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# Board Cover Memorandum

**To** Board of Education

**From** Kyla Johnson-Trammell, Superintendent  
Lisa Grant-Dawson, Chief Business Officer

**Board Meeting Date** February 14, 2024

**Subject** Response to Education Code § 41321 to the County Trustee

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**Ask of the Board** Acceptance of a Report for Information by the Board of Education written to the County Trustee, in response to the provisions of Education Code § 41321.

## Background

### **California Education Code EDC § 41321**

*(a) On or before October 31 of the year following receipt of an emergency apportionment, and each year thereafter, until the emergency apportionment, including interest, is repaid, the governing board of the school district shall prepare a report on the financial condition of the school district. The report shall include, but not necessarily be limited to, all of the following information:*

- (1) Specific actions taken to reduce expenditures or increase income, and the cost savings and increased income resulting from those actions.
- (2) A copy of the adopted budget for the current fiscal year.
- (3) Reserves for economic uncertainties.
- (4) Status of employee contracts.
- (5) Obstacles to the implementation of the adopted recovery plan.

*(b) The school district shall submit the report to the trustee for review. Upon the trustee's approval of the report, the school district shall transmit copies to the*

county superintendent of schools, the Superintendent, the president of the state board or his or her designee, and the Controller.

The District has satisfied the Education Code provisions and received a verbal approval, with a review of the Trustee's memo in response, as requested by staff. The memo was not available as of the submission date for this publication, but may be submitted by the Trustee to the Board.

**Recommendation**

Acceptance of a Report for Information by the Board of Education written to the County Trustee, in response to the provisions of Education Code § 41321.

**Attachment(s)**

- Memo: Response to Education Code § 41321 to the County Trustee



## Business Services Division Memo

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**To:** Fiscal Oversight Trustee, Luz Cazares  
**From:** Lisa Grant Dawson, Chief Business Officer  
**Subject:** Response to Request Concerning California Education Code EDC § 41321  
**Date:** December 31, 2023

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Dear Ms. Cazares,

In response to California Education Code EDC § 41321, and our agreement to complete this task in support of the request from the Alameda County Office of education, please find the responses questions as cited in the code.

### **California Education Code EDC § 41321**

*(a) On or before October 31 of the year following receipt of an emergency apportionment, and each year thereafter, until the emergency apportionment, including interest, is repaid, the governing board of the school district shall prepare a report on the financial condition of the school district. The report shall include, but not necessarily be limited to, all of the following information:*

#### ***(1) Specific actions taken to reduce expenditures or increase income, and the cost savings and increased income resulting from those actions.***

*The District has annually made recommendations to reduce expenditures, with the ultimate goal of showcasing to the District that it must level set its operations for ongoing affordability and sustainability. [The District's recent Spring 2023 salary agreement with Oakland Education Association \(OEA\)](#), [September 2023 agreement with the Building and Construction Trades Council \(BCTC\)](#), its pending negotiations with other labor groups coupled with projected increases in Health and Welfare costs, are and will create significant impacts to the District's financial future.*

As a result of the OEA Agreement and what the District Superintendent and Chief Business Officer attested to when signing and presenting the AB1200 document, the District worked with the Alameda County Office of Education (ACOE) to develop a timelines and assurances of action in support of the future affordability for the agreement. The language was included in the County Response letter and has repeatedly appeared in every financial report, update, and as of late, Special Board Study sessions focused on Budget Development and prioritization. The scheduling of these meetings was also a specific action designed to focus on reducing expenditures, especially in light of rising costs, commitments, and projected reductions in revenue.



## Business Services Division Memo

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### Excerpt from OEA AB1200 Approval Letter

*“In order for ACOE to verify that Board and District staff are implementing the budget adjustments the Board approved within the Public Disclosure documents, OUSD will:*

- *Provide ACOE with a Board-approved detailed update on its **list of Budget Adjustments by October 31, 2023;***
- *Share additional updates in ACOE’s bi-weekly call to monitor the staff and Board’s progress with strategic planning;*
- *Present a public update to be provided by First Interim, with further public disclosure and **formal Board Action required no later than February 2024,** to ensure the District meets its obligations in the subsequent fiscal year.”*

The District has presented Attachment “B” for the 2024-25 Budget Development process, which began with the 2023-24 Budget Development Attachment “B”, which included three budget options scheduled for implementation for 2024-25. Two of the reductions, Item 1 and 2, are on task for implementation, which are reductions in discretionary allocations for base and supplemental per student allocations. The third item was the merger, closures, and consolidations of schools, which is currently moving through the steps identified in AB1912. The District is scheduled to present its analysis of schools at the January 10, 2024 Governing Board meeting. An update to the Attachment “B’ progress was presented on December 14, 2023, [Agenda Item 23-2308C](#).

The District has also been very consistent for the last several years and financial reporting periods reflecting the impact of the decline in enrollment and lack of recovery of attendance and the projected loss of significant income. This data was shared prior to the October 2023 LAO announcement of a projected reduction in the COLA from 3.94% to 1%. This slide was presented at the October 2, 2023 Special Board Study Session.



**Business Services Division Memo**

## Changes to the LCFF Calculator The Impact of ADA reductions

The Base LCFF is not growing due to our decline in ADA and the benefit of a three year average slipping fast.

	Year	Base Grant	Grade Span Adjustment	Supplemental Grant	Concentration Grant	Add-ons: Targeted Instructional Improvement Block Grant	Add-ons: Home-to-School Transportation	Add-ons: Home-to-School Transportation	Add-ons: Transitional Kindergarten	Total LCFF
<b>LCFF Allocation x Y</b>	2020-21	\$278,230,067	\$12,137,948	\$44,089,480	\$30,372,495	\$10,094,682	\$5,724,962			\$380,649,634
	2021-22	\$292,073,858	\$12,749,157	\$46,704,983	\$42,816,965	\$10,094,682	\$5,724,962			\$410,164,607
	2022-23	\$324,488,176	\$14,082,917	\$52,783,233	\$50,506,343	\$10,094,682	\$5,724,962		\$1,655,788	\$459,336,101
	2023-24	\$337,586,649	\$14,579,769	\$55,818,378	\$55,510,230	\$10,094,682	\$6,195,554		\$1,826,537	\$481,611,799
	2024-25	\$337,341,039	\$14,458,680	\$56,112,056	\$56,595,780	\$10,094,682	\$6,439,659		\$1,898,503	\$482,940,399
	2025-26	\$339,676,440	\$14,540,582	\$56,731,399	\$57,744,459	\$10,094,682	\$6,651,524		\$1,960,963	\$487,400,049

  

	Year	Base Grant	Grade Span Adjustment	Supplemental Grant	Concentration Grant	Add-ons: Targeted Instructional Improvement Block Grant	Add-ons: Home-to-School Transportation	Add-ons: Home-to-School Transportation	Add-ons: Transitional Kindergarten	Net Change Y/Y
<b>Net Change Y/Y</b>	2020-21	\$0	\$0	\$0	\$0	\$0	\$0		\$0	\$0
	2021-22	\$13,843,791	\$611,209	\$2,615,503	\$12,444,470	\$0	\$0		\$0	\$0
	2022-23	\$32,414,318	\$1,333,760	\$6,078,250	\$7,689,378	\$0	\$0		\$1,655,788	\$170,749
	2023-24	\$13,098,473	\$496,852	\$3,035,145	\$5,003,887	\$0	\$470,592		\$0	\$71,966
	2024-25	-\$245,610	-\$121,089	\$293,678	\$1,085,550	\$0	\$244,105		\$0	-\$62,460
	2025-26	\$2,335,401	\$81,902	\$619,343	\$1,148,679	\$0	\$211,865		\$0	\$0

Green arrow and yellow highlight indicate the year of change in reductions in funding that begin in 2024-25 due to the decline in ADA. 2025-26 Projections will be updated at First Interim (Dec. 2023).

**(2) A copy of the adopted budget for the current fiscal year.**

**Response:** A copy of the adopted budget for the current fiscal year can be accessed using the link below.

- [Oakland Unified School District 2023-24 Adopted Budget](#)
- [Oakland Unified School District 2024-25 45+ Day Budget](#)

**(3) Reserves for economic uncertainties.**

**Response:** The District has continued to maintain a 3% reserve as reflected in the Adopted Budget as reflected on PDF Page 16 and summarized below. The District's First Interim MYP is also reflected, yet erroneously omitted from the Form 01 report PDF Page 15, but reflected on the presentation and Form MYP.

*Adopted Budget*



**Business Services Division Memo**

## Multi-Year Projection - Unrestricted

### 2023-24 Proposed Budget MYP Fund Balance Summary - Unrestricted

	2023-24 Unrestricted	2024-25 Unrestricted	2025-26 Unrestricted
<b>A. Revenues</b>			
5) Total Revenues	\$ 500,626,311	\$ 502,302,255	\$ 507,068,121
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 358,666,238	\$ 386,407,452	\$ 399,009,544
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 141,960,073	\$ 115,894,803	\$ 108,058,578
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ (106,864,622)	\$ (111,017,842)	\$ (117,115,956)
E. Net Increase (Decrease) in Fund Balance (C +D4)	\$ 35,095,451	\$ 4,876,961	\$ (9,057,378)
F. Fund Balance, Reserves			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 81,554,956	\$ 116,650,407	\$ 121,527,368
2) <b>Ending Balance, June 30 (E + F1e)</b>	\$ <b>116,650,407</b>	\$ <b>121,527,368</b>	\$ <b>112,469,990</b>
Reserve for Economic Uncertainty	\$ 24,084,540	\$ 23,847,151	\$ 24,463,857
Reservations - Other Assignments	\$ 11,378,827	\$ 11,528,827	\$ 11,528,827
<b>Net Ending Balance- Unassigned/Unappropriated</b>	\$ <b>81,187,040</b>	\$ <b>86,151,389</b>	\$ <b>76,477,305</b>

*First Interim*

## Multi-Year Projections (MYP) - Unrestricted Summary - FORM MYPI

### 2023-24 First Interim MYP Fund Balance Summary - Unrestricted

	2023-24 Unrestricted	2024-25 Unrestricted	2025-26 Unrestricted
<b>A. Revenues</b>			
5) Total Revenues	\$ 507,096,534	\$ 495,388,436	\$ 502,940,335
<b>B. Expenditures</b>			
9) Total Expenditures	\$ 416,491,538	\$ 404,376,296	\$ 409,634,879
<b>C. Excess (Deficiency) of Revenues Over Expenditures</b>	\$ 90,604,996	\$ 91,012,140	\$ 93,305,456
<b>D. Other Financing Sources/Uses</b>			
4) Total, Other Financing Sources/Uses	\$ (112,115,085)	\$ (114,699,290)	\$ (119,051,059)
E. Net Increase (Decrease) in Fund Balance (C +D4)	\$ (21,510,089)	\$ (23,687,150)	\$ (25,745,603)
F. Fund Balance, Reserves			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 118,353,704	\$ 96,843,616	\$ 73,156,465
2) <b>Ending Balance, June 30 (E + F1e)</b>	\$ <b>96,843,616</b>	\$ <b>73,156,465</b>	\$ <b>47,410,862</b>
Restricted Reserve	\$ 150,000	\$ 150,000	\$ 150,000
Other Assignments	\$ 10,673,452	\$ 10,673,452	\$ 10,673,452
Reserve for Economic Uncertainty	\$ 27,641,007	\$ 24,914,748	\$ 25,212,438
<b>Unassigned Unappropriated</b>	\$ <b>58,379,156</b>	\$ <b>37,418,265</b>	\$ <b>11,374,972</b>



## Business Services Division Memo

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### ***(4) Status of employee contracts.***

*Response: Please see the summary employee contract status as of 10.2023 (confidential)*

*The District provided a document to the Trustee summarizing the status of the Contractual Bargaining Unit Agreements.*

### ***(5) Obstacles to the implementation of the adopted recovery plan.***

The obstacles to the implementation of the adopted recovery plan are primarily centered around decision making and prioritization. The District provided an update to its Fiscal Sustainability plan in September 2023 via Board Agenda Item [23-2328](#). There are many items from the vitality plan that reflect significant progress and stability, yet the fundamental District operational structure and financing is the root obstacle in implementing the long term sustainability plan. The District has taken steps in creating a multi-year plan of action; however, the internal and external pressures the board faces in making decisions for long term ongoing reductions, while improving compensation and improving investment in other areas, remains a significant challenge. The District is seeking to obtain impactful long term recommendations and coinciding decisions from the Board by February 2024.

***(b) The school district shall submit the report to the trustee for review. Upon the trustee's approval of the report, the school district shall transmit copies to the county superintendent of schools, the Superintendent, the president of the state board or his or her designee, and the Controller.***

The Trustee has approved the report and summarized her thinking and shared it with the District Chief Business Officer. The letter was not received as of the time of this publication.