

**Resolution
of the
Board of Education
of the
Oakland Unified School District**

Resolution No. 1718-0087

Confirming The District's Commitment To Fiscal Solvency

WHEREAS, the Closing of the Books for Fiscal Year 2016-2017 revealed: 1) A \$9.1 million increase in expenditures over levels projected in the 2016-2017 Third Interim Report; 2) OUSD ended the fiscal year \$8 million short of maintaining its 2% Reserve for Economic Uncertainties, a state-mandated requirement; and 3) OUSD used \$8 million from the Self-Insurance Fund to pay for General Fund expenses, leaving the Self-Insurance Fund with a dangerously low balance of \$6.8 million; and

WHEREAS, the District's September budget revisions revealed that there were \$4.4 million unbudgeted for expenses; and

WHEREAS, the District is faced with significant additional PERS and STRS contribution for fiscal years 2014-15 through 2024-25; and employee benefits, including PERS and STRS, are projected to rise by \$8.2 million for the 2018-19 school year; and

WHEREAS, the District is in the midst of contract negotiations with our bargaining partners; and

WHEREAS, over the past five years, the District has experienced flat attendance, but increased expenditures and fluctuations between adopted and actual budgets in several budgetary areas, particularly in the following areas: Books & Supplies, Professional & Consulting Services, Certificated Supervisors & Administrators, and Classified Supervisors & Administrators (see attached); and

WHEREAS, the Board of Education recognizes that the current multi-year projection indicates that the District will need to identify expenditure reductions and/or revenue enhancements for each of the coming three school years and additionally, the Board of Education recognizes that this projection may increase or decrease depending on final State revenue allocations or any other changes to the multi-year assumptions, prior year ending fund balance, enrollment changes, etc.; and

WHEREAS, the Board of Education has been advised of the risk of a qualified or negative interim certification and/or fiscal insolvency if such budget balancing solutions are not realized; and

WHEREAS, given flat funding and increased costs, rebuilding and improving the fiscal vitality of the District will be a multi-year endeavor,

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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
- \$4.3 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 \$9.2 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

BE IT FURTHER RESOLVED that all recommendations for cost reductions should be approached using a zero-based budgeting standard and justified in alignment with the board budget prioritization criteria produced by the Budget and Finance Committee (see attached); and

BE IT FURTHER RESOLVED that the reductions outlined above shall be reflected and incorporated into the District's 2017-18 First Interim Report and Multi-Year Projection, and shall be implemented no later than January 1, 2018.

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Certification

PASSED AND ADOPTED by the Governing Board of the Oakland Unified School District on this 8th day of November, 2017 by the following vote:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

James Harris
President
Board of Education
Oakland Unified School District

Kyla Johnson- Trammell
Secretary
Board of Education
Oakland Unified School District

Attachment 1: Recent Fluctuations and Expenditure Increases

Attachment 2: Guiding Principles Regarding Budget Development and Prioritization
(adopted by the Budget and Finance Committee October 4, 2017)

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Attachment 1: Recent Fluctuations and Expenditure Increases

1. Over the past four completed fiscal years, total spending in Books & Supplies has fluctuated, but has never met or exceeded its original budgeted amount.

Fiscal Year	Budgeted	Actual
2013-2014	\$12,551,643	\$12,364,422
2014-2015	\$10,060,946	\$8,323,758
2015-2016	\$18,649,331	\$12,366,086
2016-2017	\$20,116,023	\$6,817,615

2. Over the past four completed fiscal years, total spending in Professional & Consulting Services has steadily increased, and has always exceeded its original budgeted amount.

Fiscal Year	Budgeted	Actual
2013-2014	\$7,109,479	\$22,692,840
2014-2015	\$20,698,679	\$23,802,726
2015-2016	\$20,479,321	\$29,396,665
2016-2017	\$21,452,717	\$28,298,078

3. Over the past four completed fiscal years, total spending in Certificated Supervisors & Administrators has steadily increased by 43%, and has exceeded its original budgeted amount each year for the last three years.

Fiscal Year	Budgeted	Actual
2013-2014	\$13,844,243	\$13,906,595
2014-2015	\$13,983,354	\$15,261,544

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2015-2016	\$15,715,182	\$19,773,226
2016-2017	\$18,997,774	\$20,010,231

4. Over the past four completed fiscal years, total spending in Classified Supervisors & Administrators has dramatically increased by 69%, and has exceeded its original budgeted amount by over 100% each year over the past two years.

Fiscal Year	Budgeted	Actual
2013-2014	\$12,193,285	\$13,141,477
2014-2015	\$11,093,287	\$15,139,680
2015-2016	\$9,661,823	\$20,167,289
2016-2017	\$10,404,809	\$22,285,807

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Attachment 2: Guiding Principles Regarding Budget Development and Prioritization

(adopted by the Budget and Finance Committee October 4, 2017)

- Student First: Understanding the impact of decision on students.
- Data-driven decisions aligned to Theory of Action, Strategic Plan and LCAP.
 - Reviewing student-level data and incorporating feedback from the previous year budget development process and assessing effectiveness to inform decisions.
 - Engaging key stakeholders and incorporating their feedback into the budget process to the extent feasible given mandatory timelines.
 - In line with the district's Theory of Action, resources and dollars at the school sites should be protected.
- Adhering to best fiscal practices in order to position OUSD for improved short and long-term fiscal health.
 - Understanding short and long-term impact of key fiscal, programmatic and operational decisions.
 - Identifying and understanding the level of risk embedding in key fiscal decisions.
- Equity: Budget adjustments should be made in a way that avoids disproportionately impacting the District's most vulnerable students e.g. specific schools or student populations being impacted by a combination of budget adjustments
- Transparent Communications: Ensuring the Board and community have timely access to clear, accessible, comprehensive information, including understanding the full range of options being considered and what choices are being made and by what timeline and according to what criteria.