

THEMES in the
Board Resolution
Directing the Preparation
of Budget Scenarios to Address
OUSD's Deficit

Link to the Resolution as Amended on 10/8/25

***25-2351 Directing the Preparation of Budget Scenarios -
District's Structural Deficit - Fiscal Years 2026-27 and 2027-28
- ADOPTED AS AMENDED 1082025***

<https://tinyurl.com/knxztsn5>

The resolution provides guidance that coincides with values and assumptions expressed in statements that begin with the word "**Whereas.**"

We invite the OUSD community to read those statements within the linked resolution.

Tonight, we will review the guidance of the Board as expressed in the statements that begin with the words **"Be it resolved."**

**In general, what did the
Board direct the
Superintendent to do?**

The Superintendent must use the guidance to prepare at least **two budget scenarios** that total **\$100 million** in budget adjustments.

The scenarios must include **costs** and must explain the **impact on students**.

The two budget scenarios **cannot include school closures or mergers**.

**What types of guidance
does the resolution provide?**

**What are the themes in the
"Be It Resolved" statements?**

Themes 1 to 4

1. Changes to central services & school networks

Changes to Central Services include:

- Identifying and cutting positions and financial practices that do not directly impact students in schools
- Eliminating positions that use dollars that are not ongoing (dollars that go away at a set date)
- Reducing the cost of administrative positions and overhead

Changes to Central Services include:

- Reducing the use of outside services and contracts
- Centralizing budget decisions for alignment and efficiency
- Consolidating the three elementary networks to one or two networks
- restructuring the middle school and high school networks for cost savings and efficiency

2. A comprehensive plan to increase enrollment and attendance

3. Cost savings from leveraging (making best use, taking advantage) **of outside agencies and resources**

4. A notification system for fiscal control
(new expenditures, budgets near 80% spent)

Themes 5 to 9

5. A plan for sunseting (phasing out, discontinuing) **programs and positions that use dollars going away in years up to 2027-28**

6. An inventory of programs & services to:

- assess how much they are being used
- what impact they are having for students

This inventory can lead to consolidating and eliminating programs.

7. Presentation to the Teaching & Learning Committee **about allocations to school sites and prioritization of additional programs, positions, and services.**

Discussion of this presentation will lead to **recommendations** for the final budget balancing proposal.

8. To maintain a 3% reserve:

→ **a hiring freeze**

→ **a vacancy review**

If the above are not sufficient for a 3% reserve:

→ **contract freezes and cancellations**

→ **reduce conference and travel fees**

→ **consolidate** (merge, combine) **purchases and reimbursements** for things such as hot spots, cellular plans, and software.

9. Identifying when budget scenarios would require a change to Board policy

Examples:

- a. ending or limiting open enrollment to strengthen enrollment and base programming at neighborhood schools
- b. further centralizing fiscal decisions that are currently made by schools and departments

**POSSIBLE
IMPACT ON THE
2024-27 LCAP**

What impact will the budget scenarios have on implementation of the LCAP?

- The proposed scenarios may include reducing spending in LCFF Supplemental & Concentration, as well as in other restricted funds, to close the deficit.
- This will require reducing or eliminating existing staff and programs in the LCAP and making the case for moving base costs of operating schools into S&C.
- This will likely be challenged by the State and/or the County, as it is not in compliance with LCFF legislation.

Refresher: What are the LCFF Supplemental and Concentration (S&C) grants?

- **Base Grant:** LCFF starts with a base grant based on all students attending (ADA) with different amounts per gradespan.
- **Supplemental Grant:** 20% of the Base Grant is added to support each student who is low-income, a foster youth, or an English learner (unduplicated students).
- **Concentration Grant:** 65% of Base Grant is added for the percentage of students above the 55% UPP threshold.

Refresher: What are the LCFF Supplemental and Concentration (S&C) grants?

- LCFF Supplemental and Concentration (S&C) funds *must* be used to increase or improve services for unduplicated students (low-income students, English learners, or foster youth) over what all students receive.
- These grants *cannot* be used for general purpose spending or base operational costs.
- Our “overspending” is currently in LCFF Base, not in LCFF Supplemental & Concentration.

Refresher: What is LCFF S&C Carryover?

- By law, any unspent LCFF S&C funds become carryover and must remain designated as S&C in future years. They retain the same spending restrictions.
- For SY25-26, we have **\$35.2M** in S&C Carryover. Of this, \$31.2M was committed in the [adopted LCAP](#).

Refresher: What is LCFF S&C Carryover?

Current investments in S&C Carryover include: Teachers to support late-arriving continuation students, Assistant Principals at secondary schools not large enough to earn these positions by formula, Juvenile Justice Coordinator, Community Schools Managers (CSMs) at targeted schools and 12th month of CSM positions districtwide, Director of Early Literacy, Elementary Math Tutors, Secondary Literacy Tutors, Student Engagement Specialist, Literacy Teachers on Special Assignment (TSAs), and others.

Q: Can S&C Carryover be used to meet the reserve requirements for this year?

Short answer: Yes. Any unbudgeted, unspent dollars in ANY unrestricted resource can count towards the reserve.

BUT...

- Most of these dollars are ***already allocated*** to schools and programs, so we would need to reduce these investments mid-year. Positions such as assistant principals or teachers cannot be reduced mid-year.

Q: Can S&C Carryover be used to meet the reserve requirements for this year?

BUT...

- Using S&C dollars to build the reserve does not change the allowable use of these funds—they may only be spent on investments for high-need students.
- The purpose of a reserve is to have emergency funds available in case they are needed. S&C funds ***cannot*** be used to cover overages in base operational costs, which creates challenges if we do need to spend the reserve.

Q: Can S&C Carryover be used to meet the reserve requirements for this year?

BUT...

- Supplemental & Concentration dollars are intended to be spent in the year in which they are awarded. Intentionally opting not to spend S&C Carryover funds creates a problematic situation for LCAP compliance.
- There are also ethical considerations in repurposing dollars intended to serve our highest need students to backfill structural deficits in our base spending.

Q: Can the budget in Central “Books and Supplies” (Object 4000s) be reduced to avoid cuts to people or programs?

Short answer: Yes. Any investments budgeted for unspent dollars can be reduced to close the deficit.

BUT...

- This Central budget funds curriculum purchases for the entire district. Every California district is required to provide students with access to standards-aligned textbooks, so there are limits to how much we can cut.

Q: Can the budget in Central “Books and Supplies” (Object 4000s) be reduced to avoid cuts to people or programs?

BUT...

- The Central 4000 object codes include not only books and supplies, but also funds in reserve for a labor contract currently in bargaining. These funds are intended to cover retro pay and compensation increases for these staff once this contract is settled, and cannot be reduced without impacting bargaining.