

Fiscal Vitality Resolution Update

Wednesday, March 14 2018



Presented by: Kyla Johnson-Trammell, Superintendent
To: OUSD Board of Education

Fiscal Solvency Board Resolution

2017-18 Mid Year Adjustments: \$9M Target

- \$1.1M to restore the state mandated reserve
- \$4.0M for unspecified risks
- \$3.9M for specified risks

Confirming The District's Commitment To Fiscal Solvency

NOW, THEREFORE, BE IT RESOLVED that for Step 1, in order to ensure that Oakland Unified School District remains fiscally solvent, and in accordance with the conditions of approval for the District's 2017-18 Adopted Budget as required by the County Superintendent, the Board of Education is committed to the following adjustments -- totaling \$15.1 million -- to the 2017-18 school year adopted budget to support the following priorities:

- \$1.2 million to restore the reserve for economic uncertainty to the state mandated minimum.
- \$7.2 million to increase the reserve for economic uncertainty in alignment with Board policy
- \$4.7 million to increase the District's contribution to restricted programs
- \$2.0 million to begin rebuilding the Self Insurance fund; and

BE IT FURTHER RESOLVED that for Step 2, in order to ensure that Oakland Unified School District improves its fiscal condition, the Board of Education is committed to the following adjustments -- totaling \$11.2 million -- to the 2018-19 school year adopted budget to support the following priorities for 2018-19:

- \$5.2 million to continue to build the reserve for economic uncertainty in alignment with Board policy
- \$6 million to rebuild the Self-Insurance Fund back to the level at the beginning of the 2016-17 school year; and

BE IT FURTHER RESOLVED for Step 3, that the preliminary 2018-19 school year budget, be presented to the Board of Education by December 13th and includes details in how the District will meet the goals delineated in Step 2 as well as the projected increases in PERS and STRS; and

Updated Recommendation Based on 1st Interim

Although 1st Interim now incorporates many items unfunded at budget adoption, we recommend savings beyond the \$1.1M shortfall projected at 1st Interim to ensure we can cover specified and unspecified risks and close the year above the 2% minimum reserve.

Projected Shortfall

Amount below the 2% requirement already projected by 1st Interim.

\$1.1M

+

Specified Risks

Costs not projected in 1st Interim, but suggested by analysis of trends in specific programs & costs.

\$3.9M

+

Unspecified Risks

Costs not projected in 1st Interim, but suggested by historic fluctuations between 1st Interim and year-end.

\$4.0M

=

Recommended Adjustments of \$9 Million

Revised recommendation of revenue increases, costs savings or expenditure reductions needed in Unrestricted General Funds to ensure meeting 2% reserve requirement at year-end.

Update on Risks and Adjustments Since 1st Interim

Risks realized - \$800K

- Food Service contribution
- Late invoices
- FTE on loan (Chabot Science)

Continued concerns

- Extra time/Overtime
- Special Education
- Food Service
- Settlements

Adjustments Realized - \$6.5M

- School Reductions
- Central Support Reductions

Central Office Adjustments: Contracts/Books & Supplies

| | |
|--|------------------|
| Contracts= \$0.5M, Books & Supplies=\$0.4M | |
| Total Target: \$0.9M | Current: \$0.79M |
| <p>Next Steps:</p> <ul style="list-style-type: none">● Continue to limit central contract expenses from the unrestricted funds● Continue to limit food and travel expenses for central office | |

Central Office Adjustments: FTE Adjustments

| FTE Adjustments | Target: | Current: |
|-----------------------------------|---------|-----------|
| Position Elimination | \$0.75M | - Pending |
| Position Reduction | \$0.06M | \$.06 |
| Realigned Funding Sources for FTE | \$1.35M | \$1.38M |

Next Steps:

- Savings from FTE eliminations and reductions will be realized after the last payroll in March, and the supplemental pay for vacation time.

Central Office Adjustments: Donations & Furloughs

| Donations & Furloughs | |
|---|--|
| Target: \$0.25M | Current: \$0.25 * *Collected on a monthly basis over 6 months |
| <p>Next Steps:</p> <ul style="list-style-type: none">● Continue to collect central office staff donations on a monthly basis to reach target. | |

Central Office Adjustments: Restricted Resources

Maximizing Restricted Resources

Target: \$1.6M

Current: \$.1M

Next Steps:

- Continue to identify ways to maximize restricted resources that are in compliance and do not create any unintended consequences.

Central Office Adjustments: Unidentified Reductions

Unidentified Reductions

Target: \$0.4M

Current: Pending

Next Steps:

- Continue to inspect central office balances to see what else is available.
- Look for savings above the target in other adjustment areas.

School Site Adjustments: School Site Decisions Based on a per Pupil Amount

| School Site Total Reductions | |
|--|------------------|
| Target: \$3.8M | Current: \$3.01M |
| Next Steps: <ul style="list-style-type: none">● Savings from FTE eliminations and reductions will be realized after the 60 day notice window (March Payroll, April Supplemental Pay). | |

School Site Reduction Impact

Top categories of school site reductions:

| Non-Staff & Positive Pay | Staff |
|---|---|
| <ul style="list-style-type: none">● Supplies● Extended Contracts● Overtime/Extra Time | <ul style="list-style-type: none">● Reductions to Classified Positions (e.g. reducing 1.0 to 0.5 FTE)● Eliminating Classified Positions● Temporary Certificated Staff (200 FTE currently)● Not Filling a Vacancy |

Impact on sites:

- Reduction in staff;
- Reduction in extended contracts to teachers/extended time to staff;
- Minimal purchase of supplies; and
- Difficulty in paying unexpected expenses.

Mid Year Adjustments Update

| Projected Amount | Current Amount (work in progress to capture full target) | Adjustment |
|------------------|--|--|
| \$3.8M | \$3.24M | School Site Adjustments |
| \$2.1M | \$2.08M | Central Office FTE Adjustments (eliminations, reductions, funding source change) |
| \$1.6M | \$.10M | Central Office Maximize Restricted Resources |
| \$0.5M | \$.79M | Central Office Books & Supplies |
| \$0.4M | | Central Office Contracts |
| \$0.4M | Pending | Central Office Undesignated reduction |
| \$0.25M | \$.25M | Central Office Donations & Furloughs |
| \$9.0M | \$6.46M | TOTAL |

Next Steps



Budget Implementation Core Team meets weekly to:

- continue to identify savings to meet mid year adjustment targets
- evaluate cost savings on a week to week basis
- monitor budget management practices

: iam OUSD 



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