



September 15, 2025

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

2024-25 Annual Report Regarding Fiscal Solvency of OUSD

California Education Code Section 1240(e) mandates that, by September 15th each year, the county superintendent of schools must submit a report to the school district's governing board and the State Superintendent of Public Instruction detailing the fiscal solvency of any school district within their county that has an disapproved budget, a qualified or negative interim certification, or is otherwise determined to be in a state of fiscal uncertainty.

Executive Summary:

OUSD's adopted budget for 2024-25 planned for \$87 million dollars in budget cuts, which had not yet been approved by the Board in order to meet required reserves, and therefore did not meet the state's criteria for approval. In the Fall of 2024, OUSD minimally met conditions, and ACOE approved the 2024-25 Adopted Budget, noting the necessity for significant further action to avoid future year insolvency. Throughout 2024-25, OUSD continued bargaining for ongoing compensation increases for employees, which compounds the need for additional cuts in future years. OUSD self-certified as negative at First Interim, acknowledging the intensity of the fiscal pinch point. An advisory team was convened to assist OUSD in accelerating progress on its Board-adopted recovery plan. During the spring of 2025, OUSD completed a fiscal systems audit and paid off its state loan, allowing the district to return to full local control for FY 2025-26. At the same time, over the course of 2024-25, the Board significantly and repeatedly deviated from its own budget-balancing timeline and plan, and is now in this same precarious fiscal position with its 2025-26 Adopted Budget, requiring the board to once again approve and implement significant budget-balancing solutions.

Background:

Under Assembly Bill 139, the Alameda County Superintendent of Schools is mandated to present an annual report to the OUSD governing board (Board) and the Superintendent of Public Instruction regarding the fiscal solvency of any school district with a disapproved budget, a qualified or negative interim certification, or one that has been identified as being in fiscal uncertainty as per Education Code (EC) 42127.6.

Budget Reports Overview:

Financial reports during 2024-25 include the Adopted Budget (Received a Conditional Approval), First Interim Budget Report (Certified as Negative), Second Interim Budget Report (Certified as Qualified), and Third Interim Budget Report (for districts certified as Qualified at Second Interim only). Throughout 2024-25, OUSD and ACOE staff met on a regular basis, and OUSD shared revisions and updates.

Fiscal Intervention Plan:

On February 6, 2025, in response to the District's Negative First Interim certification, ACOE informed the Board that the Alameda County Superintendent of Schools was implementing legally mandated interventions, pursuant to EC 42127, to ensure the District meets its obligations. An Advisory Team was created, consisting of the Fiscal Oversight Trustee, Advisor to the Board Richard Barrera, County Superintendent Alysse Castro, 510Media, and Partners in School Innovation. On February 12, 2025, ACOE Superintendent Castro presented a Fiscal Intervention Plan to the OUSD Board intended to support OUSD's Board in implementing its own plan to make local decisions about the District's future and to connect resources to priorities.

Board Action and Staff Recommendations - Re-envision, Redesign, and Restructure:

On August 14, 2024, the Board approved the Resolution to Re-envision, Redesign, and Restructure the District, 2024-2025 Fiscal Year, aka 3R's. This resolution directed the District's Superintendent, with support of the Board, to develop a plan for the restructuring of OUSD by June of 2025, to be implemented beginning in the 2025-26 school year. The plan was to include restructuring of staffing formulas and site allocations for schools, restructuring of the CSI Division, and restructuring of business/operations. In addition, the Resolution committed the school board, with the support of staff, to lead a citywide re-envisioning process in 2024-25 to provide recommendations for OUSD's future footprint by June 2025.

On August 28, 2024, the Board approved a Resolution defining the metrics to be used when considering consolidation or closure of a school, per AB1912.

On October 23, 2024, the Board adopted Resolution 2425-0129, approving the 2025-26 Fiscal Year Budget Balancing Solutions to start to address the projected \$95M budget shortfall, as summarized below:

2025-26 Budget Balancing Solutions Summary, Attachment C

Attachment C Summary - \$95M		Ongoing				Grand Total
		Unrestricted		Restricted		
		Personnel	Non-Personnel	Personnel	Non-Personnel	
Re-Envision	School Site	\$35.4	\$1.0	\$76.94	\$2.00	\$115
	Central Office	\$2.3	\$2.6	\$3.86	\$2.00	\$11
	Other	\$3.7	\$0.0	\$0.00	\$0.00	\$4
Redesign	School Site	\$2.0	\$0.0	\$2.8	\$0.00	\$5
	Central Office	\$0.0	\$0.0	\$0.00	\$0.00	\$0
	Other	\$0.0	\$0.0	\$0.00	\$0.00	\$0
Restructure	School Site	\$14.6	\$0.0	\$0.0	\$0.00	\$15
	Central Office	\$2.0	\$0.0	\$0.8	\$0.00	\$3
	Other	\$2.0	\$0.0	\$0.00	\$0.00	\$2
Total	School Site	\$52.0	\$1.0	\$79.74	\$2.00	\$135
	Central Office	\$4.3	\$2.6	\$4.66	\$2.00	\$14
	Other	\$5.7	\$0.0	\$0.00	\$0.00	\$6
Grand Total		\$62.0	\$3.6	\$84.40	\$4.00	\$154
Unrestricted Target		\$95.0				
Variance		\$29.5				

On October 24, 2024, the OUSD staff presented an item to the Board regarding the restructuring of the District's footprint, using CDE recommendations as a tool to analyze possible school configurations.

Board Cover Memorandum
Optimal Location Analysis
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	Elementary Capacity	Middle Capacity	High Capacity	TOTAL
Projected # school age children living in Oakland expected to attend OUSD district-run schools	16,647	6,183	8,632	31,468
CDE School Size Recommendations	500 34 schools	1000 7 schools	2000 5 schools	46 schools
Current 2024-25 Schools	46 TK-5 3 TK-8, 1 TK (45 Sites)	11 Middle 3 6-12 (14 sites)	7 High 6 AltEd, 1 K-12 (8 sites)	78 TK-12 schools (67 sites)

On November 13, 2024, staff presented a recommendation for school mergers in compliance with AB1912, with an estimated ongoing savings of \$2.5 to \$3 million annually. The schools recommended for merger were: 1. International Community

School (ICS) and Think College Now (TCN); 2. Manzanita Community School and Manzanita SEED; 3. Acorn Woodland and Encompass; 4. Esperanza and Korematsu Discovery Academy; and 5. United for Success Academy (UFSA) and LIFE Academy.

On December 11, 2024, after incorporating the direction provided by the Board at a meeting on December 2, 2024, staff presented an implementation scenario for the 2025-26 Fiscal Year Budget Balancing Solutions, summarized below. The Board *did not take action* on either the resolution for the budget solutions or the proposed school mergers.

2025-26 Budget Balancing Solutions Summary, Attachment C Draft 3

Attachment C Summary - \$95M		Ongoing				One Time				Grand Total
		Unrestricted		Restricted		Unrestricted		Restricted		
		Personnel	Non-Personnel	Personnel	Non-Personnel	Personnel	Non-Personnel	Personnel	Non-Personnel	
Re-Envision	School Site	-\$40.06	-\$1.00	-\$46.04	-\$2.00	\$0.00	\$0.00	\$0.00	-\$12.50	-\$101.60
	Central Office	-\$2.20	-\$2.00	-\$1.86	-\$2.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$8.06
	Other	-\$3.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$3.70
Redesign	School Site	-\$2.00	\$0.00	-\$2.80	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$4.80
	Central Office	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
	Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Restructure	School Site	-\$12.64	\$0.00	\$0.00	\$0.00	-\$30.00	\$0.00	\$0.00	\$0.00	-\$42.64
	Central Office	-\$2.00	\$0.00	-\$0.80	\$0.00	-\$9.00	\$0.00	\$0.00	\$0.00	-\$11.80
	Other	-\$2.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$2.00
Total	School Site	-\$54.70	-\$1.00	-\$48.84	-\$2.00	-\$30.00	\$0.00	\$0.00	-\$12.50	-\$149.04
	Central Office	-\$4.20	-\$2.00	-\$2.66	-\$2.00	-\$9.00	\$0.00	\$0.00	\$0.00	-\$19.86
	Other	-\$5.70	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-\$5.70
Grand Total		-\$64.60	-\$3.00	-\$51.50	-\$4.00	-\$39.00	\$0.00	\$0.00	-\$12.50	-\$174.60
Unrestricted Target		\$95.0								
Ongoing Reductions		-\$67.6								
One Time Adjustments		-\$39.0								
Total Adjustments		-\$106.6								
Variance -Over/Under		-\$11.6								

On February 26, 2025, the Board approved Resolution 2425-0081 Notice of Layoff: Classified Employees – Reduction in Force (RIF) Due to Lack of Funds and/or Lack of Work for 2025-26. Exhibit A listed the changes that were approved, which resulted in an *increase* for 2025-26 of 23.45 FTE.

Also on February 26, 2025, the Board approved Resolution 2425-0082 to Eliminate Certificated Positions Due to a Reduction of Particular Kinds of Service (PKS). The associated Exhibit A listing the position changes for 2025-26 resulted in a reduction of 117.08 FTE.

On March 18, 2025, the Board approved Resolution 2425-0083 establishing an ad hoc “Control over Outsourcing” task force. This task force, comprised largely of one member from each of the District’s bargaining units, one member from each of the PSAC committees, one Board member, and two District staff members, would begin meeting no later than April 1, 2025, and

then meet every other month, reporting quarterly to the Board with recommendations.

On March 26, 2025, the Board approved Resolution 2425-0084 Directing Alternative Budget Adjustments for 2024-25 through 2026-27. These alternative budget adjustments included capping expenditures on Services & Contracts, confidential salary expenditures, and unrestricted expenditures on Books & Supplies. The following day, the Fiscal Trustee stayed this board action, but lifted the stay on April 8, 2025. After the staff began to implement the Resolution, there was significant public pressure and testimony regarding negative, unintended consequences, resulting in the Board repealing the Resolution on May 21, 2025.

On June 25, 2025, the Board adopted Resolution 2425-0081A, which amended the RIF Resolution for Classified Employees for 2025-26, and Resolution 2425-0082A, which amended the PKS Resolution for Certificated Employees, which were adopted in February. The effect of these amendments is to increase the overall number of authorized classified and certificated positions, as reflected in Exhibits B, as many positions were restored and additional FTE authorized.

Leadership Transitions:

On August 28, 2024, the Board approved a new contract for then-Superintendent Dr. Kyla Johnson-Trammell, for the period July 1, 2024, through June 30, 2027. In addition to a compensation increase, the new contract changed the Superintendent's duties and responsibilities, effective September 1, 2025. The Superintendent would only be responsible for "focused and specialized projects" assigned by the Board. The senior leadership team would be expected to take on additional duties to prepare for the transition to the Superintendent's successor at the end of the contract.

On April 23, 2025, the Board announced a separation agreement with Superintendent Johnson-Trammell, effective June 30, 2025. On May 30, 2025, the Board appointed retired OUSD leaders Dr. Denise Saddler as Interim Superintendent, effective July 1, 2025.

Third Interim Budget Report:

Third Interim Budget Reports are due to the COE by June 1st. Repeating a pattern from prior years, the District submitted its Third Interim Budget Report late, on June 9, 2025. While the Third Interim Budget Report submitted by OUSD indicated an improvement in the District's fiscal position over the Second Interim, ACOE continues to have concerns with OUSD's budget deficit, as OUSD projected an \$88M deficit for 2025-26 and \$51M deficit for 2026-27.

Exiting Receivership:

On April 23, 2025, OUSD's Board was presented with the District's Fiscal Systems Audit, which is a condition of exiting receivership prior to the final payment of the 2003 Emergency Appropriation. The District formally exited receivership with the final \$4.2 million loan repayment in June 2025.

Enrollment & ADA:

Over the past 30 years, OUSD enrollment declined by over 1/3, most significantly during the 2000s; going from 55K students down to 39K students in a short period of time. Enrollment declines result in reductions in State LCFF revenue due to the corresponding lower Average Daily Attendance (ADA).

Conclusion:

Oakland Unified School District enters Fiscal Year 2025-26 under full local control for the first time in a generation; however, the same fiscal and decision-making issues that have plagued the district for many years remain.

Attached to this letter please find a detailed summary of the District's financial position as well as copies of ACOE's communications to the District's Board throughout the fiscal year.

In community,



Alysse Castro
Alameda County Superintendent of Schools

Cc Lisa Grant-Dawson, Chief Business Official, Oakland USD
Tony Thurmond, State Superintendent of Public Instruction, CDE
Michael H. Fine, Fiscal Crisis and Management Assistance Team
Allan Garde, Associate Superintendent of Business Services, ACOE
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Executive Director, District Business & Advisory Services, ACOE

Attachments:

[2024-25 Adopted Budget Conditional Approval Letter](#)

[2024-25 Adopted Budget Final Approval Letter](#)

[2024-25 First Interim Letter](#)

[2024-25 Second Interim Letter](#)

[Fiscal Intervention Board Letter](#)

[Fiscal Intervention Board Presentation](#)

[OEA CBA Letter](#)

[AFSCME CBA Letter](#)

[OEA/UAOS/Teamsters CBA Letter](#)

[Fiscal Systems Audit Report](#)

Detailed Summary:

2024-25 Annual Report Regarding Fiscal Solvency of Oakland Unified School District Pursuant to Education Code Section 1240(e)

Budget Reports:

2024-25 Reporting Period - Combined General Fund Fiscal Summary

Description	Adopted Budget	First Interim	Second Interim	Third Interim
Approval / Certification	Conditional	Negative	Qualified	n/a
Total Revenues & Other Sources	\$767,173,234	\$807,009,765	\$836,860,674	\$843,775,584
Total Expenditures, Other Uses & Transfers	\$870,370,957	\$959,197,342	\$943,308,922	\$943,342,271
Surplus / (Deficit)	(\$103,197,723)	(\$152,187,577)	(\$106,448,248)	(\$96,566,687)
Total Ending Fund Balance	\$164,313,781	\$156,679,055	\$201,604,057	\$208,500,617
Unrestricted Reserve (Obj 9789 & 9790)	\$30,927,331	\$29,223,416	\$36,598,828	\$46,368,682
Unrestricted Reserve %	3.55%	3.05%	3.88%	4.92%
Reserve Met / Not Met	Met	Met	Met	Met
Average Daily Attendance (ADA) P-2 Projections	30,056.92	30,606.73	30,765.17	30,765.17
Funded 2024-25 P-2 ADA	30,798.77	30,715.91	30,765.17	30,765.17
Funded Difference (Funded ADA-Actual P-2 Projected ADA)	741.85	109.18	0.00	0.00

Adopted Budget Report and Local Control & Accountability Plan (LCAP):

On June 26, 2024, OUSD's Board approved the 2024-25 Adopted Budget and Multiyear Budget Projection (MYP), as well as the 2024-2027 LCAP, Year 1. After review, ACOE conditionally approved OUSD's 2024-25 Adopted Budget on September 16, 2024. The conditional approval was primarily driven by the \$87 million in budget cuts or alternative

solutions requiring board action in the coming months to balance the budget for 2025-26. ACOE's Board Letter can be found [here](#).

Based on ACOE's review of the District's actions taken to address the Conditional Approval of its 2024-25 Adopted Budget, it was determined that progress was underway toward the District's restructuring plans. On November 7, 2024, ACOE approved the District's 2024-25 Adopted Budget. ACOE's Board Letter can be found [here](#).

First Interim Budget Report:

OUSD filed a NEGATIVE certification of the District's 2024-25 First Interim Budget Report, as approved by OUSD's Board on December 11, 2024. ACOE concurred with the certification. ACOE's Board Letter can be found [here](#).

Second Interim Budget Report:

OUSD filed a QUALIFIED certification of the District's 2024-25 Second Interim Budget Report as approved by OUSD's Board on March 12, 2025. Based on the review and analysis of this report, ACOE concurred with the District's certification. ACOE's Board Letter can be found [here](#).

Third Interim Budget Report:

In accordance with EC 42131(e), the District submitted the 2024-25 Third Interim Budget Report to ACOE. No certification was required for this report.

Enrollment & ADA:

OUSD's enrollment has declined by over 3,200 students since 2017-18 to 2024-25, and is projecting a further decline of approximately 500 students through 2027-28. Enrollment declines result in reductions in LCFF revenue due to the corresponding lower Average Daily Attendance (ADA). Recently, however, the District has made strides in improving attendance even with lower enrollment, so its ADA to Enrollment ratio, or Attendance Yield, has improved.

Fiscal Year	CALPADS	Year-over-Year Difference	% Difference
2017-18	37,096		
2018-19	36,524	(572)	-1.54%
2019-20	36,154	(370)	-1.01%
2020-21	35,489	(665)	-1.84%
2021-22	34,428	(1,061)	-2.99%

2022-23	34,179	(249)	-0.72%
2023-24	33,873	(306)	-0.90%
2024-25	33,835	(38)	-0.11%
2025-26	33,655	(180)	-0.53%
2026-27	33,496	(159)	-0.47%
2027-28	33,337	(159)	-0.47%

Unrestricted Adjustments / (Reductions) identified at each Reporting Period:

OUSD's financials continue to present a structural deficit, where expenditures exceed the District's available revenues. While the District's fiscal position appeared to improve in OUSD's Third Interim Financial report, the District continued to project a need for ongoing budget adjustments, the details for which have not been identified. ACOE continues to monitor the District's and Board's progress in maintaining long-term fiscal sustainability.

Reporting Period	2025-26	2026-27	2027-28
2024-25 Adopted Budget	(\$82,664,041)	(\$90,516,303)	n/a
2024-25 First Interim	(\$95,723,204)	(\$99,617,067)	n/a
2024-25 Second Interim	(\$53,391,961)	(\$61,619,527)	n/a
2024-25 Third Interim	(\$21,565,496)	(\$39,336,756)	n/a
2025-26 Adopted Budget	-	(\$78,099,899)	(\$72,616,126)