

Addressing OUSD's Budget Deficit: Background Information and Scenarios

**As Posted for the 12.9.25 Special Meeting
of the LCAP Parent & Student Advisory Committee**

RECOMMENDED PRE-LEARNING

How District Budgeting Works

This learning session answers the following questions:

What types of dollars come into school districts? How is OUSD allowed to spend them? What is the process for deciding how to spend them?

Link to the folder with the video and presentation:

tinyurl.com/49xpej6a

Unpacking Our Centralized Budget

This learning session answers the following questions:

What is in Central budgets? How is OUSD using the dollars that are managed through Central departments?

Link to the folder with the video and presentation:

tinyurl.com/336fdsjp

THE TARGET

Target for 2026-27 adjustments is \$100M

As in 2024-25, for 2025-26, the Alameda County Office of Education (ACOE) placed conditions on approving the OUSD budget. OUSD was directed to provide a target for budget adjustments and specific Board actions by October 8, 2025. See [County letter \(Fall 2025\)](#)

OUSD staff provided ACOE and the School Board a target for budget adjustments of \$94M to \$97M in the **Unrestricted General Fund**.

Background Information for the Budget Scenarios

Spending comes from two types of money

Unrestricted

Money that can be used for many legal purposes toward our mission

Examples



- Local Control Funding Formula (LCFF)
- State Lottery

Restricted

Money restricted in what it can buy, when and/or how we can use it

Examples

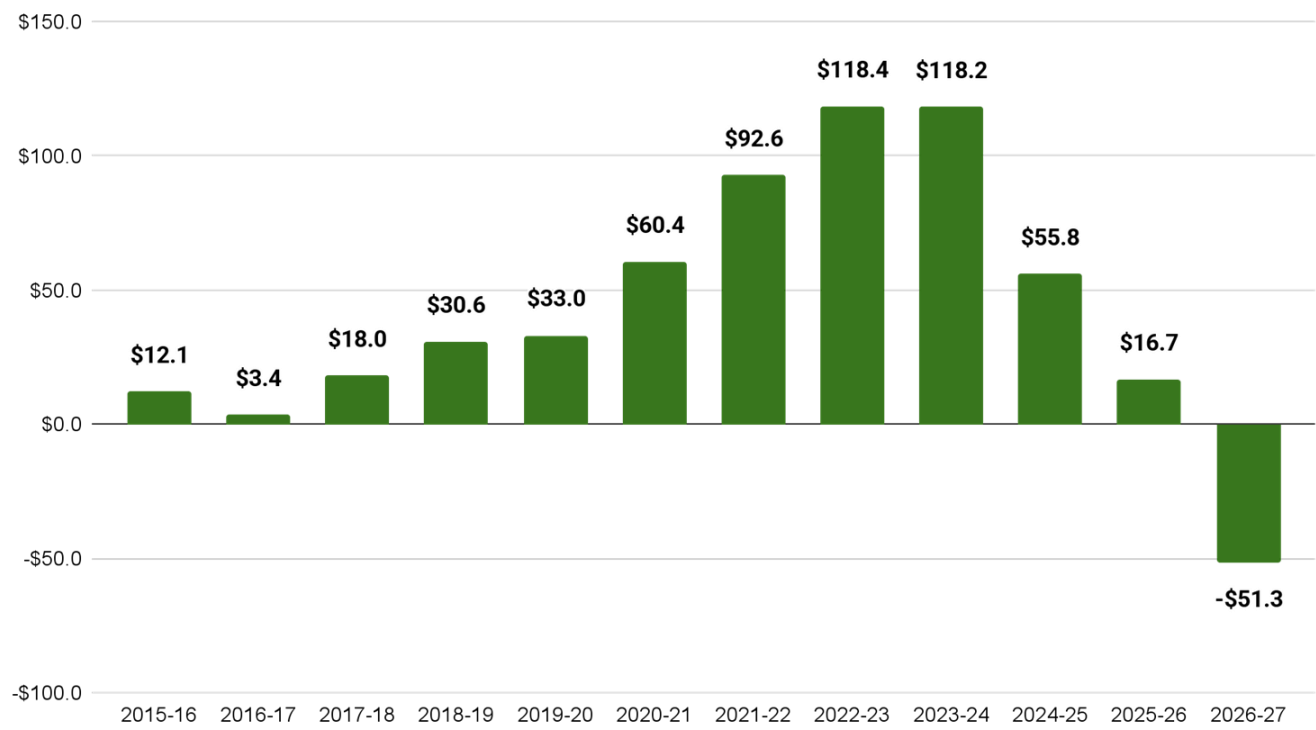
- Eat Learn Play
- Measure H

Why We're Focused on Unrestricted

- ★ Our State-required and Board-required minimum reserve (savings) is based on the Unrestricted Fund Balance
- ★ Not meeting the State-required minimum reserve is a step toward bankruptcy and State or County intervention
- ★ Only Unrestricted Resources can pay for certain legally required expenses
- ★ Only Unrestricted Resources can be used to cover shortfalls in all restricted resources
- ★ Most restricted resources cannot be used to cover many of the expenditures paid with Unrestricted Resources

Our Challenge is back (but never went away)

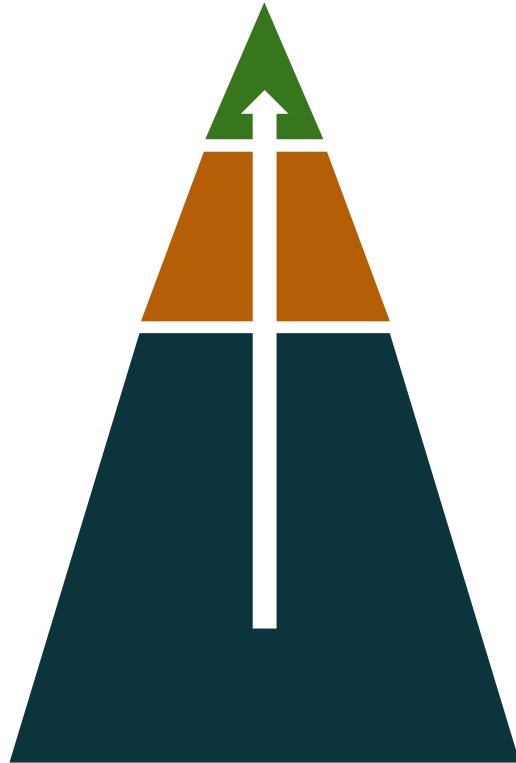
Unrestricted Ending Fund Balance 2015-16 to 2026-27*



* 2015-16 through 2024-25 based on unaudited actuals for the year. 2025-26 based on 45-day budget revision (Aug 2025) and 2024-25 Unaudited Actuals (Sep 2025). 2026-27 based on Multi-Year Projection (MYP) in 2025-26 Adopted Budget (Jun 2025).

Wait! Unrestricted is not all the same

Structure of the Local Control Funding Formula (LCFF)* - 97% of Unrestricted Revenue



Concentration Grant: Add-on to the Base Grant for districts with more than 55% of all students in a high need group to increase or improve services to those students.

Supplemental Grant: Add-on to Base Grant to increase or improve services for each high need student (low-income, foster youth, or an English learner)

Base Grant: Base grant to support all students and basic operations of school districts

* Beyond the “formula” there are other designated monies for services like student transportation and home & hospital services.

How are we spending the \$362.2M in Base?*

Category	Description	Cost (\$M)	Balance (\$M)
School Budgets	Teachers, Principals, Attendance workers, Books & Supplies and Services	\$213.2	\$149.0
Contributions	Contributions to Transportation, Special Education Services, Ongoing Major Maintenance, Contributions into Base	\$135.1	\$13.9
Central Services	Staffing, Software, Utilities, Consultants, Security, Contribution into Base	\$96.5	-\$82.6



Takeaway: After funding most of school operations there is only **\$13.9M** of Base left and an **\$82M structural deficit** after adding Central Services like Utilities, HR, Payroll, Custodial Services, Legal and the rest of Central Services.

How are we spending the \$119.6M in S&C?*

Category	Description	Cost (\$M)	Balance (\$M)
Site Staffing	APs, CSMs, Teachers, Culture Keepers, Counselors, Case Managers, TSAs, Social Workers	\$46.7	\$73.0
Central Staffing	Support for STEM, Literacy, Networks, School Technology, Targeted Student Groups, Culture & Climate. TSAs, Social Workers	\$52.4	\$20.5
Books & Supplies	Textbooks, Reserve for unsettled labor agreements	\$9.2	\$11.4
Services	Consultants, Non-Public Agency Contracts, Licensing Agreements	\$11.4	\$0.0

Takeaway: All Supplemental & Concentration is fully allocated to services, many of which directly impact students. Our reserve should not be from S&C.

**BOARD GUIDANCE
FOR BUDGET
ADJUSTMENTS**

On October 8th, the Board adopted a resolution with guidance for staff to prepare budget scenarios.

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

tinyurl.com/knxztsn5

In the resolution, the Superintendent was asked to prepare at least **two budget scenarios** that total **\$100 million in budget adjustments**.

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

The two budget scenarios **could not include school closures or mergers**.

The School Board amended the resolution on November 19th. Those amendments will be noted within tonight's presentation.

Link to the amended resolution:

tinyurl.com/2utfvc5p

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."**

**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?

- 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 School Year 2025-26, 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.

Adjustments within the Budget Scenarios Presented by Staff

Link to the Original Presentation from 11/19/25:

<https://ousd.legistar.com/gateway.aspx?M=F&ID=118128.pptx>

[Link to slides from](#)

[original presentation](#)

Superintendent's Office

Current Total FTE: 13.5

Superintendent's Office (Scenario 1)

→ Reduce/eliminate District membership contracts

→ Reduce:

- legislative advocacy & intergovernmental affairs
(focus on State legislation; rely on partnerships for this work)
- philanthropic efforts (*efforts to get private donations*)
- support for safety coordination

→ Eliminate contracted safety personnel

Eliminate 3 FTE: *Chief Partnerships Officer, Sr. Executive Assistant*
Transfer Chief of Staff to Restricted Grant

Cost Savings: 1,619,000

Superintendent's Office (Scenario 2)

- Same as scenario 1
- Keep safety personnel contracts
- Reduce overall bandwidth of Chief of Staff Office

This means: reduce the scope of work of the Chief of Staff Office.

Eliminate 2 FTE: *Chief Partnerships Officer, Sr. Executive Assistant
Chief of Staff funded on Restricted Grant through 26-27*

Cost Savings: 1,279,000

Communications

Current Total FTE: 6.5

Communications (Scenario 1)

- Reduce support for school websites
- Reduce the scope and scale of communications work
(the variety and number of communications)

Eliminate 2 FTE: Unidentified

Cost Savings: \$395,500

Communications (Scenario 2)

→ Reduce communications (scope and scale)

Eliminate 1 FTE: Unidentified

Cost Savings: \$163,000

Governance

Current Total FTE: 25.2

Governance (Legal, Labor Relations, Ombudsperson & Title IX Coordinator, Charter School Office, Board Office)

Only One Scenario

Eliminate 2 FTE *Unidentified*

Shift contractual Special Education legal work to an attorney
(+1 FTE)

Reduce contracts

Cost Savings: \$1,000,000

[Link to slides from original presentation](#)

Talent

Current Total FTE: 67.5

Talent

Only One Scenario

Elimination of 7 FTE (4 unrestricted, 3 restricted)

\$695,000 in contract reductions

Suggestion that some substitute teacher costs be shifted to resources other than Base dollars

Cost Savings:

\$2.539 million (unrestricted)

\$900,446 (restricted)

Talent

Many years of trimming down leadership, increasing how much the division can do with fewer staff, and reducing costs.

Lean leadership: only two directors and the Chief Talent Officer

Cutting more staff will lead to reducing or eliminating services. It will also require reclassifying positions due to a much larger workload.

Many positions are funded by restricted and grant dollars, some of which are going away.

Talent

We will not be able to:

- maintain current service levels for hiring, substitute support, evaluations and investigations
- meet contractually and legally required timelines with the accuracy and speed expected
- sustain all teacher pipeline programs, residency placements, and apprenticeship pathways
- ensure that district-wide data is accurate (from Escape, Zendesk and evaluation systems)
- Respond to staff needs within the current customer service standards
- hold recognition, wellness, and retirement events

Technology

Current Total FTE: 34

Technology Services

Only One Scenario

Modernize analog systems (elevator & fire alarm communications)

Some student computers to Supplemental & Concentration dollars

Reductions in software budget

Cost Savings: \$6 million for 25-26, 26-27, and 27-28

[700K, 4.05M, 1.5M accordingly]

Custodial Services

Current Total FTE: 34

Custodial Services (Scenario 1)

- Shift some custodial expenses to the *Extended Learning Opportunity Program* to the extent that it is allowed
\$1.2 mill. cost savings in 2026-27
- Increase pay for substitutes to decrease the use of overtime pay
\$300k cost savings in 2026-27
- Reduce the cleaning standards (frequency) **cost savings to be determined**
- allow schools to only have the number of classrooms that they are utilizing based on a formula **cost savings to be determined**

Custodial Services (Scenario 2)

Only the first two actions from Scenario 1:

- Shift some custodial expenses to the *Extended Learning Opportunity Program* to the extent that is allowed
\$1.2 mill. cost savings in 2026-27
- Increase pay for substitutes to decrease the use of overtime pay **\$300k cost savings in 2026-27**

Buildings & Grounds

Current Total FTE:

Buildings and Grounds (Scenario 1)

→ Reduce by \$2M what we contribute to Deferred Maintenance **\$2 million cost savings**

→ State requires 3% of the General Fund to go to Ongoing Maintenance. Go below the 3% requirement.

(We would not be eligible to apply for certain State grants.) **cost savings to be determined**

Buildings and Grounds (Scenario 2)

Only the first action from Scenario 1:

→ Reduce by \$2M what we contribute to the General Fund for Deferred Maintenance **\$2 million cost savings**

Buildings and Grounds

The original slides include a list of what the department does. They also describe past reductions and restructuring. The slides also include an impact statement. The statement reads in part:

"Under-investing in deferred maintenance will drive up emergency repairs, increase overall costs, and create more work orders and service delays."

Enrollment Department

Current Total FTE:

Enrollment Department

The original slides include a list of what the department does.

They also describe past reductions and restructuring.

Neither scenario proposes savings as the Enrollment Stabilization work is set to end this year unless funded for next year 2026-27

Enrollment Department

An impact statement in all slides states that:

- enrollment has stabilized and begun to rise for the first time in eight years (the largest year-over-year gain since 2013-14)
- it has exceeded projections the past four years (generating more revenue)
- key strategies and tools seem to be driving this increase

Enrollment Department (Scenario 1)

→ End all funding for Enrollment Stabilization work and forgo potential enrollment and attendance gains that would increase revenue - **\$0 of savings and \$0 of additional cost.**

Enrollment Department (Scenario 2)

→ Option 1 - Continue investment in Enrollment Stabilization work - **\$1M additional cost above current projection.**

→ Option 2 - Partially fund Enrollment Stabilization work through reorganization of Enrollment staff - **\$1M additional cost above current projection.**

Facilities Department

Current Total FTE:

Facilities Department (Fund 21) (Single Scenario)

The Facilities Department is primarily funded outside the General Fund, but their work can benefit cost savings now and in the future.

→ Ongoing solar projects are expected to reduce utilities costs - **\$1.3M in cost savings**

original presentation

[Link to slides from](#)

Nutrition Services

Nutrition Services (Fund 13) (Single Scenario)

The Nutrition Services Department is primarily funded outside the General Fund.

→ Shifting cost of all drivers supporting Nutrition Services out of Unrestricted General Fund to Fund 13 - **\$300K in cost savings to the Unrestricted General Fund**

Fiscal Services

Fiscal Services (Scenario 1)

The Fiscal or Business Division includes several areas of work, including Budget, Payroll, Accounts Payable, Procurement, and Risk Management.

- Chief Business Officer is already paid with one-time AB1840 resource **\$400K of existing savings**
- Reduce Accounting Staff (all accountants are management staff) **\$1.4M cost savings**
- Reduce other classified positions **\$400K cost savings**

Fiscal Services (Scenario 2)

Same as Scenario 1, but fewer reductions of Accounting Staff

→ Chief Business Officer is already paid with one-time AB1840 resource **\$400K of existing savings**

→ Reduce Accounting Staff (all accountants are management staff) **\$960K cost savings**

→ Reduce other classified positions **\$400K cost savings**

Elementary Networks

Current Total FTE: 28.5 (1.5 FTE in Rsc 0)

Elementary Networks (Scenario 1)

Reduce three networks to one; reduce network supes by two; add one deputy network supe; each network-aligned position by one.

Impact Possibilities:

- Fewer staff to support schools during crises
- All schools get less support in each area (e.g., Literacy, Talent) OR
- Positions support only higher need schools at the current level to keep school count the same; some schools no longer receive any support in these areas.

Cost Savings: \$1,849,262

Reduced FTE: 8.0 FTE

Elementary Networks (Scenario 2)

Reduce three networks to two; reduce network supes by one; eliminate deputy network supe; reduce each network-aligned position by one.

Impact Possibilities:

- Fewer staff to support schools during crises
- All schools get less support in each area (e.g., Literacy, Talent) OR
- Positions support only higher need schools at the current level to keep school count the same; some schools no longer receive any support in these areas.

Cost Savings: \$1,781,866

Reduced FTE: 8.0 FTE

Secondary Networks

Current Total FTE: 33.0 (1.7 FTE in Rsc 0)

Secondary Networks (One Scenario)

Reduce network partners to form one team to support 29 schools, grades 6-12.

Impact Possibilities:

- All schools get less support in each area (e.g., Literacy, Talent)

OR

- Positions support only higher need schools at the current level to keep school count the same

Cost Savings: \$1,255,491

Reduced FTE: 6.0 FTE

Continuous School Improvement (CSI)

Continuous School Improvement (Multiple Departments)

Across the academic teams, reduce two directors, two specialists, two TSAs, two Content Coordinators, and one Analyst, in addition to any positions funded by sunseting grants.

Impact Possibilities:

- End or reduce implementation of school improvement at particular school sites, teachers coaching other teachers to implement curriculum, and targeted student supports.

Cost Savings: \$1,696,093

Reduced FTE: 9.0 FTE

Additional reductions will be identified based on grants that are sunseting.

Total Savings from Draft Scenario 1: \$21,808,875

Total Savings from Draft Scenario 2: \$18,874,014

CHANGES TO THE RESOLUTION FROM THE 11/19/25 MEETING

*... restructuring the **middle school network** as one body and restructuring the **high school network** as one body, therefore, keeping the two networks separate.*

*... a plan to curb outsourcing services and contracts for jobs that are in the bargaining units ... should include recruitment and hiring strategies ... information on cost savings from the recommendations of the Ad Hoc. Outsourcing Task Force at the December 3 meeting ... if the plan is not ready by the December 3 special meeting, staff is directed to **update the board on the progress of these plans and set a date certain for the final plan to be brought to the board.***

... a comprehensive plan to improve daily attendance at each site and present this plan to the board at the December 3 special meeting ... if the staff is unable to prepare this plan by this date, the staff is directed to update the board on the progress of this work at the December 3 special meeting and to present the final plan to the board at a date to be determined on December 3.

... discuss with the Alameda County Office of Education the possibility of contracting services, including but not limited to: credentialing, staff pipelines, payroll, and any other supports that the county can provide to alleviate the general fund.

a) Inventory the District's programs and services, assess their usage and impact on student achievement, and **identify programs and/or services that could be consolidated or eliminated for 2025-26 and 2026-27**. *Staff will present to the Teaching and Learning committee . . . recommendations from the committee to the board by the December 10 board meeting.*

b) **Base allocation to school sites and prioritization of additional programs, positions, and services** will be presented to Teaching and Learning for discussion and recommendation to the full board for inclusion in the final budget balancing proposal. *. . . recommendations from the committee to the board by the December 10 board meeting.*

... additional adjustments to the 2025-2026 budget so that the mandated 3% reserve can be attained.

... include in the budget balancing scenarios, revenue that the district will receive from the state, including:

- 1. Proposition 98 monies that were allocated in previous years but were not released to California school districts but are set to be released in the spring of 2026;***
- 2. Community Redevelopment Fund grant;***
- 3. Student Support and Professional Development Discretionary Block grant; and***
- 4. Carryover monies from all measures, taxes, and fees collected by the school district***

... present the Board with proposed **adjustments *that will total \$100.7 million.***

*... present to the Board on December 10th 2025, for its consideration and possible adoption, **budget scenarios, and recommendations, without restriction, that will result in a balanced budget for Fiscal Years 2025-2026, 2026-2027.***

Documents Posted for the 12/3/25 Special School Board Meeting

25-2531F Board Memorandum - Initial Cost Savings Review of Outsourcing Task Force Recommendations - OUSD Structural Deficit - Fiscal Years 2025-2026 2026-2027 (1).pdf ousd.legistar.com/gateway.aspx?M=F&ID=118335.pdf

25-2531F Presentation - Update - Resolution No.pdf
ousd.legistar.com/gateway.aspx?M=F&ID=118337.pptx

25-2531F Board Memorandum - Resolution No 2526-0177 - Budget Scenarios - Attendance Plan - OUSD Structural Deficit - Fiscal Years 2025-2026 2026-2027 (1).pdf ousd.legistar.com/gateway.aspx?M=F&ID=118336.pdf

The 12/3/25 Special Meeting of the School Board was cancelled.

These documents were not part of the posting for the 12/4/25 meeting of the *Teaching & Learning Committee*.