



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

2019-20 Budget Reduction Process Update



iam OUSD

Presented by: Marcus Battle, Chief Business Officer
To: Fiscal Vitality Committee (OUSD Board of Education)

Discussion Topics

1. What is guiding our budget planning?
2. How much do we need to reduce?
3. What are our reduction options?
4. How do we make decisions about trade offs?
5. Questions/Comments



What is guiding our budget planning?

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**

Our Theory of Action and Policies Guide Us

OUSD VISION & MISSION

Where are we going and why?

THEORY OF ACTION

How will we get there?

ORGANIZATIONAL RESILIENCE

Teacher Retention &
Recruitment

Leadership Development/
[School Governance](#)

BP [5032](#) Equity Policy

QUALITY COMMUNITY SCHOOLS

BP [6006](#): City Wide Plan

BP [6005](#): Quality School
Development

LCAP

FISCAL VITALITY

[Fiscal Vitality Plan](#)

AB 1840/AB1200

BP [3150](#)

Stakeholder Input Informs Us

Input Highlights

Students (All-City Council): Four priority areas: 1) Student Leadership Programs; 2) College Support Programs; 3) Teacher Quality: Recruitment, Retention and Relationships; and 4) Mental Health, Nutrition & Wellness.

Principals (PAC Survey): Critical Departments are Buildings and Grounds, Custodians, Special Education, Talent and Linked Learning; reduce other depts that are less critical

Other Staff & Community (Community Survey): Prioritize staff retention, equity and class size. Rate top central function as maintaining clean and safe school facilities. Encourage maximizing percentage of funds directed to school budgets

How much do we need to reduce?

Expenses Outgrowing Revenue

- ⇒ **Based on LCFF, beginning 2019-20, Unrestricted Revenue expected to flatten, but expenses continue to increase.**
- ⇒ **Like all CA Districts, the expense increases are driven primarily by increased STRS and PERS pension rates, and special education cost growth.**
- ⇒ **To reach Board targets to replenish reserves, further savings are needed**

What does that mean?

- The Board passed a resolution to cut \$30M* in 2019-20 to account for the structural deficit
- The State passed AB 1840 which would provide OUSD with financial aid to allow us to make needed reductions over 3 years instead of all in one year.

*Our total deficit amount may change with information from fiscal interim reports and the Governor's Budget and labor negotiation decisions.

Projected 2019-20 Reduction Amount

Reduction Amount: ~\$12.7M (identified reductions to date)

What the current reduction amount is based on?

- **First Interim Report** updated financial information
- **AB 1840** financial support to make reductions over 3 years.
- **Current Estimates** of revenue increases, cost savings and spending reductions for 2019-20.

What factors could change the reduction amount we need to change?

- **Improvements in our financial practices** (Escape implementation, closer budget monitoring, better position control, etc.).
- **Improved projections** based on Governor's mid year budget (Jan.), 2nd Interim (Apr.), Governor's May Revise
- Labor Negotiations

What are our options for reductions?

Multi-Year Budget Reduction Plan

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

Goal: Make necessary adjustments to create and maintain a balanced budget where ongoing revenues meet or exceed ongoing expenditures. All adjustments intended to be ongoing.

Category 1 - Increase Revenues Plan

Estimated Ongoing Revenue Increases

Options	FY 2019-20 (Year 1)	FY 2020-21 (Year 2)	FY 2021-22 (Year 3)	FY 2022-23 (Year 4)
Facilities Rental Redesign (NNR)	\$800,000	\$1,100,000	\$1,200,000	\$1,300,000
Saturday School District-wide Optional Implementation (ADA) (NNR)	\$500,000	\$800,000	\$900,000	\$1,000,000
Sub-Total Category 1	\$1,300,000	\$1,900,000	\$2,100,000	\$2,300,000

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

Category 2 - Decreased Spending Plan

Estimated Ongoing Spending Decreases

Options	FY 2019-20 (Year 1)	FY 2020-21 (Year 2)	FY 2021-22 (Year 3)	FY 2022-23 (Year 4)
Reduce Central Staffing (NRR)	\$7,000,000 (ongoing from 2019-20, not additional cuts)	\$7,000,000	\$7,000,000	\$7,000,000
Reduce Site Discretionary (NRR)	\$3,000,000 (ongoing from 2019-20, not additional cuts)	\$3,000,000	\$3,000,000	\$3,000,000
Eliminate Vacant Positions Districtwide (NRR)	\$150,000 (ongoing from 2019-20, not additional cuts)	\$150,000	\$150,000	\$150,000
Sub-Total Category 2	\$10,150,000	\$10,150,000	\$10,150,000	\$10,150,000

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

Category 2 - Decreased Spending Plan (cont.)

Estimated Ongoing Spending Decreases

Options	FY 2019-20 (Yr. 1)	FY 2020-21 (Yr. 2)	FY 2021-22 (Yr. 3)	FY 2022-23 (Yr. 4)
Reduce Energy/Utilities Costs (NNR)	\$150,000	\$300,000	\$300,000	\$300,000
Consolidate Printing Costs Across the District (Phase 1 – Copy Supplies, Toner) (NNR)	\$65,000	\$120,000	\$120,000	\$120,000
Consolidate Printing Costs Across the District (Districtwide Lease) (Phase 2) (NNR)	\$0	\$1,000,000	\$1,000,000	\$1,000,000
Sub-Total Category 2 (cont.)	\$215,000	\$1,420,000	\$1,420,000	\$1,420,000

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

Category 3 - Cost Savings Plan

Estimated Ongoing Cost Savings

Options	FY 2019-20 Year 1	FY 2020-21 Year 2	FY 2021-22 Year 3	FY 2022-23 Year 4
Districtwide Telephone Consolidation (NNR)	\$500,000	\$3,000,000	\$4,500,000	\$4,500,000
Supplemental Early Retirement Program (NNR)	\$0	\$1,800,000	\$1,300,000	\$900,000
School Consolidations and Closures (NNR)	\$81,000	\$1,200,000	\$1,600,000	\$2,100,000
Explore Opportunities to Leverage Restricted Dollars to Support GF (NNR)	\$500,000	\$1,000,000	\$1,000,000	\$1,000,000
Sub-Total Category 3	\$1,081,000	\$7,000,000	\$8,400,000	\$8,500,000

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

Multi-Year Reductions Plan Summary

Estimated Ongoing Cost Savings, Reductions & Revenue Increases

	Estimated 4 Year Cumulative Savings			
Category 1: Increase Revenues	\$1,300,000	\$1,900,000	\$2,100,000	\$2,300,000
Category 2: Decreased Spending	\$10,365,000	\$11,570,000	\$11,570,000	\$11,570,000
Category 3: Costs Savings	\$1,081,000	\$7,000,000	\$8,400,000	\$8,500,000
Revised Totals	\$12,746,000	\$20,470,000	\$22,070,000	\$22,370,000

Proposed Staffing and Site Discretionary Reductions

The majority of proposed reductions will come from reductions/realignment in central office services and reduction to discretionary funding to schools.

Central Office Departments: \$7 million of reductions to Central Office FTE.

- **Superintendent Division:** -\$1.4M (~11FTE)
- **Academic Services Division:** -\$2.8M (~21.5FTE)
- **Operations Division:** -\$2.8M (~21.5FTE)

School Sites: \$3M of reductions from discretionary funds provided to schools.

- Schools to determine what expenditures to reduce
- Reductions to discretionary funds will be done consistent with values on equity.

Note: Division leaders are leading realignment within their Division with consultations across divisions to ensure that FTE reductions are based on a reorganization and not a percentage cut per department.

School Site Discretionary Funding Reductions

The reduction across all school sites totals \$3 million. The reduction will be made from discretionary funds provided to schools and calculated on a per pupil basis.

This reduction method is the same as used in recent years in collaboration with school leaders.

Grade Span	Per Pupil Reduction
Elementary	(\$59.5)
Middle	(\$56.5)
High School	(\$102.00)
K-8	(\$69.42)
6-12	(\$89.42)

New Investments would Require Further Reductions

Desired new investments are not contemplated in current reduction targets and would require further revenue increases and/or spending reductions. Example investments include:

1	Charter Office Expansion	~\$300,000
2	Blueprint School Site Supports	~\$200,000
3	8 period Day	~\$8,800,000
7	Teacher salary to median	~\$36,000,000+
8	Asset Management Cost	~\$700,000
9	Custodial Services Increase	up to ~\$1,000,000

Consideration of New Investments will be addressed as part of the 2019-20 Budget Development Process once OUSD has more information regarding State budget decisions and funding availability

How do we make decisions about tradeoffs?

BP 3150: Current Use of Unrestricted General Funds

~\$413M total (including ~\$77M of S&C)

NOTE: Preliminary Numbers; Subject to revision

1. Legally Obligated Expenses	2. Central District wide Administrative Costs (12% Cap \$49.8M)	3. Specified Central Services to School Sites	4. School Site Budgets
~\$29M	~\$58M (including ~\$17M S&C) <i>*We are aiming to meeting the 12% cap over the next three years; 19-20 we plan to reduce ~\$8M)</i>	~\$96M (including ~\$22M S&C)	~\$230M (including ~38M S&C) <i>*Does not include a teacher raise</i>
-State Loan (~\$6.5M) -Audit Findings (~\$5.5M) -Routine Repair & Maintenance (~\$17M)	~\$13M of mandated Operation services per ed code ~\$5M of mandated Academic services per ed code ~\$8M of mandated Superintendent, HR & Facilities services per ed code ~\$17M of S&C ~\$15M of additional central administrative services	1. Special Education 2. Custodial and Buildings & Grounds 3. School Police & School Security Officers 4. School Nurses 5. School Counselors 6. Specified Enrichment Resources (i.e. summer school, music, art, nutrition services, athletics)	1. Gradespan 2. Free & Reduced Lunch 3. English Learners 4. Foster Care 5. High-stress neighborhoods

Making Trade Offs - Minimizing Impact

1. Eliminate services of lower priority to focus resources on priority services
2. Identify strategic realignment of services to reduce cost with least loss of service
3. Identify items that could be paid for by restricted funds
4. Prefer reduction of management FTE where impact on service is less than reduction of operational FTE

2019-20 Budget Reduction Process Timeline

(Key Activities)

Dec-January

Stakeholder Leadership
Engagement on final
Budget Reduction Plan

January 23, 2019

Update Budget Reduction Target
Resolution Based on First Interim
and Governor's Proposed Budget

February 2019

Board Approved
Reduction Plan
Submitted to ACOE

See full
Budget, Talent
and School Site
Planning
Timeline [here](#).

January 9, 2019

Board Reviews 1st Read
of Budget Reduction
Recommendations

January 30, 2019: Special Meeting

Board Finalizes and Adopts
Recommended Reductions





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APPENDIX

A. Stakeholder Input: Summary of current efforts

Inputs/Outputs for Prioritization and Reductions



Advantages & Limitations of Surveys for input

Given constraints of time and resource, we have used surveys as a method to inform the process in addition to board, committee and staff meetings.

Survey Advantages

- Relatively easy to administer to large groups
- Can be developed quickly
- Flexible questions
- Easy to aggregate results

Survey Limitations

- Misalignment of who completes the survey from desired participants
- Non-responses to specific questions impact validity/usefulness of results
- Potential misalignment between questions and desired information (e.g. ambiguous questions).



Stakeholder Engagement - Principals

Group	Principals (Principals Advisory Committee)
Engagement	Survey
Key Stats	58 Respondents, 70% less than 7 years in Oakland
Key Learnings	<ul style="list-style-type: none">• Of the 43 departments addressed, moderate to significant cuts suggested for 2 departments.• Based on the comments, in most cases where reductions were suggested, the underlying work was important but current efforts seen as a) ineffective, 2) top heavy or 3) possible to improve results by moving resources to schools.
Notes	<ul style="list-style-type: none">• As called for in BP3150, comments suggested principals want ways to measure impact of central services

Stakeholder Engagement - Students

Group	Students (All City Council)
Engagement	<u>All City Council Fall Retreat Report on Budget Prioritization</u>
Key Stats	23 High School Students, directly representing over 7,000 Students in annual retreat
Key Learnings	<ul style="list-style-type: none"> • Focus groups around question: What do you believe to be the most valuable aspects of your OUSD experience that have positively transformed your educational experience and have prepared you for life after high school? • Participating students prioritized four areas for improvement: 1) Student Leadership Programs; 2) College Support Programs; 3) Teacher Quality: Recruitment, Retention and Relationships; and 4) Mental Health, Nutrition & Wellness. • Based on the comments, in most cases where reductions were suggested, the underlying work was important but either seen as ineffective, top heavy or possible to improve by moving resources to schools.
Notes	<ul style="list-style-type: none"> • Regarding cuts, participants “. . . simply believe they are not in a position to recommend cuts when their schools actually need more resources and support.” • Budget-related survey of all OUSD secondary students planned.

Stakeholder Engagement - Budget Advisory Committee

Group	DBAC (District Budget Advisory Committee)
Engagement	DBAC Special Meeting to provide feedback on department-level reduction proposals
Key Stats	DBAC includes designated representatives from several stakeholder groups, including student leadership partners, parent groups, employee union leadership, community partners and oversight committees.
Key Learnings	<ul style="list-style-type: none">• Several representatives expressed difficulty in providing effective feedback or scoring given the limited context for the proposed reductions that was provided and the sometimes limited expertise of the representative in the area being discussed. Several process shortcomings were discussed.• At each representatives choice, committee members provided feedback via scoring of proposals, narrative or verbal feedback.• No consensus was found regarding specific reductions or groups of reductions
Notes	<ul style="list-style-type: none">• Second Special Meeting held to identify actionable ideas to improve feedback/engagement resulted in next step of union led/focused engagement

Stakeholder Engagement - Community Survey - Parents

Group	Parents (self-identified in survey)
Engagement	Survey Results
Key Stats	1700+ parent/guardian (as of 11/30/18, significantly demographically different than student population)
Key Learnings	<ul style="list-style-type: none">● Alignment with staff survey results prioritizing staff retention, equity and class size.● Alignment with staff survey results in rating top central function as maintaining clean and safe school facilities.● Strong agreement with maximizing percentage of funds directed to school budgets

Stakeholder Engagement - Community Survey - Staff

Group	Staff (self-identified in survey)
Engagement	Survey Results
Key Stats	1200+ staff members; 63% certificated (e.g. teachers, principals)
Key Learnings	<ul style="list-style-type: none">● Alignment with parent survey results prioritizing staff retention, equity and class size.● Alignment with parent survey results in rating top central function as maintaining clean and safe school facilities.● Strong agreement with maximizing percentage of funds directed to school budgets

Using Stakeholder input

**Look for themes
across stakeholder
groups**

**Dig deeper to
understand why**

**Consider expertise
in particular area of
input**

**Assess alignment
with Mission,
Vision and policy**