



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

Budget Update: Central & Site Spending Limitation Protocol

A Critical Update on Budget Prioritization Progress



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Agenda

- What is the Current Situation?
- Why Are We Here?
- Where do we go from Here?

Our Situation



Resolution: Budget Prioritization Guidelines

We are not on track to balance our budget for FY 2016-17.

RESOLUTION OF THE BOARD OF EDUCATION OF THE OAKLAND UNIFIED SCHOOL DISTRICT

RESOLUTION No. 1617-0122

2017-2018

BUDGET PRIORITIZATION GUIDELINES (As Amended)

WHEREAS, the District annually engages in a budget prioritization process, and

WHEREAS, through the budget prioritization process, the District exercises stewardship of public funds by engaging in strategic decision-making feedback for priority investments from internal and external stakeholders, the District's Parent and Student Advisory Committee, and through the District's Local Control and Accountability Plan; and

WHEREAS, in the coming fiscal years, the District anticipates more environments resulting from declining enrollment, increased costs, and future state and federal funding levels for education; and

WHEREAS, the Board of Education acknowledges the importance of at least 3% in 2017-18; and

WHEREAS, Staffing Allocation Adjustments are a common and a necessary part of the District's budget process to adjust for changes in enrollment from year to year;

WHEREAS, as a result, the District must identify ways to prioritize its budget for this and coming years;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Education of the Oakland Unified School District, hereby directs that in the development of the 2017-18 budget, at least \$14 million dollars be reduced from its base program;

BE IT FURTHER RESOLVED, that the Board of Education of the Oakland Unified School District, directs the \$14 million dollar reduction be executed as:

- 1) Reductions in Central Office Budgets totaling \$8.5 million
- 2) A Staffing Allocation Adjustment of \$5.5 million due to a projected decrease in enrollment for the 2016-17 and a projected increase in enrollment for the 2017-18 with the contractual class size and state requirements;

BE IT FURTHER RESOLVED, that to preserve the District's Board of Education of the Oakland Unified School District heretofore continue the 2016-17 spending limitations protocol both at our school sites, naming a specific target goal amount, identify savings (e.g., increasing the budget reserve to at least 3%,

paying costs associated with transitioning to the Escape system), and presenting a contingency plan for any amount over or under the stated goal; (2) examine the District's school portfolio and performance relative to comparable K-12 school districts; (3) diligently prepare and execute a robust community engagement plan in 2017-18 to provide stakeholder input in the examination of the District's school portfolio and potential impacts on school sites based on community feedback and in alignment with the District's Pathways to Excellence Plan, present a plan which would be implemented in the 2018-2019 school year at the earliest to maximize access to OUSD's high quality school programs (including opportunities to operate schools more efficiently through school consolidation); (4) develop and present a plan to address the consistent structural funding overages issue in Programs for Exceptional Children, Early Childhood Education, and the Cafeteria Fund; (5) provide to the Board regular updates on the progress of the spending limitation protocol and the scope and execution of reductions listed above.

PASSED AND ADOPTED by the Board of Education of the Oakland Unified School District, this 25th day of January, 2017, by the following vote:

AYES: Jody London, Aimee Eng, Jumoke Hinton Hodge, Roseann Torres, Shanthi Gonzales, Vice President Nina Senn, President James Harris

NOES: None

ABSTAINED: None

ABSENT: None

CERTIFICATION

We, James Harris, President, Board of Education and Antwan Wilson, Secretary of the Board of Education of the Oakland Unified School District, Alameda County, State of California, do hereby certify that the foregoing Resolution was duly approved and adopted by the Board of Education of said district at a meeting thereof held on 25th day of January, 2017 with a copy of such Resolution being on file in the Office of the Board of Education of said District.


James Harris, President, Board of Education


Antwan Wilson, Superintendent and Secretary, Board of Education

File ID Number: 17-0122
Introduction Date: 1/25/17
Enactment Number: 1617-0122
Enactment Date: 1/25/17
By: [Signature]

Why Are We Here?

- Flat revenue
 - Lower than expected student enrollment
 - LCFF funding adjustments
- Teachers not consolidated
- Increased costs for prioritized programs serving the most high-need students
 - PEC, ECE and Nutrition Services

Program	Causes of Increases
Special Education	<p>Increase in total number of students served (600 increase from Dec 2015-Dec 2016 and 800 Initial Assessments pending)</p> <p>Increase in Salaries, Raises and Benefits</p> <p>Settlement agreements</p> <p>Non-Public School (NPS) services</p> <p>NPA= 1:1 Aides, Licensed Vocation Nurses, Speech</p>
Early Childhood Education	<p>Increase in Salaries, Raises and Benefits</p> <p>Teacher Substitute Cost</p> <p>Increase cost in Food Services</p> <p>Increase in Indirect Cost</p>
Nutrition Services	<p>Increase in minimum wage impacted salaries of employees in Food Services.</p>

Current Year Caution Spending Protocol Status



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- The **General Fund Spending Limitations Protocol** was implemented on **January 9th**
- Spending limitation protocol is not yielding its intended result
- Both School and Central sites have encumbered more, rather than realize the savings intended by the protocol.

Current Year Caution Spending Protocol Status



Purchase Order Status Comparison:

- Fund 01
- Unrestricted General Purpose (res 0000)

For the Month of January 2017		For the Month of January 2016	
Site Type	PO Total	Site Type	PO Total
Central	\$ 940,508	Central	\$ 333,019
District Wide	\$ 71,987	District Wide	\$ 258,142
Schools	\$ 1,160,227	Schools	\$ 282,333
Total	\$ 2,172,722	Total	\$ 873,494

Note: As of January 31, the amount of purchase orders encumbered is approximately 249% more than the same time in the prior year.

Current Fiscal Outlook (as of March 9)

Revenue	Millions
LCFF	355
Other State	16
Local & Other	35
Total Revenue	\$406

Expenses	Millions
Labor & Non-Labor	332
Additional General Fund Contributions	74
Total Expenses	\$406

PEC: 57M
 ECE: 1M
 Food: 2M
 B&G: 14M

ESTIMATED
 Cost of Expenses Not Encumbered

Subs & Extra Pay: 3.3M
 Utilities & Phones: 4.8M
TOTAL: 8.1 M



Where do we go from Here?

- Continue Spending Limitation Protocol
 - hiring freeze
 - discontinue process transfers
 - no new purchase orders (POs) for unrestricted funds.
- Work to disencumber \$2-3M centrally and \$2M of purchases orders at school sites of funds in POs where goods and services have not been rendered
- Stop or minimize overtime and use of Subs
- **Where appropriate** move current expenditures into restricted resources
- Identifying operational efficiencies and savings

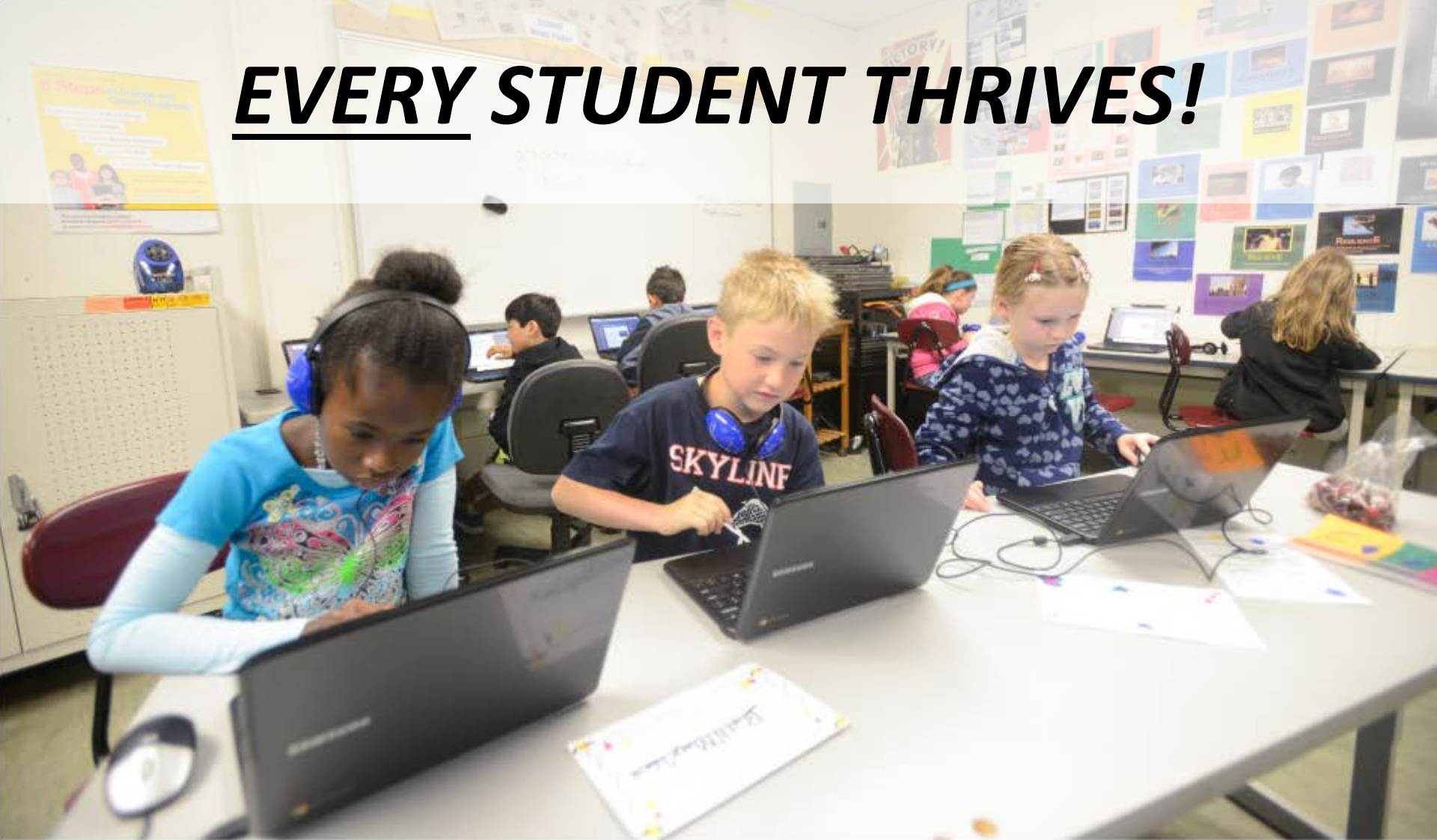


We Can Solve This Together!

We must work together to identify and implement solutions for a healthy financial future.



EVERY STUDENT THRIVES!



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