



Alameda County Office of Education

L. Karen Monroe Superintendent of Schools

June 28, 2019

Aimee Eng, President
Board of Education
Oakland Unified School District
1000 Broadway, Suite 680
Oakland, CA 94607

RE: OUSD-SEIU Public Disclosure of Collective Bargaining Agreement

Dear President Eng:

The Alameda County Office of Education (ACOE) received the completed Public Disclosure of Collective Bargaining Agreement (CBA) and signed Tentative Agreement (TA) between the Oakland Unified School District (OUSD) and Service Employees Union International Local 1021 (SEIU) on June 14, 2019. The Public Disclosure includes increased compensation and other costs for the period 2018-19 through 2020-21. The purpose of the County Superintendent's review, as required by Government Code Sections 3540.2 and 3547.5, is to review and comment on the tentative agreement.

The Agreement between OUSD and SEIU, covering period July 1, 2018 through June 30, 2021, provides for:

- One-time bonus equal to 3% base annual salary as of January 1, 2019 or annual earnings for substitutes at the time of Board approval (in-lieu of 2017-18 increase.) This is to be paid in fiscal year 2019-20
- For fiscal year 2018-19, a 3% on-going increase to all salary schedules effective January 1, 2019
- For fiscal year 2019-20, a 2% ongoing increase to all salary schedules

Per OUSD's Public Disclosure of CBA, the fiscal impact of the TA between OUSD and SEIU are as follows:

| Description | 2018-19 | 2019-20 | 2020-21 |
|-----------------|------------------|--------------------|--------------------|
| One-time Impact | | \$1,097,607 | |
| Ongoing Impact | \$726,719 | 2,271,689 | \$2,977,551 |
| Total | \$726,719 | \$3,369,296 | \$2,977,551 |

The Public Disclosure of CBA submitted by OUSD used the latest approved budget (Third Interim Budget Report approved by the Governing Board (Board) on May 22, 2019) and incorporated the fiscal impact of the TA between OUSD and SEIU. The Public Disclosure assumed ongoing expenditure reductions of \$38.5 million that will take effect in 2019-20. These expenditure reductions were explained in the Public Disclosure as "*Budget Cuts and a Reduction in Restricted Sources*". However, ACOE has not received any specific explanations or formal clarification surrounding these expenditure reductions.

While the Public Disclosure of CBA includes a revised MYP that incorporates the impact of the TA between OUSD and SEIU, it appears OUSD will be able to meet the minimum reserve requirement of 2.0%. However, the implementation of \$38.5 million in expenditure reductions remains unclear and uncertain. In the event that any part of these expenditure reductions is not implemented, OUSD will not be able to meet the minimum reserve requirement of 2.0%. Additionally, the impact of this TA will require additional expenditure reductions and/or contributions to the District's Adult Education, Cafeteria, and Child Development Funds.

ACOE received the Proposed Budget presentation for 2019-20 and the related MYP that was adopted by the Board on June 26, 2019. The Adopted Budget does not appear to include the fiscal impact of the TA between OUSD and SEIU in any of the fiscal years. The MYP indicates that OUSD will meet the minimum required reserve in 2019-20 and 2020-21. However, OUSD's Reserve for Economic Uncertainties (REU) will drop to a negative 1.1% in 2021-22, which will require OUSD to identify and implement \$18.5 million in expenditure reductions, revenue enhancements, and/or other budget balancing solutions in order to meet the minimum reserve requirement of 2.0%.

OUSD's Board has the fiduciary responsibility to maintain fiscal solvency for the current and subsequent fiscal years. At its meeting on June 26, 2019, OUSD's Board approved Resolution No. 1819-0219 confirming OUSD's commitment to ensure that the budget is balanced. This resolution committed expenditure reductions and/or revenue enhancements of \$10.0 million in 2020-21, beginning in October of 2019, with finalization no later than March 2020. Further, the Board committed an additional \$10.5 million in expenditure reductions and/or revenue enhancements in 2021-22 to be finalized no later than March 2021. Based on ACOE's preliminary review of OUSD's Adopted Budget presentation and the approved resolution, OUSD appears to be able to cover the negative REU for 2021-22 and the fiscal impact of the TA between OUSD and SEIU. ACOE is awaiting the formal submission of OUSD's Adopted Budget and signed Resolution No. 1819-0219.

Should the Board decide to ratify the TA between OUSD and SEIU, the District should ensure that the identified budget balancing solutions in 2020-21 and in 2021-22 are implemented to accommodate the fiscal impact of the TA.

We appreciate the assistance and cooperation of the District's business office during our review process. If you have any questions, please feel free to call me at (510) 670-4140.

Sincerely,



L. Karen Monroe
Alameda County Superintendent of Schools

cc: Board of Education, Oakland USD
Kyla Johnson-Trammell, Superintendent, Oakland USD
Preston Thomas, Chief Systems and Operations Officer, Oakland USD
Gina Murphy-Garrett, Senior Executive Director, Budget
Chris Learned, State Trustee, Oakland USD
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