Education	10.0	0.0
941	Office Of The Superintendent	5.0	0.0
942	Labor Relations	0.0	0.0
944	Human Resources Services - Talent	46.9	9.4
946	Legal Counsel	7.0	0.0
947	Charter Schools Office (admin)	5.0	0.0
958	Communications	19.5	1.1
988	Buildings & Grounds	9.0	79.0
989	Custodial Services	222.0	0.0
994	OUSD Police Department	101.0	0.0
		447.4	95.5

Divisional Targets by
Department to reach a
target of 14% will be
assigned and determined
by the Division Chief
-Superintendent 14% or \$1.4
Million

Note: *Opportunities for FTE reductions to be leveraged from restricted dollars will be explored



Divisional Targets – Academic Services

Estimated
21.5 FTEs
Reduction

Site	Department Name	2018-19 Personnel	
		Unrestricted FTE	Restricted FTE
903	Office Of Chief Academic Office	4.0	0.0
909	Academic Innovation	86.1	62.9
910	Early Childhood Development	18.0	20.6
912	Linked Learning	17.8	24.4
921	Office Of Post Secondary Reading	0.0	0.0
922	Comm. Schools & Student Services	72.5	78.6
923	Elementary Network 4	3.3	2.5
928	Opsr Counseling	43.0	0.0
932	Jr Reserve Off Training Corp	0.0	1.0
933	Oakland Athletic League (OAL)	2.0	0.0
937	Summer Programs	0.0	0.0
948	Research Assessment & Data	27.3	2.2
954	Eng Lang Learner/multilingual Ach.	5.8	27.3
961	Pre K-5 Network 1	0.0	0.0
962	Pre-k-5 Network 2	3.0	0.0
963	Pre-k-5 Network 3	3.0	0.0
964	High School Network	14.9	4.6
965	Middle School Network	1.0	1.8
968	Health Services (nurses)	37.0	2.6
975	Special Education	8.6	237.2
		347.3	465.7

Divisional Targets by Department to reach a target of 28% will be assigned and determined by the Division Chief

- Chief Academic Officer 28% or \$2.8 Million

Note: *Instructional Division reductions will be leveraged with restricted dollars to best extent possible



Divisional Targets – Operations

Divisional Targets by Department to reach a target of 28% will be assigned and determined by the Division Chief

- Chief Business Officer 28% or \$2.8 Million

Estimated
21.5 FTEs
Reduction

		2018-19 Personnel	
		Unrestricted FTE	Restricted FTE
902	Accounts Payable	6.0	0.0
905	Office Of Sr. Business Officer	2.2	0.0
907	Student Assignment	15.4	0.7
913	Chief Of Operations	0.0	0.0
936	Accounting	9.9	0.4
949	Office Of The Internal Auditor	0.0	0.0
950	State And Federal Programs	0.5	6.5
951	Budget	15.2	0.6
979	Printing And Mail Services	3.0	0.0
980	Chief Financial Officer	2.0	0.0
983	Payroll	10.0	0.0
986	Technology Services	36.0	0.0
987	Risk Management	1.0	0.0
990	Procurement & Distribution	3.0	0.0
991	Food Service	0.0	0.3
992	Warehouse Distribution	8.1	0.0
995	Transportation	2.0	0.0
		114.3	8.5



Departmental 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
- All staffing reduction recommendations will flow up from Directors, Administrators, and Managers as opposed to top down
- Directors, Administrators, and Managers may recommend to eliminate vacant positions to reach staffing reduction targets
- All Division Chiefs will be provided reduction targets to achieve the budget reduction FTE goal
- All Staffing and Program Reduction recommendations will be evaluated for inclusion in a final lists for Prioritization and Board Recommendation



Departmental Evaluation Tool

Specific FTEs will be Confidential – Only Disclosed in Closed-Session by Talent/Legal

Dept. Evaluation Tool Developed to Determine the following:

- Describe the Service or program reduction

- What is the Impact and/or mitigation to be required

- How many FTEs are to be reduced?

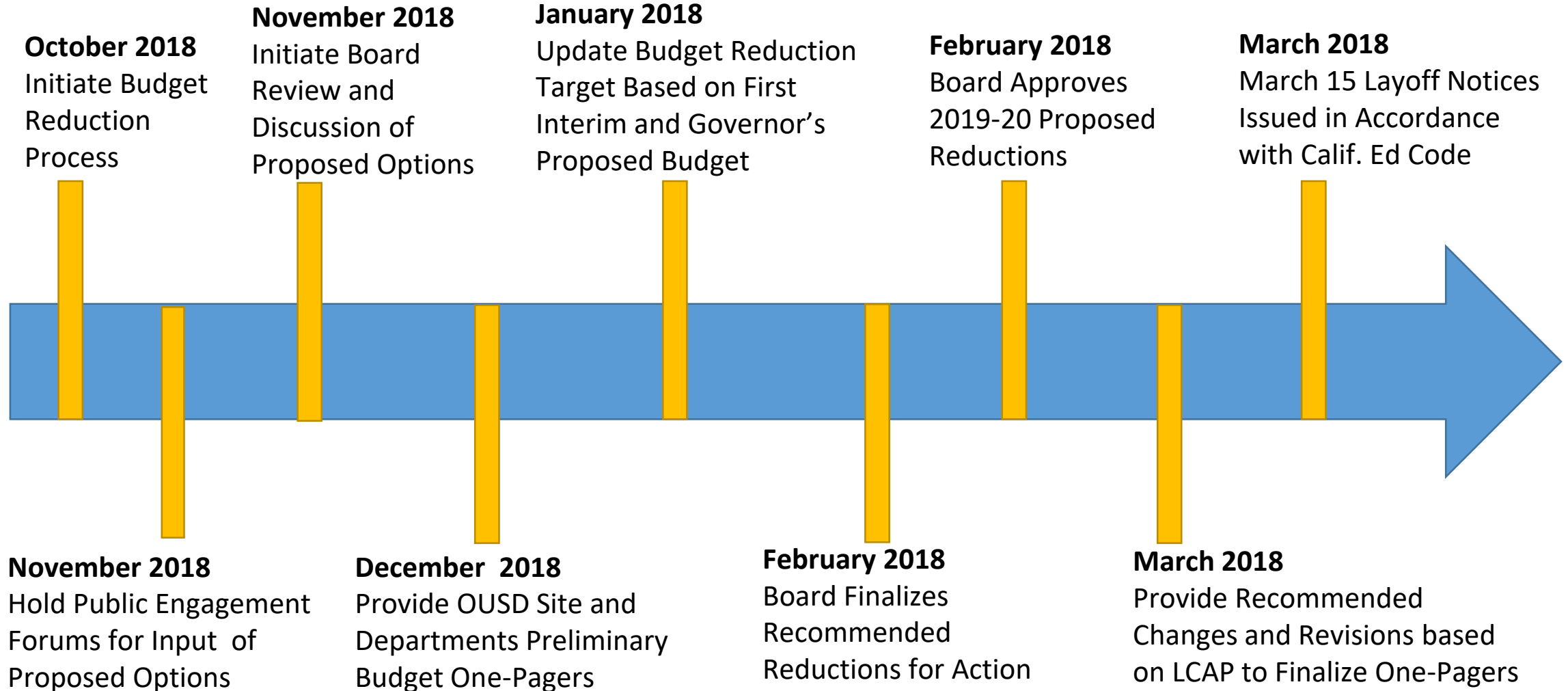
- What is the estimated dollar impact of the recommended reduction?

- Ease of Implementation on a scale of 1 to 5



2019-20 Budget Development Calendar

(key activities)





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