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OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students

Board Cover Memorandum

To Board of Education

From Dr. Denise Saddler, Interim Superintendent
Tara Gard, Deputy Superintendent of Business & Operations
Jenine Lindsey, General Counsel

Meeting Date May 13, 2026

Subject Adoption by the Board of Education of Resolution No. 2526-0018 ratifying and affirming the District's protective appeal to the State Superintendent of Public Instruction ("SPI") regarding the Alameda County Office of Education's ("ACOE") April 16, 2026 Going Concern designation pursuant to California Education Code section 42127.6

Ask of the Board

Adopt the Board of Education of Resolution No. 2526-0018 ratifying and affirming the District's protective appeal to the State Superintendent of Public Instruction ("SPI") regarding the Alameda County Office of Education's ("ACOE") April 16, 2026 Going Concern designation pursuant to California Education Code section 42127.6.

Background & Discussion

On April 16, 2026, ACOE issued a Going Concern Notice to the Oakland Unified School District in connection with its concurrence with the District's Qualified certification of the 2025–26 Second Interim Financial Report. At the time of the Second Interim Report, the District maintained a positive ending fund balance, met all statutory reserve requirements, including the state-required 2% Reserve for Economic Uncertainty and the Board's additional 1% reserve policy, and projected a positive cash position through June 30, 2026. The District also implemented significant fiscal stabilization measures, including spending freezes, expenditure shifts, staffing reductions, and other cost-containment actions to reduce the unrestricted deficit and preserve required reserves.

The April 16th notice required the District to submit revised cash-flow projections by April 30, 2026. The District timely submitted the mandated updated cash-flow information reflecting Board-approved reductions, updated receivables and payables, expenditure shifts, and additional solvency measures demonstrating a materially improved fiscal position relative to the Second Interim snapshot.

On May 4, 2026, the Interim Superintendent, General Counsel, and Deputy Superintendent filed a protective appeal with the SPI requesting rescission, modification, or remand of the Going Concern designation and requesting that the appeal be deemed timely in light of the April 30, 2026 supplemental submission.

Discussion

The proposed Resolution formally ratifies the protective appeal filed on behalf of the District and affirms the District's position that, while serious fiscal challenges remain, the District's current financial condition does not warrant a determination equivalent to impending insolvency.

Importantly, the Resolution does not diminish the District's commitment to continued fiscal stabilization efforts. Rather, it preserves the District's legal rights while directing administration to continue implementing Board-approved budget balancing actions, preparing the Third Interim Report, and complying with all applicable fiscal oversight requirements.

Fiscal Impact

There is no fiscal cost associated with Resolution No. 2526-0018 ratification of the appeal. The appeal is intended to protect the District's fiscal and operational interests and preserve available statutory remedies.

Attachment(s)

- Resolution No. 2526-0018 Ratification of the District's Protective Appeal of the Alameda County Office of Education's April 16, 2026 Going Concern Designation.
- May 4, 2026 Appeal of ACOE's Going Concern Designation to State Superintendent of Instruction (including exhibits)

OAKLAND UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION
RESOLUTION NO. 2526-0018

RATIFICATION OF THE DISTRICT'S APPEAL OF ACOE'S
APRIL 16, 2026 GOING CONCERN DESIGNATION

WHEREAS, the Board of Education ("Board") recognizes that, in order to improve opportunities and outcomes for all students in the District and close equity gaps for the District's historically underserved and most vulnerable students, the District must ensure that it remains fiscally solvent in the next three (3) school years, as well as years to come; and

WHEREAS, the Oakland Unified School District ("District") received a letter from the Alameda County Office of Education ("ACOE") dated April 16, 2026, issuing a Going Concern Notice pursuant to Education Code section 42127.6, in conjunction with ACOE's concurrence in the District's Qualified certification of the 2025–26 Second Interim Budget Report for the period ending January 31, 2026;

WHEREAS, the District's Second Interim Financial Report, accepted by ACOE, reflected a positive fund balance, full compliance with all state reserve requirements; including both the state-mandated 2% Reserve for Economic Uncertainty and the Board's additional 1% policy reserve, for a total required reserve of 3% reserve, and a positive cash position projected through June 30, 2026;

WHEREAS, through spending freezes, cost shifts to restricted funding sources, reductions in force, and other fiscal stabilization measures, the District reduced its current-year Unrestricted General Fund deficit, enabling the District to meet its required reserves;

WHEREAS, ACOE's April 16, 2026 notice simultaneously initiated the five-day statutory appeal period under Education Code section 42127.6, subdivision (b), and required the District to submit a revised two-year cash-flow projection by April 30, 2026, creating a condition in which the District was unable to mount a complete and meaningful appeal before the information central to the determination's factual basis had been submitted;

WHEREAS, the District submitted its revised cash-flow analysis to ACOE on April 30, 2026, reflecting Board-approved reductions, expenditure shifts, updated receivable and payable information, and current-year solvency measures, and demonstrating a materially improved fiscal condition relative to the Second Interim snapshot;

WHEREAS, on May 4, 2026, the District's Interim Superintendent, General Counsel, and Deputy Superintendent filed a protective appeal with the State Superintendent of Public Instruction ("SPI") pursuant to Education Code section 42127.6, requesting that the Going Concern designation be rescinded, modified, or remanded, and requesting that the appeal be deemed timely as filed within five days of the April 30, 2026 cash-flow submission;

WHEREAS, the District does not dispute that it faces serious fiscal challenges, but maintains that a Qualified certification and a Going Concern Notice are not equivalent to a negative certification or a finding of inevitable insolvency, and that the District's demonstrated financial condition does not satisfy the statutory threshold for the designation; and

WHEREAS, the Board of Education finds it necessary and appropriate to ratify the protective appeal and direct administration to continue pursuing all available statutory remedies while simultaneously advancing fiscal stabilization efforts.

NOW, THEREFORE, BE IT RESOLVED, the Board of Education hereby ratifies and affirms the protective appeal filed by the Interim Superintendent, General Counsel, and Deputy Superintendent on May 4, 2026, to the State Superintendent of Public Instruction; and

BE IT FURTHER RESOLVED, the Board requests that the State Superintendent of Public Instruction: (a) deem the District's appeal timely; and (b) sustain the District's; or (c) direct ACOE to rescind or modify the Going Concern designation; and

BE IT FURTHER RESOLVED, the Board authorizes and directs the Interim Superintendent, General Counsel, and Deputy Superintendent to take all further actions reasonably necessary to prosecute the appeal, respond to any supplemental determinations by ACOE or the SPI, and preserve the District's rights under Education Code section 42127.6, including filing a late appeal on good cause grounds if the SPI determines the initial filing was untimely; and

BE IT FURTHER RESOLVED, notwithstanding this appeal, the Board remains committed to fiscal stabilization and directs the Interim Superintendent to continue implementing Board-approved budget balancing solutions, prepare the Third Interim Budget Report due no later than June 1, 2026, and ensure full compliance with all requirements imposed by ACOE's April 16, 2026 notice that are not subject to this appeal.

Passed by the following vote:

PREFERENTIAL AYE:

PREFERENTIAL NOE:

PREFERENTIAL ABSTENTION:

PREFERENTIAL RECUSED:

AYES:

NOES:

ABSTAINED:

RECUSED:

ABSENT:

CERTIFICATION

We hereby certify that the foregoing is a full, true and correct copy of a Resolution passed at a Regular Meeting of the Board of Education of the Oakland Unified School District held on May 13, 2026.

Legislative File	
File ID Number:	26-1193
Introduction Date:	5/13/2026
Enactment Number:	
Enactment Date:	
By:	

OAKLAND UNIFIED SCHOOL DISTRICT

Jennifer Brouhard
President, Board of Education

Denise G. Saddler, EdD, Interim Superintendent and Interim Secretary, Board of Education

May 4, 2026

Superintendent Tony Thurmond
State Superintendent of Public Instruction
1430 N Street
Sacramento, CA 95814-5901
Email: tthurmond@cde.ca.gov,

Re: Protective Appeal Under Education Code Section 42127.6; Request for Timeliness Determination; Request to Rescind, Modify, or Remand ACOE's April 16, 2026 Going Concern Designation

Dear Honorable State Superintendent Thurmond:

The Oakland Unified School District respectfully submits this protective appeal pursuant to Education Code section 42127.6 regarding the Going Concern Notice issued by the Alameda County Office of Education ("ACOE") on April 16, 2026. OUSD submits this appeal within five days of April 30, 2026, the date on which the District submitted the revised cash-flow analysis required by ACOE's April 16 notice. Because ACOE required a revised cash-flow analysis as part of the same Going Concern process, and because the revised cash-flow analysis goes directly to the basis, assumptions, and continued validity of the designation, OUSD respectfully requests that SPI deem this appeal timely.

The District files this appeal as a precautionary measure at this stage, recognizing that the statutory appeal right under Education Code section 42127.6, subdivision (b), permits a district to appeal both on the basis of a going concern determination and any proposed actions associated with it within five days of receiving notice. The District does so while expressly preserving its position on a threshold matter of significant legal consequence: ACOE has issued a Going Concern Notice pursuant to Education Code section 42127.6 — it has not made a "lack of going concern" designation. These are not interchangeable terms. They reflect distinct legal determinations carrying materially different statutory consequences, and the District respectfully submits that ACOE's April 16 notice does not satisfy, and should not be treated as satisfying, the higher threshold that a lack of going concern designation requires. The District files this appeal not because it concedes that the Going Concern Notice was warranted, but because prudence demands that all available statutory remedies be preserved while the District simultaneously contests the factual and legal basis for the designation itself. To the extent the State Superintendent determines that no formal appeal lies from a Going Concern Notice as distinct from a lack of going concern designation, the District respectfully requests that this submission be treated as a formal objection to the basis and assumptions underlying ACOE's April 16 determination and a request for the State Superintendent's review and guidance on the appropriate scope of the appeal right at this stage.

Background

On April 16, 2026, ACOE issued a letter identifying OUSD as a Going Concern. The letter was issued following the District's Second Interim reporting process, and while the District was actively implementing fiscal stabilization measures for the current year and subsequent years. ACOE's April 16 notice also required OUSD to submit updated cash-flow information by April 30, 2026. OUSD complied with that directive. The revised submission shows a significantly improved fiscal condition compared with the earlier interim snapshot, reflecting reductions, funding shifts, expenditure controls, and other solvency measures implemented or underway by the District. The District's April 30 submission is central to the Going Concern analysis. The question under Education Code section 42127.6 is whether the District may be unable to meet its financial obligations for the current or two subsequent fiscal years. A revised cash-flow analysis directly addresses that question and is included as a part of this submission.

Merits of the Appeal

As noted in the District's April 30, 2026 response to ACOE, the District disagrees with ACOE's Going Concern Notice. As of the date of ACOE's letter, the District's Second Interim Financial Report, accepted by ACOE, reflected a positive fund balance, full compliance with all state reserve requirements, including both the state-mandated 2% Reserve for Economic Uncertainty and the Board's required additional 1% per policy (totalling a required 3% reserve), and a positive cash position projected through June 30, 2026. The District's multi-year projection further demonstrates a path to structural balance. These are the indicia of a district meeting its financial obligations; not one for which a going concern determination is warranted. Education Code § 42127.6 authorizes a Going Concern Notice when a county superintendent determines that a district may be unable to meet its financial obligations. The District's position is that its demonstrated financial condition does not satisfy that threshold.

The District's April 30 revised cash-flow analysis materially changes the record. It reflects Board-approved reductions and fiscal stabilization actions, expenditure shifts from unrestricted to appropriate restricted funding sources where allowable, updated expenditure and receivable information, improved current-year cash-flow assumptions, revised multiyear projections, and ongoing position-control and budget-monitoring improvements. Treating April 16 as the only trigger date would substantially impair OUSD's statutory appeal right. The April 16 notice cannot be both final for appeal purposes and incomplete for purposes of the financial information needed to evaluate solvency. OUSD does not dispute that the District faces serious fiscal challenges. However, a qualified certification and a Going Concern designation are not the same as a negative certification or a finding of inevitable insolvency. OUSD's updated cash-flow submission demonstrates that the District's current fiscal condition should be evaluated based on current data, not solely on the transitional Second Interim record. If SPI concludes that the five-day appeal period began on April 16 rather than April 30, OUSD respectfully requests that SPI exercise its supervisory and technical oversight role to direct ACOE to review the April 30 cash-flow submission and issue a supplemental determination regarding whether the designation should be rescinded, modified, suspended, or maintained.

The April 30 submission further shows a materially improved fiscal condition due to reductions, expenditure shifts, updated receivable and payable information, and current-year solvency measures. Because the going-concern analysis turns on the District's ability to meet obligations in the current and two subsequent fiscal years, the April 30 submission must be considered before the Going Concern designation is maintained or escalated.

Legal and Procedural Basis

Education Code section 42127.6 provides an appeal right when a county superintendent makes a Going Concern determination or identifies proposed actions to further examine the financial condition of the district. The notice must include the basis and assumptions used. ACOE required a revised cash-flow analysis by April 30, making that information part of the operative factual record. A school District's right to appeal must be meaningful. Here, OUSD could not fully challenge the basis and assumptions of the designation until it had submitted the very cash-flow analysis ACOE required and until that analysis could be evaluated against ACOE's stated concerns. Accordingly, OUSD respectfully submits that the five-day appeal period should be deemed to run no earlier than April 30, 2026. ACOE's April 16 notice required OUSD to submit revised cash-flow information by April 30. That submission was not unrelated to the designation. It was central to the question of whether OUSD may be unable to meet its financial obligations for the current or two subsequent fiscal years. Because the April 30 cash-flow submission directly addresses the assumptions and basis of the designation, the appeal period should run from the date that required information was submitted.

Requested Relief

OUSD respectfully requests that SPI: (1) deem this appeal timely as filed within five days of the April 30 cash-flow submission; (2) sustain OUSD's appeal on the basis that the April 30 cash-flow analysis materially changes the fiscal record; (3) direct ACOE to rescind the April 16 lack-of-going-concern designation; (4) alternatively, direct ACOE to modify the designation to reflect that the District's status is under review; (5)

alternatively, remand the matter to ACOE with direction to issue a supplemental determination after reviewing the April 30 cash-flow submission; and (6) direct that any further escalation or FCMAT FHRA activity incorporate the April 30 submission and updated budget data.

In the event the State Superintendent determines that this appeal was not filed within the statutory period, the District respectfully requests leave to file a late appeal on good cause grounds. Good cause exists here because the structural design of ACOE's April 16 notice, which simultaneously initiates the five-day appeal clock and requires the submission of information central to the determination's factual basis, made it a practical and legal impossibility for the District to mount a complete and meaningful challenge within the statutory window. The District did not delay; it acted with dispatch while acknowledging the reality that a partial appeal of an incomplete record does not constitute the meaningful opportunity to be heard that due process requires.

Respectfully submitted,

Denise Gail Saddler   Jenine A. Lindsey   Tara Gard

Dr. Denise Saddler, Interim Superintendent   Jenine Lindsey, General Counsel   Tara Gard, Deputy Superintendent

Exhibit/Attachments

Exhibit A	ACOE April 16, 2026 letter- Qualified 2nd Interim
Exhibit B	OUSD Superintendent's response to the ACOE letter, indicating a strong reservation to the going concern label and asking for it to be reviewed and rescinded
Exhibit C	Response letter to the ACOE request for an updated Cash Flow, showing the improved fiscal position of the school district.
Exhibit D	OUSD's solvency plan was implemented in December 2025, with an update in February detailing the cost reductions and efficiencies implemented and the resulting cost savings

Exhibit E	The proposed SPI order, providing relief to the district based on the submission and improved fiscal condition.

Exhibit E

Proposed SPI Order

Protective Appeal of ACOE April 16, 2026 Lack-of-Going-Concern Designation

After reviewing OUSD's protective appeal, ACOE's April 16, 2026 notice, OUSD's April 30, 2026 revised cash-flow submission, and the applicable provisions of Education Code section 42127.6, the State Superintendent of Public Instruction orders as follows:

Option A - Preferred Relief

OUSD's appeal is deemed timely because it was filed within five days of the District's April 30, 2026 submission of the revised cash-flow analysis required by ACOE's April 16, 2026 notice.

The April 30 cash-flow submission materially affects the assumptions and basis of the going-concern designation.

ACOE is directed to rescind the April 16, 2026 lack-of-going-concern designation or issue a modified determination reflecting the updated fiscal record.

Any further fiscal intervention, including any potential FCMAT Fiscal Health Risk Analysis based on the designation, shall incorporate the April 30 cash-flow submission and subsequent updated budget data.

Option B - Alternative Relief

OUSD's appeal is accepted as a protective appeal.

ACOE is directed to review the April 30, 2026 cash-flow submission and issue a supplemental written determination within five business days.

The supplemental determination shall include the assumptions and basis for any continued designation.

OUSD shall have a renewed five-day appeal period from the date of the supplemental determination.

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www.ousd.org

Option C - Minimum Relief

SPI does not decide the timeliness issue at this time.

ACOE is directed to consider the April 30, 2026 cash-flow submission before maintaining, escalating, or relying on the April 16, 2026 designation.

FCMAT, ACOE, and OUSD shall coordinate to ensure any FHRA uses current data and does not rely solely on superseded Second Interim information.

April 16, 2026

Dr. Denise Saddler, Interim Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD) via email

QUALIFIED Certification of 2025-26 Second Interim Budget Report with Going Concern Notice

Dear Superintendent Saddler and Members of the Board,

OUSD filed a QUALIFIED certification of the District's 2025–26 Second Interim Budget Report covering the period ending January 31, 2026, which the Board approved on March 11, 2026. A qualified certification indicates that, based on current projections [in this case current as of January 31, 2026], the District *may or may not* meet its financial obligations for the current and two subsequent fiscal years. ACOE concurs that the report reflects a District that *may or may not* meet its fiscal obligations over the coming years, and therefore accepts the QUALIFIED Second Interim certification which reflects this uncertainty.

Further reflecting this uncertainty, ACOE is herein issuing a Going Concern Notice pursuant to Education Code § 42127.6 which says that, "*If at any time during the fiscal year the county superintendent of schools determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years or if a school district has a qualified or negative certification pursuant to Section 42131, the county superintendent of schools shall provide a written notice of going concern determination to the governing board of the school district and the Superintendent and the basis for the determination.*"

These two determinations reflect the full range of possibilities from stability to insolvency: maintaining maximum local control if the Board's current and future actions are sufficient, while also cueing up safeguards for rapid intervention if conditions worsen.

Incomplete Fiscal Picture
School budgets are built on projections, not fixed facts. Districts must estimate enrollment, staffing, revenues, and costs months or years in advance, and those estimates change over time. That level of uncertainty is normal in public education.

What is not typical—and is driving current concern—is how incomplete OUSD's financial picture remains at this stage. This is not because the numbers are unknowable, but because key work to calculate, update, and align them is still in progress. Staff turnover, leadership transitions, and rapidly shifting plans have made it difficult to keep financial systems current. At the same time, major decisions—such as staffing reductions, early retirement incentives, and labor agreements—are being made faster than their full fiscal impact can be analyzed and incorporated into the budget.

In some cases, the District has identified reductions in concept but has not yet determined how much they will save, when savings will occur, or whether they can be fully implemented. In others, implementation depends on processes—such as site-level decisions or community engagement—that are still underway. The result is a gap between decisions being made and the financial system's ability to reflect them accurately.

<u>Qualified Certification</u>

At this time, neither the District, the Board nor ACOE currently has a fully reliable, up-to-date understanding of the District's financial position.

The District has made meaningful progress since First Interim, including taking difficult actions to reduce costs and improving alignment with standard accounting practices. These are important steps toward fiscal stabilization. Through spending freezes, cost shifts to restricted funding sources, and other immediate cuts, the district was able to reduce the current year deficit in the unrestricted general fund from $36.8 million to $20.8 million, allowing the district to meet its required reserves. This places the District in the space defined by a Qualified certification as of January 31st: it may meet its obligations over the current and next two years, but it has not yet demonstrated that it will.

It is important to note that the distinction between Qualified and Negative does not change the underlying work required. The remedy is the same in both cases: a complete, credible, and implementable plan that aligns ongoing commitments with ongoing resources.

<u>A Plan vs. a Series of Actions</u>

The District appears to have moved directly to balancing the budget with a series of cuts, without the intermediary step of adopting a coherent fiscal solvency plan. While much better than inaction in the face of insolvency, *A series of cuts is not the same thing as a plan for fiscal solvency.* Solvency requires a comprehensive, Board-adopted plan that shows how actions collectively close the budget gap, how and when those actions will be implemented, and how they align with the District's priorities and future goals. Without that plan, it is not yet possible to determine whether the District's current actions are sufficient, feasible, or timely.

In the absence of a clear, adopted plan, it is difficult for the OUSD community - including Board Leadership, staff, families, and ACOE - to understand how individual decisions relate to one another, how tradeoffs are being made, or whether the District is on a path to fiscal stability. This is not a question of any single decision. It is a question of whether the full set of decisions adds up to a complete and implementable solution.

<u>Areas of Uncertainty</u>

Fiscal Uncertainty: These issues reflect an incomplete or unstable financial picture, where the District's ability to meet obligations depends on assumptions that remain unresolved.

- Structural Deficit Spending: The Unrestricted General Fund projects a $20.6 million deficit in 2025–26, followed by modest outyear surpluses that depend on significant reductions not yet fully specified or implemented. Expenditures continue to meet or exceed ongoing revenues.
- Inadequate Fund Balance: The ending balance is projected to decline from $55.8 million in 2024–25 to $32.6 million by 2027–28, excluding the impact of the OEA agreement. Without timely implementation of sufficient reductions, the District is projected to enter a negative fund balance in the outyears, which would violate the requirement to maintain a balanced three-year projection.

- Further Reductions Required: The Second Interim assumes reductions of $36 million in 2026–27 and $57 million in 2027–28 that have not yet been identified, and do not yet include the cost of the OEA settlement or other pending agreements.
- Declining Cash Position: While projected to remain cash-positive in 2025–26, the District's cash position is weakening. Delays in implementing budget solutions increase the risk of earlier-than-anticipated cash flow challenges.
- OEA Settlement: The tentative agreement reached on February 27, 2026 has not yet been publicly disclosed or incorporated into the budget. Current projections therefore understate total expenditures and the size of the structural deficit. Until these costs are fully estimated and incorporated, the District's financial position cannot be fully understood.
- Enrollment Uncertainty: After years of decline, enrollment has increased in 2025–26. While positive, this introduces additional uncertainty into projections. The District has reasonably assumed flat enrollment, but if the longer term pattern of decline continued additional adjustments would be needed to address revenue impacts.

Leadership Uncertainty: These issues reflect instability in key roles and systems needed to manage complex fiscal conditions.

- Superintendent Transition: The District is operating without a permanent Superintendent, increasing risk given the urgency and complexity of current fiscal decisions. A superintendent search has been announced but has not yet begun.
- Chief Business Officer Transition: The District has also been without a CBO. While fiscal advisory support has been engaged, long-term leadership structure remains in transition. A new organizational model has been proposed, but its effectiveness and timeline are uncertain.
- Board Alignment and Stability: Recent board actions related to fiscal oversight have frequently been decided by narrow 4–3 votes, reflecting a significant divide on key decisions. In addition, the upcoming election cycle introduces further uncertainty, as board composition—and therefore fiscal direction—may change in the near term.

Planning Uncertainty: These issues reflect a lack of sustained, coherent planning and follow-through necessary for long-term fiscal stability.

- Complex Budgeting Practices: OUSD's historical use of non-standard budgeting practices has reduced transparency and clarity. While improvements are underway, continued simplification and shared understanding are necessary to support effective decision-making.
- Abandoned Plans: The District has a pattern of initiating and discontinuing major planning efforts, including the 3Rs Plan, Fiscal Vitality Plan, and Blueprint for Quality Schools. The absence of a stable, consistently implemented plan undermines long-term fiscal stability and community trust.
- Community Engagement: The OUSD community continues to show up to contribute to the creation of plans which are abandoned without implementation.

<u>Going Concern Determination</u>

In addition to concurring with the District's Qualified certification, ACOE is issuing a notice of going concern pursuant to Education Code § 42127.6. This reflects a different potential outcome of the same conditions: while the District currently projects it can meet its near-term obligations, that position is highly sensitive to changes in assumptions and costs that are not yet fully incorporated.

Since January 31, the District has continued to make significant financial decisions, including a tentative agreement with the Oakland Education Association. This agreement represents an important investment in staff, but its full fiscal impact—including retroactive costs—has not yet been fully analyzed, publicly disclosed, or incorporated into the District's financial projections. The District is continuing to make new commitments without a clear plan to pay for them.

Taking on new expenses before identifying a method to pay for them obviously creates a material risk to solvency. Retroactive costs alone could quickly shift the District from uncertainty to insolvency.

The purpose of a going concern notice is to recognize that risk explicitly and ensure that safeguards, monitoring, and planning are in place should conditions deteriorate.

<u>Next Actions</u>
Taken together, the Qualified certification and Going Concern notice reflect the full range of possible outcomes: the District may meet its obligations—but it may also be unable to do so if current conditions are not resolved. Education Code 42127.6 requires that the county superintendent take all actions necessary to ensure that a district can meet its financial obligations, including selecting at least one action from a defined set of interventions. These actions range from requiring additional financial reporting to more direct intervention in district operations.

At this time, ACOE is *directing* actions that are necessary to establish a complete, accurate, and current understanding of the District's financial position. These actions are neutral with respect to the Board's policy decisions and priorities and do not override local control. ACOE is also *suggesting* optional actions that would address the root causes of much of the fiscal uncertainty.

<u>Required Actions (Transparency and Solvency)</u>
The following actions are required pursuant to Education Code 42127.6 and are intended to ensure that the District's financial position is fully known, accurately reflected, and monitored in real time:

1. Encumber All Expenses: *42127.6(D) Require the district to encumber all contracts and other obligations, to prepare appropriate cashflow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables.*
    - By April 30, 2026, OUSD will
        - encumber all contracts through June 30, 2026, update all receivables and payables, and revise the budget accordingly.
2. Cash Projections: *42127.6(C) Direct the school district to submit a financial projection of all fund and cash balances of the district as of June 30 of the current year and subsequent fiscal years as the county superintendent of schools requires.*
        - By April 30, 2026, OUSD will submit two separate two-year cashflow projections from July 1, 2025 through June 30, 2027. The first one will reflect the financials included in the Second Interim Report.
        - The second two-year cashflow projection would reflect the updated financials after encumbering all contracts, updating all receivables and payables, and also incorporating all Board approved and Board directed actions since January 31, 2025, including layoffs and the OEA settlement.
3. Collective Bargaining Agreements: As a reminder, Ed Code requires that at least 10 working days prior to scheduling board action on any collective bargaining agreement, OUSD will submit the required Public Disclosure of Collective Bargaining Agreement to ACOE for review.

Recommended Actions (Governance and Planning)
Education Code 42127.6 also authorizes actions related to fiscal planning, advisory support, and governance. These are the root problems: *OUSD needs to make a plan and stick to it.* ACOE remains available to support the development of a coherent fiscal plan through facilitation, technical assistance, and advisory services. However, the decision to engage in that work—and to act on it—rests with the Board so long as the District remains solvent:

4. Direct the district to submit a proposal for addressing its fiscal conditions: *42127.6 (E) Direct the school district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the school district may not be able to meet its financial obligations.*
    - While strongly encouraged, there is no statutory mechanism to compel an elected board to adopt or implement such a plan while the District remains solvent. ACOE is available to provide facilitation or other assistance for planning, including continued support for community engagement.
5. Optional: Assign a Fiscal Advisor *42127.6 (A) Assign a fiscal expert, paid for by the county superintendent of schools, to advise the school district on its financial problems.*
    - OUSD currently has a fiscal advisor of its own selection. In recent years, ACOE has provided millions of dollars worth of Fiscal Advisor support, much of it ignored. ACOE is available to assign a Fiscal Advisor if requested by the board.
6. Optional: Support Board Development and Teamwork: *42127.6*
    - ACOE is reiterating its standing offer to provide board training and development.

Directions to Districts with a Qualified or Negative Certification:
- *Non-Voter Approved Debt:* EC Section 42133 prohibits the district from issuing non-voter-approved debt (e.g., certificates of participation, capital leases, and TRANs) in 2025-26 and 2026-27, unless the county superintendent determines that the district's repayment is probable.
- *Employee Negotiations:* Education Code 3547.5 requires the Superintendent and Chief Business Official to certify the settlement of affordability and itemize budget revisions necessary to meet the costs of the agreement. Government Code Section 3540.2(a) also requires a school district that has a Qualified or Negative Certification to allow the county superintendent of schools at least 10 working days to review and comment on any proposed collective bargaining agreement prior to board action.
- *Board Action and Third Interim Budget Report:* Pursuant to EC Section 42131, as a District with a Qualified certification, OUSD shall provide to ACOE and its state partners a Board-approved Third Interim Budget Report no later than June 1, 2026, with projections through June 30, 2026, for the period ending April 30, 2026. ACOE expects the District's Third Interim Budget Report to include any recent Board-approved actions, bargaining settlement costs, any additional budget balancing solutions, and an updated two-year cashflow projection from July 1, 2025 through June 30, 2027.

Local Control Is Only as Strong as the Decisions Behind It
Since January 2023, I have aimed to provide the minimum—but necessary—level of oversight to a Board that has placed a high value on holding local control after a lengthy period of trusteeship. While the Board has made meaningful progress on many fronts, it has also continued a pattern of

changing direction and postponing difficult decisions. As FCMAT noted in its most recent review, this pattern remains a central barrier:

> *Although the county superintendent remains focused on the district's recovery, governance and operational dysfunction within the district continue to hinder effective oversight. A key example is the district's failure to develop and implement a coherent fiscal solvency plan… the district has created multiple alternative plans, which it continues to alter or bypass when faced with difficult decisions. As a result, necessary decisions are deferred, rescinded, or delayed in implementation.*

This pattern remains visible in Board actions to date. In January 2023, the Board rescinded school closures without addressing the fiscal impact. Later that year, it approved significant compensation increases without identifying ongoing funding. In both cases, the Board acknowledged the need for difficult tradeoffs and asked for more time and support to engage in better processes. However, the Board then almost immediately abandoned its own Re-envision, Redesign, and Restructuring process and has again approved compensation increases without a corresponding plan to fund them.

The issue is not the raises themselves, but the absence of a Board-approved, sustainable plan to support them. At over $800 million in revenue serving 34,000 students, OUSD is among the highest-funded urban districts in California. This is not a revenue problem—it is a decision-making problem.

Local control is not simply the authority to make decisions; it is the responsibility to make hard choices and sustain them over time. The encouraging reality is that, unlike external funding conditions, this is entirely within the Board's control.

<u>Conclusion</u>
OUSD is currently in a position where it *may or may not* be able to meet its financial obligations over the next few years. The district has made real progress, including reducing its immediate deficit, but it is still making major financial decisions—like layoffs, budget cuts, and labor agreements—without fully knowing or showing their total cost. Because of this, there is no single clear picture of the district's finances right now. The County Office is requiring OUSD to provide more complete and up-to-date financial information so the Board and community can understand the situation. The Qualified certification and Going Concern notice together reflect the full range of possibilities—from maintaining local control if the district stabilizes, to the need for rapid intervention if conditions worsen. The district still has time to stabilize its finances if it makes and follows through on a clear, realistic plan—but if current uncertainties are not resolved, there is a real risk that the situation could worsen quickly.

We stand ready to partner in support of OUSD's students,

Alysse Castro

Alameda County Superintendent of Schools

cc: Tara Gard, Deputy Superintendent of Business and Operations
Ryan Nguyen, Chief Financial Officer, Oakland USD
La Tanya Kirk-Carter, Fiscal Advisory Team, Hazard, Young, Attea & Associates (HYA)
Ruben Frutos, Fiscal Advisory Team, Hazard, Young, Attea & Associates (HYA)
Allan Garde, Associate Superintendent of Business Services, ACOE
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Julia Xu, Director III, District Advisory Services, ACOE

Attachments: Past ACOE & Fiscal Reviews Sent to the OUSD Board

2025-26 OUSD Adopted Budget and LCAP Conditional Approval Letter
2025-26 OUSD Adopted Budget and LCAP Final Approval Letter
2025-26 OUSD First Interim Budget Review Letter

2024-25 OUSD Adopted Budget and LCAP Conditional Approval Letter
2024-25 OUSD Adopted Budget and LCAP Final Approval Letter
2024-25 OUSD First Interim Budget Review Letter
2024-25 OUSD Second Interim Budget Review Letter
2024-25 Annual Report Regarding Fiscal Solvency of Oakland USD (AB139)
FCMAT Annual Review January 1, 2025

2023-24 OUSD Adopted Budget and LCAP Conditional Approval Letter
2023-24 OUSD Adopted Budget and LCAP Final Approval Letter
2023-24 OUSD First Interim Budget Review Letter
2023-24 OUSD Second Interim Budget Review Letter
2023-24 Annual Report Regarding Fiscal Solvency of Oakland USD (AB139)
FCMAT Annual Review January 29, 2024

Timeline of OUSD's Recent Board Actions addressing Structural Deficit:

- December 10, 2025 Board Meeting: The Board approved Resolution No. 2526-0177A, Scenario 3, which includes the following actions:
  2025-26 Immediate Emergency Strategies to Restore the Fund Balance

  1) Spending and Hiring Freezes: The Board implemented a hiring freeze and a six-week freeze on new contracts and non-essential expenditures to generate immediate savings.
  2) Mid-Year Reductions: Approximately $17 million in mid-year cuts were approved, including $10 million from hiring freezes and $7 million from reductions to central office and school site budgets.
  3) Revenue Generation: The district is counting on $10 million in new revenue by increasing student attendance by 2%. While attendance is up 1.8% as of December 2025, fiscal experts have warned against relying on these gains as a primary solvency measure.

  Structural "Scenario 3" Plan

  The Board approved a broader $102.5 million reduction plan (Scenario 3) to address the structural deficit for 2026-27:

  1) School Site Reductions: A 7.5% to 10% cut across all school site budgets, totaling roughly $32 million.
  2) Central Office Overhaul: Approximately $21 million to $32 million in total cuts to central office staffing and operations, including legal, finance, and human resources.
  3) Special Education Cuts: A proposed 10%, approximately $12 million reduction in Contribution to Special Education programs.

4) Accounting Shifts: Shifting $12 million in costs (such as attendance Specialists, Noon Supervisor and certain small school expenses) from the unrestricted general fund to Supplemental/Concentration funding sources.

- Updated Budget Balancing Target:
  The District, in its MYP submitted with the 2025-26 First Interim Budget Report, indicated that its updated Budget Balancing solutions for 2026-27 are now $103.6M, an increase from the $100M reported by OUSD in October 2025.
- January 14, 2026 Board Meeting:
  The District did not present the short-term impacts for 2025-26 mid-year adjustments at this board meeting as planned. The District approved the HYA contract to aid the District with fiscal advice.
- January 20, 2026 Special Board Meeting - Budget Issues
  Interim Superintendent and HYA Fiscal Advisor verbally indicated that the District's financial position appears better than projected at the First Interim; however, no financial information has yet been provided.
- Updated Budget Balancing Target:
  The District, in its MYP submitted with the 2025-26 Second Interim Budget Report, indicated that its updated Budget Balancing solutions for 2026-27 are now $36M.
- February 25, 2026 Board Meeting:
  - Approved TA between OUSD and SEIU
  - Passed two resolutions – Reduction in Force (RIF) FY2026-27 Notice of Layoff – Classified Employees and Eliminate Certificated positions
- March 11, 2026 Board Meeting:
  - Notice of Layoff - Classified Employees - Reduction in Force (RIF) - School Year 2026-2027
  - Financial Stabilization Implementation Plan: Protecting Equity, Maintaining Local Control, and Prioritizing Students - OUSD Structural Deficit - Fiscal Years 2025-2026; 2026-2027 - 5th Progress Report - Interim Superintendent of Schools (ISOS)
  - Approved District's Second Interim Financial Report As of January 31, 2026, for Fiscal Year 2025-2026 and Certification of said Report to the Alameda County Superintendent of Schools as "Qualified."

2025-26 Second Interim Review
Oakland Unified School District

Revenue Projections

Description: Between First and Second Interim revenue estimates decreased while expenditures increased. Projected COLAs were adjusted down. LCFF projections were aligned to certified enrollment.

COLA	2025-26	2026-27	2027-28
OUSD's Second Interim LCFF Calculator (2026-27 Governor's Proposed Budget)	2.30%	2.41%	3.06%
OUSD's First Interim LCFF Calculator (2025-26 State Enacted Budget)	2.30%	3.02%	3.42%

LCFF Revenue Projections	2025-26	2026-27	2027-28
OUSD's Unrestricted LCFF Revenue (MYP)	$487,351,239	$498,681,752	$513,556,647
OUSD's Unrestricted LCFF Revenue (MYP) - First Interim	$ 493,188,357	$ 505,986,526	$ 522,270,602
LCFF Revenue Projections - Difference (Second Interim vs First Interim)	$ (5,837,118.00)	$ (7,304,774.00)	$ (8,713,955.00)

Enrollment Projections

OUSD has experienced declining enrollment since 2017-18. According to CALPADS data, the District's enrollment declined by 329 students, from 34,149 in 2022-23 to 33,820 in 2024-2025. However, the District's 2025-26 CALPADS report shows a modest increase of 71 students this year. The District has included this growth and projected flat enrollment for the two subsequent years. Based on the District's trend, the district loses approximately 200 students annually, that while 2025-26 year shows improvmeent, should the district lose students in the outyears, it will need to have contigency plans in place to address the revenue shortfall.

Enrollment	2025-26	2026-27	
Projections within the District's Second Interim Report	33,891*	33,861	33,861
Unduplicated Pupil Count (UPC)	27,640	27,775	27,775
Year-Over-Year Difference	71**	(30)	0

** CALPADs certified (District projects 33,890)*

***compared to 2024-25 enrollment of 33,820*

Cash Flow Projection

Description: Although the District is projected to maintain a positive cash balance at the end of 2025-26, its cash position is weakening. Continued delays in implementing budget solutions increase the risk that cash flow challenges will emerge sooner than projected. On September 10, 2025, the OUSD Board approved Resolution No. 2526-0129 authorizing Temporary Borrowing Between District Funds for Fiscal Year 2025-26. Repayment of all interfund borrowing is required in accordance with EC 42603.

OUSD is strongly recommended to closely monitor its cash flow and implement prudent controls to align expenditures with available resources to ensure continued compliance with financial obligations. This is particularly important in light of declining enrollment/ADA, decreased ongoing revenues, increased costs associated with settlements, and the expiration of one-time funding sources and the potential cash deferrals in June 2026. Maintaining a stable cash position is critical to supporting long-term fiscal sustainability.

Budget Reductions within OUSD's Second Interim Report

As the Board implements its approved budget solutions, the board will need to ensure that future authorized obligations and compensation increases have corresponding budget tradeoffs. We share this Board's belief in retaining great staff is essential. However, sustainable budgets require tradeoffs. The below outlines the District's plan for reductions within its Second Interim Financial report. Note, this report does not include all associated costs with the outstanding settlements, and any needed reductions required for its implementation.

Required Board Action Budget Reductions and/or Revenue - District's MYP	2025-26	2026-27	2027-28
Reductions to Certificated and Classified Salaries & Benefits due to the expiration of one-time funds/alignment with funding/ reduction in force in the Restricted Funds		$ (2,831,677)	$ (7,214,217)
OUSD's Ongoing Unrestricted Reductions - Source: MYP (B10 Other Adjustments)		$ (36,000,000)	$ (56,714,892)
Total Needed Budget Reductions/Adjustments in the Submitted Report *		$ (38,831,677)	$ (63,929,109)

Required Board Action and Implementation

Description: OUSD's 2025-26 Second Interim Budget MYP projects continued deficit spending of $20.6 million in the Unrestricted General Fund for 2025-26, followed by a surplus of $0.56 million in 2026-27 and $0.32 million in 2027-28. The Unrestricted General Fund Ending Balance is projected to decline from $55.8 million in the 2024-25 Unaudited Actuals to $32.6 million by 2027-28, assuming the District successfully implements the significant reductions outlined in the MYP.

Should the District not implement the "Other Adjustments" identified in the MYP, the Unrestricted General Fund balance would be negative in both FY 2026-27 and 2027-28 and unable to meet the State's minimum reserve requirements. As a result, OUSD would face fiscal insolvency, as illustrated in the chart below.

Should the District not implement budget balancing solutions	2025-26	2026-27	2027-28
Unrestricted General Fund - Ending Balance	$ 32,587,121	$ 33,144,195	$ (2,532,369)
Unrestricted Reductions: B10 Other Adjustments* (Budget Reductions in OUSD's MYP)		$ 36,000,000	$ 56,714,892
Unrestricted General Fund - Adjusted Ending Balance		$ (2,855,805)	$ (59,247,261)

2025-26 Second Interim Review
Oakland Unified School District

**Without implementation and following through with the required ongoing reductions, the expenditures would be added back to the budget, reducing fund balance.*

Impact On Reserves/ REU	2025-26	2026-27	2027-28
OUSD's Reserves - *If Reductions Not Implemented*	$ 29,029,222	$ (3,005,805)	$ (59,397,262)
OUSD's REU % - *If Reductions Not Implemented*	3.01%	-0.32%	-6.36%
Is REU Met or Not Met If Reductions Not Implemented	Met	NOT Met	NOT Met

Reminders Due to Qualified or Negative Certification

Non-Voter Approved Debt: *EC Section 42133* prohibits a district from issuing non-voter approved debt (e.g., certificates of participation, capital leases, and TRANs) in 2025-26 and 2026-27, unless the county superintendent determines that the district's repayment is probable.

Employee Negotiations: Collective Bargaining is not settled for the current year. Education Code 3547.5 requires the Superintendent and Chief Business Official to certify the settlement of affordability and itemize budget revisions necessary to meet the costs of the agreement. Government Code Section 3540.2(a) also requires a school district that has a Qualified or Negative Certification to allow the county superintendent of schools at least 10 working days to review and comment on any proposed collective bargaining agreement prior to board action.

Third Interim Budget Report: Pursuant to EC Section 42131, as a District with a Qualified certification, OUSD shall provide to ACOE and its state partners a Board-approved Third Interim Budget Report no later than June 1, 2026, with projections through June 30, 2026, for the period ending April 30, 2026. ACOE expects the District's Third Interim Budget Report to include any recent Board-approved actions, OEA settlement costs, as well as any necessary and sufficient budget balancing solutions. Should the District fail to approve and implement the required reductions for 2026-27, the District risks becoming a Lack of Going Concern.

Subsequent to Second Interim - Approval of Tentative Agreement with OEA

The District reached a tentative agreement with OEA on February 27, 2026. Based on communications with the District, the fiscal impact of the OEA settlement is not reflected in the Second Interim Budget Report. As a result, additional expenditure reductions or trade-offs will be necessary to maintain fiscal solvency and accommodate the costs of the settlement. Absent timely and decisive Board action to implement these budget solutions, the District may be unable to meet its financial obligations in 2026-27 and 2027-28. Such a trajectory indicates an ongoing risk of insolvency.

Conclusion

While OUSD's Board previously adopted Resolution No. 2526-0177A (Scenario 3) at its December 10th board meeting, which outlines immediate emergency budget strategies for 2025-26 and a structural plan for 2026-27 to mitigate the structural deficit and prevent fiscal insolvency, the District's *Criteria & Standards* and MYP included in its Second Interim Budget Report acknowledge that further Board-approved budget balancing solutions are mandatory to sustain required reserves and satisfy AB 1200 requirements.

The District is strongly urged to develop, adopt, and execute a feasible, long-term Fiscal Recovery Plan that addresses its persistent structural deficit. It is imperative that the Board implement and sustain rigorous budgetary commitments to stabilize District finances, ensure compliance with statutory state requirements, and mitigate the imminent risk of fiscal insolvency. Such actions must prioritize the restoration of required reserve levels and demonstrate a verifiable path toward long-term fiscal sustainability.

April 29, 2026

Alysse Castro, Ed.D.
Alameda County Superintendent of Schools
Alameda County Office of Education
313 West Winton Avenue
Hayward, California 94544

Re: District Response to April 16, 2026, Qualified Certification Concurrence and Going Concern Notice 2025–26 Second Interim Financial Report

Dear Superintendent Castro:

On behalf of the Oakland Unified School District, I write this formal response to the Alameda County Office of Education's letter of April 16, 2026, which concurred with the District's Qualified certification of the Second Interim Financial Report for the period ending January 31, 2026, and issued a Going Concern Notice pursuant to Education Code § 42127.6.

The District welcomes the County's acknowledgment of meaningful progress and its stated commitment to partnership. We also take the obligations that accompany a Qualified certification seriously. At the same time, Oakland Unified must respectfully but firmly address several characterizations in the County's letter that are factually incomplete, legally imprecise, or inconsistent with the demonstrated record of this Board and Administration.

In summary, OUSD is meeting its financial obligations, has a Board-adopted plan to address its structural deficit, and has complied fully with all statutory reporting requirements. We will continue to provide updated information through the appropriate AB 1200 and Third Interim processes. The District confirms receipt of the information request included in the April 16, 2026 letter and will provide the requested documentation by the given deadline. The following points address the district's concerns regarding your comments:

I. The District Has Demonstrated Concrete and Measurable Progress

The County's letter acknowledges that the District "has made meaningful progress since First Interim," and the record fully supports that acknowledgment. The Administration believes it is important that this progress be stated plainly and without qualification:

- The current-year deficit in the Unrestricted General Fund has been reduced from $36.8 million to $20.8 million; a reduction of $16 million within a single fiscal year. This is part of the overall reductions and shifts presented in open session, totaling over $65 Million.

- The fund balance has been restored to $32.6 million, exceeding both the state-mandated 2% Reserve for Economic Uncertainty and the Board's own 3% reserve requirement.
- The most consequential fiscal resolutions of this year, including Reductions in Force and Personnel Action Reports, passed by margins of 6-0-1 or 5-0-2, reflecting a Board that has governed with discipline and resolve. Your statements about voting margins do not reflect the Board's commitment and resolve to address the difficult fiscal conditions and to implement the fiscal solvency plan.
- The Board adopted Resolution 2526-0177A (Scenario 3) on December 10, 2025, establishing a comprehensive Fiscal Stabilization Implementation Plan (FSIP) with explicit directives governing school site reductions, central office restructuring, special education cost management, accounting realignment, and attendance and enrollment recovery.
- Phases 1 and 2 of the FSIP are complete. The District is now entering Phase 3, the 2026–27 budget development cycle.
- Labor agreements with both OEA and SEIU have been ratified without a work stoppage. This was of primary importance for protecting student programs, attendance, and achievement, especially as year-end approached and graduations were a primary consideration.
- Enrollment has increased for the first time in eight years and is a direct result of deliberate investment in early learning and community trust. The district is reviewing the information and will, regardless, benefit from the prior year ADA for financial purposes.

These are not projections or aspirations. They are accomplished facts. The District respectfully submits that the County's framing of fiscal uncertainty should be read in the context of this documented record of performance.

II. The District Has Operated with Full Transparency Before Its Community and This Board

The County's letter suggests an absence of coherent planning and raises questions about the District's transparency. The record of public Board action directly contradicts this characterization.

When the District identified a structural deficit exceeding $100 million in the fall of 2025, the Board did not defer action or minimize the challenge. On December 10, 2025, the Board voted in open public session to adopt Resolution 2526-0177A, formally acknowledging the full scope of the deficit and authorizing a comprehensive fiscal stabilization framework, Scenario 3, to address it. This was not a quiet administrative adjustment. It was a Board-level, publicly announced declaration of the severity of the District's fiscal condition and the plan to resolve it.

Since that vote, the Administration has provided regular, substantive updates on fiscal stabilization progress at open Board meetings, including reports on spending freezes, mid-year reductions, budget realignment, enrollment trends, and implementation milestones. The community, press, and public have full access to these proceedings. Fiscal stabilization at Oakland Unified has not occurred behind closed doors; it has occurred in full public view. Your memo's lack of acknowledgment of these efforts was disappointing and concerning, especially since we have met to discuss the district's efforts and have kept you and your team informed of the strategies, including seeking your assistance to ensure they are appropriate.

The District has also been direct and transparent with its workforce and community regarding the difficult actions required by the fiscal situation:

- **Personnel Reductions:** The Board approved Reductions in Force affecting both certificated and classified employees for the 2026–27 school year, acting through formal resolutions passed at the February 25 and March 11, 2026 Board meetings. These actions were publicly noticed, publicly deliberated, and publicly ratified. The workforce and community were not surprised; they were informed at every stage.
- **Early Retirement Incentive:** The District proactively offered an early retirement incentive to eligible employees as part of its workforce restructuring strategy — a transparent measure designed to achieve necessary staffing reductions through voluntary means, minimizing involuntary separations and preserving institutional knowledge wherever possible.
- **Labor Negotiations and Strike Averted:** Rather than allow a threatened work stoppage to disrupt the education of Oakland's children, the Administration engaged in good-faith collective bargaining with the Oakland Education Association and reached a tentative agreement in February 2026. A strike was averted. Educators received the compensation recognition they have long deserved. This was accomplished in the middle of a fiscal restructuring, through transparent negotiation, and with full Board oversight. The ratification of agreements with both OEA and SEIU reflects an Administration that does not avoid hard conversations, but rather, addresses them.

This is the record of a district that recognized a crisis, named it publicly, built a plan, executed it transparently, and kept its community informed at every step. The Administration respectfully submits that this record warrants recognition, not skepticism, from the County's oversight function. The budget actions impact both the current year and the budget years, especially the personnel actions. Again, the district has been transparent and provided specific details of the reductions in public session. Your memo's lack of acknowledgment of the district's financial plan and actions transparency was very concerning.

III. The District's Demonstrated Financial Position does not warrant the Going Concern Notice

The District takes strong exception to the issuance of a Going Concern Notice under Education Code § 42127.6 and respectfully submits that such a notice is not supported by the District's current financial position as of the date of the County's letter.

Education Code § 42127.6 authorizes a Going Concern Notice when a county superintendent "determines that a school district may be unable to meet its financial obligations for the current or two subsequent fiscal years." The operative question is whether the District may be unable to meet its obligations — not whether uncertainty exists in the budget, as uncertainty is inherent in all public school budgeting at this stage of the fiscal year.

The District's Second Interim Report, as accepted by ACOE, <u>reflects a positive fund balance, compliance with all state reserve requirements, a positive cash position projected through June 30, 2026, and a multi-year projection that shows a path to structural balance</u>. The District does not meet the statutory threshold for a going concern determination on these facts alone.

Furthermore, the County's letter invokes "going concern" terminology borrowed from corporate insolvency law that does not accurately reflect either the statutory framework or the financial condition of a functioning public school district with over $800 million in annual revenue, 34,000 enrolled students, and full reserve compliance. The use of this terminology without precise statutory grounding risks and has caused undue alarm among families, staff, and the broader community, and does not serve the shared interest in fiscal stability and community trust. This has been reflected in community comments, with district stakeholders reporting confusion and some believing the district is bankrupt and being taken over. This puts the district team in a very difficult position of having to explain the Qualified position and the Going concern statements. Some have commented on the confusion and have added that it is a fabrication, with your office being listed as complicit, to reduce staff and not compensate appropriately. Either way, the Going concern statement has caused significant hardship that the governance team believes was unnecessary and negatively impacts the district's ongoing solvency efforts.

The District formally requests that the County provide the specific factual and statutory basis for the Going Concern Notice, and that this determination be reconsidered in light of the District's actual financial position as reflected in the Second Interim Report and the record of Board action since January 31, 2026.

IV. The District Has a Board-Adopted Plan — The Record Is Clear

The County's letter expresses concern about whether the District has a "coherent fiscal solvency plan." The District respectfully but firmly contests this characterization. The plan and its implementation process are unambiguous.

On December 10, 2025, this Board adopted Resolution 2526-0177A, authorizing the Administration to execute Scenario 3: a comprehensive fiscal stabilization framework with explicit, Board-directed actions across every major cost and revenue category. That resolution is not a series of ad hoc cuts. It is an integrated fiscal strategy with defined implementation phases, accountability structures, and measurable outcomes. Phases 1 and 2 have been executed. Phase 3 is underway.

The County's letter characterizes prior Board votes as frequently divided 4–3. This characterization does not accurately reflect the votes that have mattered most. The Reductions in Force, Personnel Action Reports, and the adoption of Scenario 3 itself each passed by substantial majorities. Majority governance in a democratically elected body is not evidence of dysfunction; it is evidence of a functioning democracy. The Administration will address this characterization directly in a requested governance meeting or in follow-up correspondence. The purpose of these comments was unclear, and they only serve to create confusion and distrust about what constitutes an appropriate governance process.

V. The OEA Tentative Agreement: Full Costing Will Be Provided Through the AB 1200 Process and Third Interim Report

The County's letter raises concern that the tentative agreement reached in February with the Oakland Education Association has not been fully costed or incorporated into the District's financial projections. The District acknowledges this is the case and provides the following clarification of process and timeline.

The OEA Tentative Agreement is among the most complex multi-year labor commitments in this District's recent history. Accurate costing requires a level of analytical rigor that produces figures this Board, our bargaining unit, and this community can rely upon. That work is currently underway.

Pursuant to Education Code § 3547.5 and the AB 1200 public disclosure process, the District will submit the required Public Disclosure of Collective Bargaining Agreement to ACOE no fewer than ten working days before any scheduled Board action on the agreement, as required by statute. The County's own letter acknowledges this requirement, and the District will comply with it fully and on schedule.

The complete fiscal impact of the OEA settlement, including all retroactive costs, ongoing salary and benefit adjustments, and associated budget revisions will also be incorporated into and reported through the Third Interim Budget Report, which will be submitted to ACOE no later than June 1, 2026, as required by Education

Code § 42131. The Board will have this complete fiscal picture with sufficient time to inform its budget adoption process on June 24, 2026.

The District respectfully declines to publish partial, unverified cost estimates in the interim, as doing so would introduce additional uncertainty rather than resolve it. The AB 1200 process and Third Interim Report are the appropriate and statutory vehicles for this disclosure, and the District will meet both deadlines.

VI. The District Will Fulfill Its Required Obligations on Schedule

The District acknowledges the required actions directed by ACOE pursuant to Education Code § 42127.6 and confirms the following:

1. **Encumbrance of All Contracts:** The District will encumber all contracts through June 30, 2026, update all receivables and payables, and revise the budget accordingly.
2. **Cash Flow Projections:** The District will submit two separate two-year cash flow projections as directed, including a projection reflecting updated financials after encumbrance and incorporation of all Board-approved actions since January 31, 2026.
3. **Collective Bargaining Disclosure:** The District will comply with Government Code § 3540.2(a) and Education Code § 3547.5 by submitting required public disclosure materials to ACOE at least ten working days before any Board action on the OEA agreement.
4. **Third Interim Budget Report:** The District will submit a Board-approved Third Interim Budget Report to ACOE and its state partners no later than June 1, 2026, covering the period ending April 30, 2026, and including all required projections, settlement costs, and budget balancing solutions.

The District will meet each of these obligations without exception, in a timely manner, with items 1 and 2 expected to be submitted within the next two weeks. We do not require direction to comply with statute; we comply as a matter of institutional commitment and professional responsibility.

VII. The District's Posture Toward ACOE Oversight

Oakland Unified's posture toward county oversight has been, and will remain, one of proactive partnership, full statutory compliance, and transparent, timely communication. We engaged Hazard, Young, Attea and Associates independently, before any direction from ACOE. We appointed a Deputy Superintendent for Business and Operations to strengthen institutional oversight. We have communicated proactively at every stage of this fiscal year and have believed your office's statements of partnership and support.

We welcome ACOE's stated commitment to partnership. We are prepared to engage constructively in developing a long-range plan, and we will provide ACOE with a substantive update on the scope and timeline of that work in connection with the Third Interim submission. We acknowledge, however, that your letter has significantly hindered the school district's communication, solvency, and stabilization efforts.

A partnership requires an accurate characterization of the District's record. The District respectfully but directly asks that the County's communications reflect the full factual record; including the Board's demonstrated resolve, the Administration's demonstrated performance, and the real and measurable fiscal progress this District has achieved on behalf of Oakland's children, and clearly explain or retract the Going concern stipulation.

Oakland Unified is committed to the path of fiscal stabilization and long-term excellence. The work ahead is significant, and we do not minimize it. But the District is on that path, moving in the right direction, with a real plan, a capable team, and a clear destination.

We welcome continued dialogue and remain committed to the shared work of serving Oakland's children with both fiscal integrity and educational excellence.

Respectfully submitted,

Denise Gail Saddler

Denise Gail Saddler, Ed.D.
Interim Superintendent
Oakland Unified School District

cc:
OUSD Board of Education
Tara Gard, Deputy Superintendent, Business & Operations
Jenine Lindsey, General Counsel
District Fiscal Advisory Team, Hazard, Young, Attea & Associates

OAKLAND UNIFIED SCHOOL DISTRICT

April 30, 2026

Allan Garde, Associate Superintendent of Business Services
Shirene Moreira, Chief of District Business & Advisory Services
Alameda County Office of Education (ACOE) via email

RE: Response to ACOE's - Qualified Certification and Going Concern Notice (April 16, 2026), *Required Actions (Transparency and Solvency)*

Dear Mr. Garde and Ms. Moreira:

This letter responds to the Required Actions in the *Alameda County Office of Education's Qualified Certification and Going Concern Notice* dated April 16, 2026. Enclosed are the deliverables required under Education Code Section 42127.6, which Oakland Unified School District is submitting by the April 30, 2026 deadline. Our response to each Required Action follows below.

Required Action 1 - Encumbrance of Contracts, Reconciliation of Receivables and Payables, and Corresponding Budget Revision (Education Code § 42127.6(d))

As of the date of this letter, OUSD has encumbered all contracts and other known obligations that have been submitted by the District's submission deadlines through June 30, 2026; updated all receivables and payables based on the most current information available; and revised the budget to reflect these adjustments. The accompanying budget revision supersedes the position presented at Second Interim where applicable and is the basis for the Post-Update cash flow projection described under Required Action 2.

The encumbrances and receivable and payable reconciliations submitted today represent the District's position as of April 30, 2026 and will continue to be refined through year-end close as remaining invoices are received, accruals are finalized, and post-close adjustments are recorded. Any material variances identified during the close process will be reflected in the 2025-26 Unaudited Actuals and reported in subsequent interim filings, consistent with standard practice.

Required Action 2 - Two-Year Cash Flow Projections, July 1, 2025 through June 30, 2027 (Education Code § 42127.6(c))

Pursuant to ACOE's directive, OUSD has submitted two cash flow projections to ACOE, one with the second interim report and this draft cash flow covering the period July 1, 2025 through June 30, 2027. However, it is important that we note that the district will revise the cash flow calculations once the May Revision information is received and as the district's fund balances are finalized, both are expected by the end of May. Note, we consider the current cash flow a draft estimate that is missing important State information related to revenue that will make the subsequent cash flows more useful for review and budgetary considerations.

For the preparation of this estimated cash flow, the following assumptions were included:

Table: Assumptions
Purpose: Comment on Assumptions

FY	Change Amount	Change %	Resources if Revenue	Objects	Description
FY 25-26	13,000,000			1xxx	AB1200 OEA is projected to be $13m for FY25-26 and an additional $32m FY 26-27
FY 25-26	17,744,633		UnE		Unearned revenue adjustments
FY 26-27	32,000,000			1xxx	AB1200 OEA
FY 26-27		2.41%	LCFF	8xxx	LCFF Cola
FY 26-27		2.50%		1xxx-3xxx	Employee step & column
FY 26-27		4.00%		3xxx	Employer paid statutory, including H&W
FY 26-27				1xxx-3xxx	FY 26-27 budget balancing solutions, shifts to restricted
FY 26-27	(4,850,000)			1xxx-3xxx	FY 26-27 PARS Early retirement from FY 25-26 savings
FY 26-27	496,000			1xxx-3xxx	FY 26-27 PARS Early retirement from FY 25-26 cost
FY 26-27	(10,500,000)				FY 26-27 position reduction in force RIF
FY 26-27	(16,251,000)				FY 26-27 RIF from restricted positions

Projection A - Second Interim Baseline. This cash flow was provided in the second interim report and reflects the financials as adopted in the District's 2025-26 Second Interim Report and is provided to allow ACOE to evaluate the District's projected cash position on the basis previously certified to the County.

Projection B - Post-Update Scenario. This projection reflects the same two-year period after (i) encumbering all contracts through June 30, 2026 as received and encumbered by April 30, 2026, (ii) updating receivables and payables, and (iii) incorporating all Board-approved and Board-directed actions taken since January 31, 2025, including the certificated and classified layoff actions noticed on March 15, 2026 and the OEA Tentative Agreement.

Both projections reflect the best information available as of April 30, 2026. The Post-Update Scenario incorporates the noticed layoff actions at the level reflected in the statutory March 15, 2026 notices; final realized savings remain subject to completion of the statutory layoff process, including bumping rights, retirements, and resignations, and will be reflected in subsequent cash flow updates including at Third Interim. The OEA settlement is incorporated based on the currently quantified contractual terms.

OAKLAND UNIFIED SCHOOL DISTRICT

OUSD Cash Flow FY25-26 i-3 v206-0430-2020.xlsx
CALC CF Y25-26 i-3

	FY25-26	FY25-26	FY25-26	FY25-26	FY25-26	FY25-26
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL
2025/26 Through June	July	Aug	Sept	Oct	Nov	Dec
A. BEGINNING CASH	**267,909,087**	**249,877,687**	**231,969,469**	**228,945,914**	**202,328,528**	**156,105,641**
B. RECEIPTS						
LCF Revenue Sources						
Principal Apportionment	12,564,825	13,227,463	36,160,982	24,656,252	23,809,433	36,160,982
Property Taxes	29,373	8,473,781	7,401,537	0	155,482	76,546,295
Miscellaneous Funds	(2,939,082)	(5,289,611)	(3,526,407)	(3,519,575)	(3,501,647)	(3,558,000)
Federal Revenues	12,499,497	0	9,787	123,945	298,636	3,654,463
Other State Revenues	8,727,254	4,140,143	24,435,221	15,566,525	13,029,464	11,090,890
Other Local Revenues	(1,358,943)	5,472,034	6,261,224	4,739,745	1,205,761	36,079,824
Interfund Transfers In	0	0	0	0	0	0
All Other Financing Sources	0	0	0	0	0	0
Undefined Objects	0	0	0	0	0	0
TOTAL RECEIPTS	**29,522,925**	**26,023,810**	**70,742,343**	**41,566,891**	**34,997,129**	**159,974,455**
C. DISBURSEMENTS						
Certificated Salaries	6,064,914	24,254,417	25,886,990	26,039,027	26,178,848	25,324,905
Classified Salaries	7,351,529	9,883,219	12,164,105	13,809,349	13,911,437	12,318,532
Employee Benefits	7,180,823	17,477,401	19,340,338	20,056,309	20,134,287	19,581,115
Books and Supplies	158,360	890,866	3,786,046	2,177,838	1,986,285	1,320,853
Services	1,239,163	6,343,966	10,763,999	12,039,485	23,449,656	19,781,011
Capital Outlay	(4,207)	(5,378)	741,260	840,369	711,078	553,165
Other Outgo	1,038	149	(424,377)	69,891	27,094	(113,937)
Interfund Transfers Out	0	0	0	0	0	0
All Other Financing Uses	0	0	0	0	0	0
Undefined Objects	0	0	0	0	0	0
TOTAL DISBURSEMENTS	**21,991,620**	**58,844,640**	**72,258,360**	**75,032,267**	**86,398,684**	**78,765,645**
D. BALANCE SHEET ITEMS						
Assets and Deferred Outflows						
Cash Not In Treasury	1,880,221	(33,931)	(64,900)	528,338	(140,473)	(430,588)
Accounts Receivable	32,696,593	4,789,801	7,562,704	1,221,438	333,581	5,263,380
Due From Other Funds	224,177	1,233,243	(9,589,867)	(9,856)	600,000	(236,380)
Stores	0	0	0	0	0	0
Prepaid Expenditures	0	0	0	0	0	0
Other Current Assets	0	0	0	0	0	0
Deferred Outflows of Resources	0	0	0	0	0	0
Undefined Objects	0	0	0	0	0	0
SUBTOTAL ASSETS	**34,800,991**	**5,989,113**	**(2,092,063)**	**1,739,920**	**793,108**	**4,596,412**
Liabilities and Deferred Inflows						
Accounts Payable	(43,289,851)	8,498,355	2,066,673	3,921,297	4,385,560	760,748
Due To Other Funds	(1,324,495)	415,123	281	0	0	(46,043)
Current Loans	0	0	0	0	0	0
Unearned Revenues	(15,749,351)	10,022	(1,482,428)	1,186,773	0	(82,890)
Deferred Inflows of Resources	0	0	0	0	0	0
Undefined Objects	0	0	0	0	0	0
SUBTOTAL LIABILITIES	**(60,363,696)**	**8,923,500**	**584,526**	**5,108,070**	**4,385,560**	**631,815**
Nonoperating						
Suspense Clearing	**0**	**0**	**0**	**0**	**0**	**0**
TOTAL BALANCE SHEET ITEMS	**(25,562,705)**	**14,912,613**	**(1,507,537)**	**6,847,990**	**5,178,668**	**5,228,227**
E. NET INCREASE/DECREASE						
B - C + D	**(18,031,400)**	**(17,908,218)**	**(3,023,555)**	**(26,617,386)**	**(46,222,888)**	**86,437,037**
F. ENDING CASH (A + E)	**249,877,687**	**231,969,469**	**228,945,914**	**202,328,528**	**156,105,641**	**242,542,678**
G. Ending Cash, Plus Cash Accruals and Adjustments						

OAKLAND UNIFIED SCHOOL DISTRICT

OUSD Cash Flow FY25-26 i-3 v206-0430-2020.xlsx
CALC CF Y25-26 i-3

	FY25-26	FY25-26	FY25-26	FY25-26	FY25-26	FY25-26	FY25-26	FY25-26
	ACTUAL	ACTUAL	ACTUAL	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROJECTION
2025/26 Through June	Jan	Feb	Mar	Apr	May	June	Total	Budget
A. BEGINNING CASH	**242,542,678**	**214,684,015**	**219,058,865**	**174,607,476**	**192,843,324**	**141,826,962**		
B. RECEIPTS								
LCF Revenue Sources								
Principal Apportionment	23,809,433	24,358,756	31,345,316	27,708,051	27,708,051	0	281,509,543	309,217,594
Property Taxes	(4,380)	44,310,395	(3,954,661)	43,066,446	17,663,054	35,326,108	229,013,431	229,013,431
Miscellaneous Funds	(1,040,917)	(69,255)	(10,354,489)	(3,209,634)	(4,405,168)	(4,405,168)	(45,818,952)	(45,818,952)
Federal Revenues	7,142,064	319,289	(766,137)	2,092,034	12,628,245	25,256,491	63,258,314	79,624,833
Other State Revenues	8,875,635	19,527,444	10,910,864	2,758,952	19,443,742	38,887,484	177,393,617	184,227,434
Other Local Revenues	10,877,392	1,460,597	616,907	22,879,276	5,838,816	11,677,632	105,750,263	105,750,263
Interfund Transfers In	0	0	0	0	0	0	0	0
All Other Financing Sources	0	0	0	0	0	15,000	15,000	15,000
Undefined Objects	0	0	0	0	0	0	0	0
TOTAL RECEIPTS	**49,659,226**	**89,907,226**	**27,797,799**	**95,295,125**	**78,876,741**	**106,757,548**	**811,121,217**	**862,029,602**
C. DISBURSEMENTS								
Certificated Salaries	25,847,429	26,415,476	26,417,828	26,053,003	17,630,615	10,266,330	266,379,781	280,500,399
Classified Salaries	12,583,566	12,695,830	17,745,518	13,319,714	11,337,245	7,343,435	144,463,478	152,121,393
Employee Benefits	19,688,147	19,888,499	21,738,534	20,099,293	26,107,353	19,720,814	231,012,912	243,258,756
Books and Supplies	1,447,768	4,637,169	2,014,669	2,647,423	14,184,895	14,184,895	49,437,067	50,657,234
Services	11,048,771	23,279,830	17,227,135	17,330,851	37,415,924	37,415,924	217,335,713	222,699,821
Capital Outlay	67,097	777,422	175,239	587,618	2,561,684	2,561,684	9,567,029	9,803,155
Other Outgo	57,842	144,171	(31,293)	0	2,164,429	2,164,429	4,059,435	4,159,626
Interfund Transfers Out	3,000,000	0	0	0	0	0	3,000,000	3,000,000
All Other Financing Uses	0	0	0	0	0	0	0	0
Undefined Objects	0	0	0	0	0	0	0	0
TOTAL DISBURSEMENTS	**73,740,620**	**87,838,397**	**85,287,629**	**80,037,902**	**111,402,143**	**93,657,510**	**925,255,415**	**966,200,385**
D. BALANCE SHEET ITEMS								
Assets and Deferred Outflows								
Cash Not In Treasury	79,365	(273,795)	883,505	0	(1,618,494)	(809,247)	0	
Accounts Receivable	(6,500,394)	578,224	9,101,767	(289,909)	(36,504,790)	(2,000,000)	16,252,395	
Due From Other Funds	285,317	0	(359,350)	(240,650)	0	0	(8,093,366)	
Stores	0	0	0	0	0	0	0	
Prepaid Expenditures	0	0	0	0	0	0	0	
Other Current Assets	0	0	0	0	0	0	0	
Deferred Outflows of Resources	0	0	0	0	0	0	0	
Undefined Objects	0	0	0	0	0	0	0	
SUBTOTAL ASSETS	**(6,135,712)**	**304,429**	**9,625,922**	**(530,559)**	**(38,123,284)**	**(2,809,247)**	**8,159,029**	
Liabilities and Deferred Inflows								
Accounts Payable	2,488,916	2,001,591	1,651,126	3,509,465	9,337,412	4,668,706	(0)	
Due To Other Funds	(2,895)	0	0	(281)	638,873	319,437	0	
Current Loans	0	0	0	0	0	0	0	
Unearned Revenues	2,547,053	0	1,761,394	0	7,872,952	3,936,476	(0)	
Deferred Inflows of Resources	0	0	0	0	0	0	0	
Undefined Objects	(2,674,631)	0	0	0	1,783,087	891,544	(0)	
SUBTOTAL LIABILITIES	**2,358,443**	**2,001,591**	**3,412,520**	**3,509,185**	**19,632,324**	**9,816,163**	**(1)**	
Nonoperating								
Suspense Clearing	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
TOTAL BALANCE SHEET ITEMS	**(3,777,269)**	**2,306,020**	**13,038,442**	**2,978,625**	**(18,490,960)**	**7,006,916**	**8,159,028**	
E. NET INCREASE/DECREASE								
B - C + D	**(27,858,662)**	**4,374,849**	**(44,451,388)**	**18,235,848**	**(51,016,362)**	**20,106,954**	**(105,975,171)**	**(104,170,783)**
F. ENDING CASH (A + E)	**214,684,015**	**219,058,865**	**174,607,476**	**192,843,324**	**141,826,962**	**161,933,916**		
G. Ending Cash, Plus Cash Accruals and Adjustments						**189,641,967**		

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OAKLAND UNIFIED SCHOOL DISTRICT

OUSD Cash Flow FY25-26 i-3 v206-0430-2020.xlsx
CALC CF Y25-26 i-3

	Y25-:Y25-2	FY25-26	FY25-26	FY25-26	FY25-26	oo FY26-27	FY26-27	FY26-27	FY26-27 PROJECTION	FY26-27 PROJECTION	FY26-27 PROJECTION	FY26-27 PROJECTION
2025/26 Through June	Org Fund	z Check Projection Total to Budget	Accruals	z Adjusted Budget	Budget Adjustments Total	Beginning Balance	Adjusted Budget	oo	July	Aug	Sept	Oct
A. BEGINNING CASH	**30 01**								**161,933,916**	**170,311,179**	**149,236,778**	**142,857,172**
B. RECEIPTS												
LCF Revenue Sources												
Principal Apportionment	30 01	0	27,708,051	309,217,594	0		**316,669,738**		40,272,876	13,227,463	36,160,982	24,656,252
Property Taxes	30 01	(0)		229,013,431	0		**229,013,431**		29,373	8,473,781	7,401,537	0
Miscellaneous Funds	30 01	0		(45,818,952)	0		**(45,818,952)**		(2,939,082)	(5,289,611)	(3,526,407)	(3,519,575)
Federal Revenues	30 01	0		63,258,313	(16,366,519)		**63,258,313**		12,499,497	0	9,787	123,945
Other State Revenues	30 01	0		177,393,617	(6,833,817)		**177,393,617**		8,727,254	4,140,143	24,435,221	15,566,525
Other Local Revenues	30 01	0		105,750,263	0		**105,750,263**		(1,358,943)	5,472,034	6,261,224	4,739,745
Interfund Transfers In	30 01	0		0	0		**0**		0	0	0	0
All Other Financing Sources	30 01	0		15,000	0		**15,000**		0	0	0	0
Undefined Objects	30 01	0		0	0		**0**		0	0	0	0
TOTAL RECEIPTS	**30 01**	**1**	**27,708,051**	**838,829,266**	**(23,200,336)**		**846,281,410**		**57,230,975**	**26,023,810**	**70,742,343**	**41,566,891**
C. DISBURSEMENTS												
Certificated Salaries	30 01	0	7,364,284	273,744,065	(6,756,334)		**298,653,272**		6,457,411	25,824,067	27,562,293	27,724,169
Classified Salaries	30 01	0	3,993,810	148,457,288	(3,664,105)		**161,966,086**		7,827,291	10,522,821	12,951,317	14,703,035
Employee Benefits	30 01	(0)	6,386,539	237,399,451	(5,859,305)		**259,001,498**		7,645,537	18,608,469	20,591,968	21,354,273
Books and Supplies	30 01	(0)		49,437,067	(1,220,167)		**49,437,067**		154,546	869,408	3,694,852	2,125,381
Services	30 01	(0)		217,335,713	(5,364,108)		**217,335,713**		1,209,316	6,191,161	10,504,729	11,749,493
Capital Outlay	30 01	(0)		9,567,030	(236,126)		**9,567,030**		(4,106)	(5,248)	723,405	820,127
Other Outgo	30 01	0		4,059,435	(100,192)		**4,059,435**		1,013	145	(414,155)	68,208
Interfund Transfers Out	30 01			3,000,000					0	0	0	0
All Other Financing Uses	30 01			0						0	0	0
Undefined Objects	30 01			0						0	0	0
TOTAL DISBURSEMENTS	**30 01**	**17,744,633**	**17,744,633**	**943,000,049**			**1,000,020,101**		**23,291,008**	**62,010,823**	**75,614,410**	**78,544,686**
D. BALANCE SHEET ITEMS												
Assets and Deferred Outflows												
Cash Not In Treasury	30 01					**(7,162,492)**			1,880,221	(33,931)	(64,900)	528,338
Accounts Receivable	30 01					**(48,255,920)**			32,696,593	4,789,801	7,562,704	1,221,438
Due From Other Funds	30 01					**(10,459,618)**			224,177	1,233,243	(9,589,867)	(9,856)
Stores	30 01					**0**			0	0	0	0
Prepaid Expenditures	30 01					**(77,280)**			0	0	0	0
Other Current Assets	30 01					**(1,620)**			0	0	0	0
Deferred Outflows of Resources	30 01					**0**			0	0	0	0
Undefined Objects	30 01					**0**						
SUBTOTAL ASSETS	**30 01**					**(65,956,929)**			**34,800,991**	**5,989,113**	**(2,092,063)**	**1,739,920**
Liabilities and Deferred Inflows												
Accounts Payable	30 01					**63,552,637**			(43,289,851)	8,498,355	2,066,673	3,921,297
Due To Other Funds	30 01					**5,086,193**			(1,324,495)	415,123	281	0
Current Loans	30 01					**0**			0	0	0	0
Unearned Revenues	30 01					**16,775,158**			(15,749,351)	10,022	(1,482,428)	1,186,773
Deferred Inflows of Resources	30 01					**0**			0	0	0	0
Undefined Objects	30 01					**(0)**			0	0	0	0
SUBTOTAL LIABILITIES	**30 01**					**85,413,987**			**(60,363,696)**	**8,923,500**	**584,526**	**5,108,070**
Nonoperating												
Suspense Clearing	**30 01**											
TOTAL BALANCE SHEET ITEMS	**30 01**								**(25,562,705)**	**14,912,613**	**(1,507,537)**	**6,847,990**
E. NET INCREASE/DECREASE												
B - C + D	**30 01**								**8,377,262**	**(21,074,401)**	**(6,379,605)**	**(30,129,805)**
F. ENDING CASH (A + E)	**30 01**								**170,311,179**	**149,236,778**	**142,857,172**	**112,727,367**
G. Ending Cash, Plus Cash Accruals and Adjustments												

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OAKLAND UNIFIED SCHOOL DISTRICT

OUSD Cash Flow FY25-26 i-3 v206-0430-2020.xlsx
CALC CF Y25-26 i-3

	FY26-27	FY26-27	FY26-27	FY26-27	FY26-27	FY26-27	FY26-27	FY26-27	FY26-27	
	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROJECTION	PROJECTION	
2025/26 Through June	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total	Check Budget to Actual Projection
A. BEGINNING CASH	**112,727,367**	**63,237,432**	**146,489,978**	**118,174,085**	**119,425,328**	**71,175,971**	**80,752,557**	**44,623,511**		
B. RECEIPTS										
LCF Revenue Sources										
Principal Apportionment	23,809,433	36,160,982	23,809,433	24,358,756	31,345,316	27,708,051	11,720,065	23,440,130	316,669,738	(0)
Property Taxes	155,482	76,546,295	(4,380)	44,310,395	(3,954,661)	43,066,446	17,663,054	35,326,108	229,013,431	0
Miscellaneous Funds	(3,501,647)	(3,558,000)	(1,040,917)	(69,255)	(10,354,489)	(3,209,634)	(2,936,778)	(5,873,557)	(45,818,952)	(0)
Federal Revenues	298,636	3,654,463	7,142,064	319,289	(766,137)	2,092,034	12,628,245	25,256,491	63,258,313	(0)
Other State Revenues	13,029,464	11,090,890	8,875,635	19,527,444	10,910,864	2,758,952	19,443,742	38,887,484	177,393,617	(0)
Other Local Revenues	1,205,761	36,079,824	10,877,392	1,460,597	616,907	22,879,276	5,838,816	11,677,632	105,750,263	(0)
Interfund Transfers In	0	0	0	0	0	0			0	0
All Other Financing Sources	0	0	0	0	0	0	5,000	10,000	15,000	0
Undefined Objects	0	0	0	0	0	0			0	0
TOTAL RECEIPTS	**34,997,129**	**159,974,455**	**49,659,226**	**89,907,226**	**27,797,799**	**95,295,125**	**64,362,144**	**128,724,288**	**846,281,411**	**(1)**
C. DISBURSEMENTS										
Certificated Salaries	27,873,039	26,963,832	27,520,172	28,124,981	28,127,485	27,739,050	14,912,258	29,824,515	298,653,272	(0)
Classified Salaries	14,811,730	13,115,739	13,397,925	13,517,454	18,893,937	18,893,937	7,776,967	15,553,933	161,966,087	(0)
Employee Benefits	21,437,298	20,848,327	20,962,286	21,175,603	23,145,365	23,145,365	20,029,001	40,058,003	259,001,498	0
Books and Supplies	1,938,441	1,289,038	1,412,896	4,525,475	1,966,142	1,966,142	9,831,582	19,663,163	49,437,067	(0)
Services	22,884,831	19,304,551	10,782,642	22,719,095	16,812,190	16,812,190	26,121,838	52,243,677	217,335,713	0
Capital Outlay	693,950	539,841	65,480	758,696	171,018	171,018	1,877,616	3,755,231	9,567,029	0
Other Outgo	26,441	(111,192)	56,448	140,699	(30,539)	(30,539)	1,450,969	2,901,937	4,059,434	0
Interfund Transfers Out	0	0	0	0	0	0			0	0
All Other Financing Uses	0	0	0	0	0	0			0	0
Undefined Objects	0	0	0	0	0	0			0	0
TOTAL DISBURSEMENTS	**89,665,731**	**81,950,136**	**74,197,850**	**90,962,003**	**89,085,598**	**88,697,164**	**82,000,230**	**164,000,460**	**1,000,020,100**	**1**
D. BALANCE SHEET ITEMS										
Assets and Deferred Outflows										
Cash Not In Treasury	(140,473)	(430,588)	79,365	(273,795)	883,505	0	(1,618,494)	(809,247)	0	
Accounts Receivable	333,581	5,263,380	(6,500,394)	578,224	9,101,767	(289,909)	(36,504,790)	(2,000,000)	16,252,395	
Due From Other Funds	600,000	(236,380)	285,317	0	(359,350)	(240,650)	0	0	(8,093,366)	
Stores	0	0	0	0	0	0	0	0	0	
Prepaid Expenditures	0	0	0	0	0	0	0	0	0	
Other Current Assets	0	0	0	0	0	0	0	0	0	
Deferred Outflows of Resources	0	0	0	0	0	0	0	0	0	
Undefined Objects										
SUBTOTAL ASSETS	**793,108**	**4,596,412**	**(6,135,712)**	**304,429**	**9,625,922**	**(530,559)**	**(38,123,284)**	**(2,809,247)**	**8,159,029**	
Liabilities and Deferred Inflows										
Accounts Payable	4,385,560	760,748	2,488,916	2,001,591	1,651,126	3,509,465	9,337,412	4,668,706	(0)	
Due To Other Funds	0	(46,043)	(2,895)	0	0	(281)	638,873	319,437	0	
Current Loans	0	0	0	0	0	0	0	0	0	
Unearned Revenues	0	(82,890)	2,547,053	0	1,761,394	0	7,872,952	3,936,476	(0)	
Deferred Inflows of Resources	0	0	0	0	0	0	0	0	0	
Undefined Objects	0	0	(2,674,631)	0	0	0	1,783,087	891,544	(0)	
SUBTOTAL LIABILITIES	**4,385,560**	**631,815**	**2,358,443**	**2,001,591**	**3,412,520**	**3,509,185**	**19,632,324**	**9,816,163**	**(1)**	
Nonoperating										
Suspense Clearing										
TOTAL BALANCE SHEET ITEMS	**5,178,668**	**5,228,227**	**(3,777,269)**	**2,306,020**	**13,038,442**	**2,978,625**	**(18,490,960)**	**7,006,916**	**8,159,028**	
E. NET INCREASE/DECREASE										
B - C + D	**(49,489,935)**	**83,252,545**	**(28,315,893)**	**1,251,243**	**(48,249,357)**	**9,576,587**	**(36,129,046)**	**(28,269,256)**		
F. ENDING CASH (A + E)	**63,237,432**	**146,489,978**	**118,174,085**	**119,425,328**	**71,175,971**	**80,752,557**	**44,623,511**	**16,354,255**		
G. Ending Cash, Plus Cash Accruals and Adjustments										
Additional FY25-26 RIF for FY26-27 Positions from Fund Balance restricted resources.								16,251,000		
Final Adjust Ending Cash								32,605,255		

Continued Engagement

OUSD is committed to sustaining the level of fiscal transparency reflected in these submissions and to working in close partnership with ACOE.

Thank you for your continued partnership and leadership.

Sincerely,

Tara Gard
Deputy Superintendent of Business and Operations

cc: Alysse Castro, Alameda County Superintendent of Schools
Dr. Denise Saddler, Interim Superintendent, OUSD
OUSD Board of Education
Ryan Nguyen, Chief Financial Officer, OUSD
Ruben Frutos, Fiscal Advisory Team, HYA
La Tanya Kirk-Carter, Fiscal Advisory Team, HYA
Julia Xu, Director III, District Advisory Services, ACOE

Financial Stabilization Implementation Plan:
Protecting Equity, Maintaining Local Control, and Prioritizing Students

4th Progress Report to the Board of Education and Community

February 25, 2026

OAKLAND UNIFIED SCHOOL DISTRICT

Community Schools, Thriving Students

Overview & Outcomes

1. Recap Fiscal Landscape & Challenges
2. Our Proposed Solutions
3. Next Steps

The Challenge - RECAP

The Challenge

REVENUES ARE DOWN

- ADA and attendance rates are below historical averages impacting district revenue.
- Declining enrollment (34,000 students vs. 37,000+ historically)
- Federal COVID relief funds expired creating a funding cliff
- State One-time funding
- Federal uncertainties and shifts in federal policy.

COSTS ARE RISING

- Health insurance premiums increasing 8-10% annually
- Pension contributions (CalSTRS/CalPERS) mandated increases
- Aging facilities requiring emergency repairs
- Education costs in California are growing faster than enrollment (costs outpacing state provided COLA)
- Rising Special Education costs based on shifting needs of our students we serve

⚠️ THE RESULT: STRUCTURAL DEFICIT

- **$100M+ gap between ongoing revenues and ongoing expenses**
- This isn't a one-year problem we can "wait out"—it's a structural mismatch requiring comprehensive action.

The Board's Mandate

Resolution No 2526-0177A - Dec. 10, 2025 " ***Board Resolution***
It is the Board's duty to approve a fiscally responsible budget preserves local control.

Financial Goals	Operational Goals
✦ **2025-26.** Ensure the Board-required 3% Reserve for Economic Uncertainty is maintained beginning 2025-26 (~$27M total) ✦ **2026-27+.** Address projected Unrestricted General Fund deficits over $70M in each of 2026-27 and 2027-28	✦ No school closures ✦ Prioritize reductions in Central, furthest from students ✦ Enhance efforts to improve student attendance and enrollment ✦ Reduce reliance on one-time funds ✦ Improve fiscal controls, monitoring, and transparency

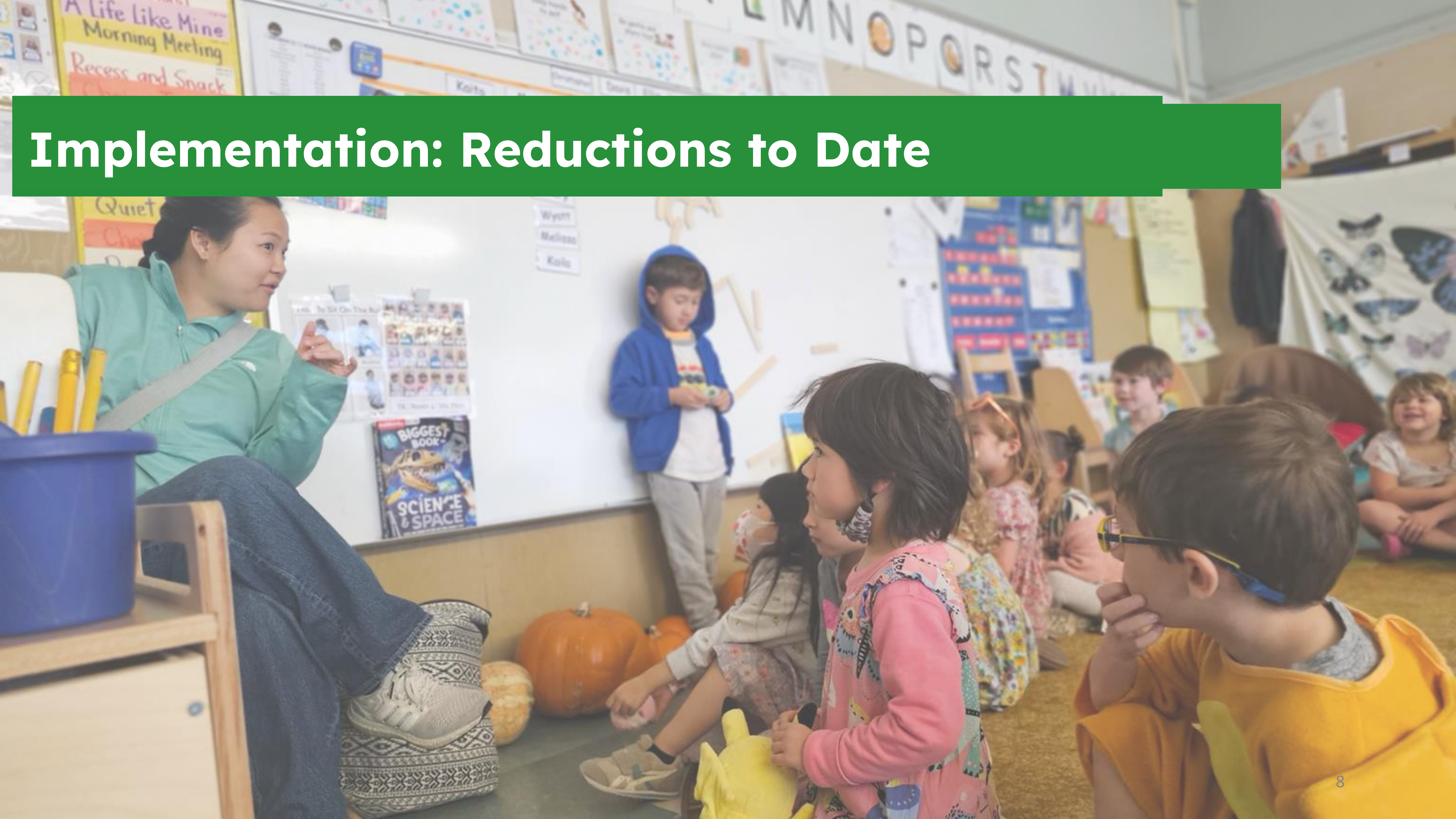
* The Board Resolution (as amended November 19, 2025 contained other directives regarding the Board's intent and methods to be considered in building budget scenarios).

Our Response (Solutions)

Implementation Plan Overview 2026-27

Summarized Actions for 26-27	Target	Status
Central Office Reductions	$21,000,000	On Track
School Site Budget Reduction between 7.5-10%	$32,000,000	Pending
Central Office Reductions 15-20% reduction above 21M	$11,000,000	On Track
Reduce school site access to unutilized spaces	$1,600,000	On Track
After budget development second tier contract review	TBD	On Track
Decreased RRMA expenditures	$1,000,000	On Track
Increased attendance by 2%	$10,000,000	Under Review
TK Hub Launch for 2-3 Hubs	$1,500,000	On Track
Centralized Procurement of Materials and Services	TBD	On Track
Fleet Management System (Future Savings)	TBD	On Track
Shift Attendance Specialist & Noon Supervisors to S&C	$3,860,000	Completed
Shift costs of small schools into S&C	$8,500,000	Completed
10% reduction of contribution to Special Education	$12,000,000	Under Review
Feasibility Study for NPS in OUSD Properties	TBD	On Track
Grand Total	**$102,460,000**	

Implementation: Reductions to Date



Key Takeaways

- **Resource Maximization:** By shifting **$50.1M** (combined shifts) to restricted funds, OUSD is preserving essential student services while "freeing up" the Unrestricted General Fund to address the structural deficit.

- **Lean Central Office:** The 20% reduction in central supplies and services signals a "lean" administrative approach.

- **Sustainability:** The focus on FY 26-27 ongoing shifts demonstrates a transition from emergency "one-time" fixes to a sustainable multi-year financial model.

Analysis and Detail Report - Deficit Abatement				
OUSD - Fiscal Shifts & Reductions				
Reductions		FY 25-26		
	Central 20% - Labor & Supplies/Materials/Services		1,964,199	3.01%
	Schools 10% - Labor - Certif/Classif/Benefits		29,011	0.04%
	Schools 10% - Supplies/Materials/Services		74,390	0.11%
	Deferred Maintenance		2,000,000	3.07%
Shifts				
	Central - 20% Suppl & Conc - Certif/Classif/Benefits		1,430,239	2.19%
	Central - 20% Suppl & Conc- Supplies/Matls/Svcs		3,026,293	4.64%
	Schools - Suppl & Conc- Certif/Classif/Benefits		1,488,945	2.28%
	Schools - Suppl & Conc - Supplies/Matls/Svcs		72,905	0.11%
	Central - Labor and Non-Labor costs to Suppl & Conc		500,000	0.77%
	Costs Alt Ed / Suppl & Conc carryover		10,000,000	15.33%
	To restricted - Attendance clerks / Noon Supvs		1,400,000	2.15%
	To Discretionary Block Grant - Labor and Non-Labor		4,600,000	7.05%
	Custodial costs transfer		2,100,000	3.22%
Reductions		FY 26-27		
	Central / Schools - Certif/Classif/Benefits		*11,000,000*	*16.86%*
Shifts				
	Ongoing shift Noon Supvs to S&C		640,000	0.98%
	Ongoing shift Alt Ed to S&C		11,000,000	16.86%
	Ongoing shift Small Schools to S&C		9,000,000	13.80%
	Labor & Non-Labor to Resource 6019		4,900,000	7.51%
Total - Fiscal Shifts and Reductions				
			65,225,982	
TBD:	PARS savings, Grant FTEs, Balances			
		Aggregate: Central		*10.61%*
	Feb. 2026 - Source: OUSD staff data	*Aggregate: Schools*		*2.55%*

OUSD Budget Certification Status

December 2024
Negative Certification

March 2025
Qualified Certification

December 2025
Qualified Certification

Recommended Negative Certification

Board adopted as Qualified

Qualified accepted by ACOE

March 2026
Goal: Qualified Certification (or better)

Next Steps

2025-26 Budget Development and Prioritization Timeline

October - November 2025
Board Provides Direction on Budget Priorities

November - December 2025
First Interim Report
Board Adoption of Budget Scenario 3

December 10, 2026
School Site One Pagers

All Labor Meeting

January 20, 2026
Presentation of the Fiscal Expert Team (HYA)

January 28, 2026
Update to BOE on Scenario 3 Implementation

January-February 25, 2026
Engagement Sessions

Jan 28 All Labor
Feb 5th Budget & Finance
Jan 31st PSAC Fish Bowl

February 11, 2026
Board Reviews Budget Reduction Proposals

February 25, 2026
Board takes Action on Reduction in Force

March 2026
Second Interim Report &
March 15th Reduction Notices

May 2026
Governor's Budget Revise
2026-27 LCAP & Budget First Draft

June 2026
2026-27 LCAP & Budget Public Hearing
Board Adopts by 6/30

A Strategic, Four-Phase Approach

Proactive and Systematic Stewardship

✓ Phase 1: Immediate Stabilization (Winter 2025 - Spring 2026)

Board-initiated third-party verification • Restored reserves • Qualified First Interim

▶ Phase 2: Workforce Realignment (February/March 2026)

Strategic staffing adjustments protecting student-facing services while right-sizing to enrollment reality; Implementing immediate reductions while protecting key programs, maintaining neighborhood schools, and sustaining educational quality.

See Workforce Realignment Items on Today's Agenda:

- ➔ 26-0448 Reduction in Force:Classified
- ➔ 26-0449 Reduction in Force:Certification
- ➔ 25-2712B PARS Retirement Incentive

▶ Phase 3: Budget Adoption for FY 26/27 (April-June 2026)

Continued refinement of assumptions, may revise, adopting a balanced budget by June 30

▶ Phase 4: Long-Term Sustainability and Growth (FY 27/28 - FY 28/29)

Implementing fiscal expert recommendations • Building operational excellence • Positioning Oakland for enrollment growth and academic achievement gains

THANK YOU

Questions?

OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students

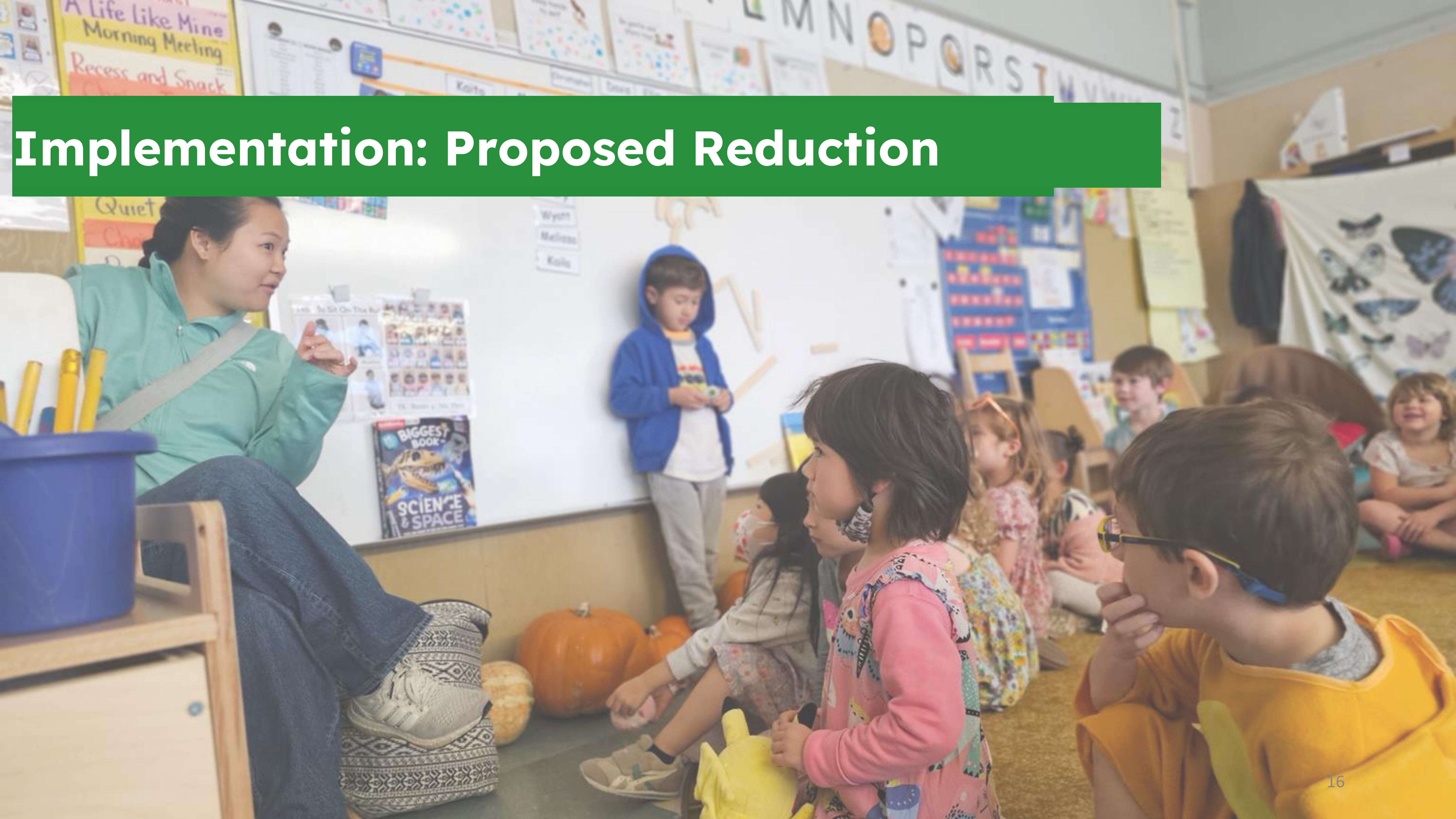
Appendix

(Link in Slide 13)

OAKLAND UNIFIED SCHOOL DISTRICT

Community Schools, Thriving Students

Implementation: Proposed Reduction



A) Central Office Reductions

Summarized Actions for 26-27	Target	Status
Central Office Reductions	$21,000,000	**On Track**

To stabilize our District's finances while protecting classroom resources, SLT conducted a thorough review of central office and operational departments.

This comprehensive analysis identified opportunities to eliminate duplication, consolidate administrative functions, and operate more efficiently.

We prioritized voluntary separations through early retirement incentives to minimize involuntary layoffs and honor staff contributions.

Result: Reduction of approximately 201 FTE central office funded positions —including voluntary early retirements—redirecting resources toward direct student services and reducing General Fund impacts.

B) Reduce school site access to unutilized spaces

Summarized Actions for 26-27	Target	Status
Reduce school site access to unutilized spaces	$1,600,000	**On Track**

- Declining enrollment means empty classrooms and unused facilities across our school sites.
- We are consolidating operations within buildings—closing underutilized spaces to reduce utility, maintenance, custodial, and security costs.
- Site leaders and facilities staff are partnering to identify which areas to close without impacting classroom instruction or student programs.

Result: $1.6 million in operational savings, concentrating resources where students learn every day.

C) Decrease RRMA Expenditures

Summarized Actions for 26-27	Target	Status
Decreased RRMA expenditures	$1,000,000	**On Track**

We are prioritizing Routine Restricted Maintenance Account (RRMA) spending on essential health, safety, and compliance needs only.

By deferring non-critical projects and coordinating maintenance more strategically across sites, we reduce discretionary spending while protecting safe, functional learning environments.

Result: $1 million in maintenance cost reductions without compromising student or staff safety.

D) TK Hub Launch for 2 – 3 Hubs

Summarized Actions for 26-27	Target	Status
TK Hub Launch for 2 – 3 Hubs	$1,500,000	**On Track**

- **Consolidate Transitional Kindergarten** classrooms into 2-3 regional hubs rather than operating small, under-enrolled sections across multiple campuses.
- **Reduce duplicate staffing and operational costs** while maximizing state early learning funding tied to full enrollment.
- **Improve program quality** through shared specialized staff, consistent scheduling, and stronger support systems.

Result: $1.5 million in savings while strengthening TK programming for our youngest learners.

E) 10% REDUCTION TO SPECIAL EDUCATION

Summarized Actions for 26-27	Target	Status
10% Reduction to Special Education	$12,000,000	UNDER REVIEW

- **Proposed** $12 million savings
- **Currently under review** to ensure full compliance with federal and state special education law while maintaining **all** mandated services for students with disabilities.
- **Analyzing cost drivers** across placements, related services, transportation, and third-party contracts—identifying opportunities to shift toward in-district supports and improved service coordination without reducing legally required services.
- **Joint leadership effort**: Special Education leadership, fiscal services, and labor partners are conducting this review.
- Once the legal and educational analysis is complete, staff will bring back options.

F) Feasibility of Non Public School in OUSD

Summarized Actions for 26-27	Target	Status
Feasibility of NPS (Spring 26)	TBD	On Track

RFP for NPS

The District is developing a Request for Proposals (RFP) to determine the feasibility of operating a Non-Public School on an OUSD campus allowing us to serve disabled students currently placed in costly external programs within our own facilities.

Anticipated release: Feb/March 2026

Building Sustainable Educational Excellence for Oakland

What Our Students Deserve

When we achieve fiscal stability, Oakland students gain:

- Teachers who build careers here, not just survive year to year
- Schools focused on learning, not lurching from crisis to crisis
- Programs that exist next year and the year after—predictability matters
- A district that works ***for*** them

Excellence is their birthright. Sustainability makes it possible.

Our Approach

- Protect students first: All neighborhood schools remain open, core academic programs protected
- Shared sacrifice: Reductions across all divisions and employee groups, leadership takes cuts first
- Transparency and partnership: Clear communication, stakeholder engagement, dignified support for affected employees

24

Our Core Commitments

- **Fiscal sustainability that enables educational excellence**
  When finances are stable, schools focus on teaching and learning
- **Competitive compensation grounded in fiscal reality**
  Fair pay and sustainable budgets that honor commitments year after year
- **Operational stability that earns family confidence**
  Strong financial management demonstrates Oakland is well-governed and worthy of trust
- **Partnership that solves problems together**
  Labor, Students, Community, Board, and County working as allies
- **Excellence as the standard, not the exception**
  Every Oakland student deserves outstanding education - we accept nothing less

Our Commitment to Our Team

- OUSD aspires to be an employer of choice:
  - Competitive compensation that attracts and retains excellent educators
  - Quality working conditions that support professional success
  - Professional respect and partnership in problem-solving
  - Career development opportunities and pathways for growth
- Dignified treatment during transitions

Support for Affected Employees

OUSD CARES:

- Comprehensive transition support services
- Career counseling, job search assistance, job fair and connections to other opportunities
- Clear, timely communication about status and resources
- Recognition and appreciation for years of service to Oakland students