OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students

Business Services Division Memo

To: Measure G1 Commission
Edmund Chun, Chairperson

From: Lisa Grant Dawson, Chief Business Officer
Cliff Hong, Middle School Network Superintendent
Karen Lozano, Middle School Network Program Manager

Subject: Measure G1 Surplus

Date: April 29, 2025

Dear Chair Chun and the members of the Measure G1 Commission,

The purpose of this memo is to explain how the Oakland Unified School District (OUSD) will be using surplus Measure G1 funds. The role of the Commission is to consider the plan and offer ideas as community advisors. OUSD staff will take the ideas into consideration in making final decisions about the usage of the funds.

SURPLUS

Since the inception of the Measure G1 parcel tax in 2016, OUSD has annually allocated a portion of the funds to every OUSD school and Oakland charter school who submitted an application. Any unused funds were carried over for one year, and then any unused carryover was placed into a "surplus" fund. The "surplus" is also known in our accounting terms as a "fund balance" which means unspent funds that may or may not be designated for a particular purpose. When a purpose is identified, it is referred to as being "designated."

Over time, the surplus fund had grown to $6,422,612.14. In 2022, OUSD staff informed the G1 commission of its plan to redistribute a portion of the surplus funds annually to each school, which was called a "surplus allocation".

ATTRACTING AND RETAINING SCHOOL-SITE EDUCATORS

However, we have now decided to deploy the surplus funds centrally, to fund the training and support of teachers, especially new teachers. As you may know, OUSD has a high percentage of new teachers - 30% are within their first five years of teaching and 10% are in their very first year. The theory of action is that teachers who feel well-trained and supported will choose to stay in OUSD. Therefore, the surplus funds will be used to pay for staff to design and deliver training to middle school teachers during the summer and throughout the year.

The use of these funds fulfills the first articulated purpose of Measure G1, which is to "[a]ttract and retain school-site educators". There are two reasons why we have decided to deploy the funds this particular way.

REASON 1: BOARD DIRECTIVE TO ADDRESS FINANCIAL SHORTFALL

In the fall of school year 2024-25, the OUSD Board of Directors staff recommended and the Board approved the strategic use of surplus funds from every parcel tax to free up general funds to help address our district's financial shortfall. Not only is the training and support of teachers are a high-leverage way of attracting and retaining teachers, it is also a necessary investment so instead of using general funds, Measure G1 funds can and will be used in this manner as well as other strategies as the District moves forward toward financial and operational sustainability.

REASON 2: PREPARATION FOR MEASURE G1 RENEWAL

Measure G1 was a 12-year parcel tax and is scheduled to expire in 2028. OUSD hopes to return to the taxpayers to ask for a renewal. In order to make the case that we have been responsible with the taxpayers' contributions, we must convey a clear and compelling narrative of how the funds were spent and the impact they had.

Sites have spent their allocations in a variety of ways, which we will attempt to summarize. And, we believe that spending the surplus funds on teacher training and support, thus contributing to their retention, is a clear and compelling narrative of how we have done right by the students and community of Oakland.

CONCLUSION

Thank you for receiving the rationale for the use of Measure G1 surplus funds. Addressing the District's deficit needs is a District and community effort, and we welcome any ideas from the Measure G1 Commission. It is also most appropriate to share that the District has also announced that it has met the criteria to exit state receivership and therefore, will not have the same levels of County and State oversight it has experienced in the last 22 years. This is a significant achievement, to include exiting receivership one year early by paying the District's outstanding state loan balance in June 2026.

Business Services Division Memo

Attachments:

OUSD 2025-26 Budget Balancing Solutions, Attachment C

OUSD Makes Historic Steps to Exit State Receivership

24-2598D Board Memorandum Resolution

2025-26 Budget Balancing Solutions, Attachment C Board Study Session

February 5, 2025

OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students

Our Vision

All OUSD students will find joy in their academic experience while graduating with the skills to ensure they are caring, competent, fully-informed, critical thinkers who are prepared for college, career, and community success.

Our Mission

Oakland Unified School District (OUSD) will build a Full Service Community District focused on high academic achievement while serving the whole child, eliminating inequity, and providing each child with excellent teachers, every day.

LCAP + STRATEGIC PLAN = ONE COLLECTIVE EFFORT

The Strategic Plan will enact the goals that the District has set out in its Local Control and Accountability Plan (LCAP).

LCAP

Our plan for addressing the needs of all students, especially our highest need students. The LCAP is adopted yearly along with the budget. The 2021 LCAP was a community effort - students, parents, staff, and community members have all contributed.

STRATEGIC PLAN

Our 3 year road map to realize our mission and vision. It is an opportunity to reimagine our work and to create an Oakland community and school system that fulfill our highest hopes and dreams for ourselves and the generations to come.

Goal 1:
All students graduate college, career, and community ready.

Goal 3:
Students and families are welcomed, safe, healthy, and engaged.

Goal 4:
All staff are high quality, providing optimal service to our students, families, and staff.

Goal 2:
Focal student groups demonstrate accelerated growth to close our equity gap.

Ensuring Strong Readers by the Third Grade
Accelerating Citywide Efforts to Guarantee Literacy for all Third Graders

Supporting Powerful Graduates
Developing Essential Skills to Secure Post-Secondary Success

Creating Joyful Schools
Redesigning schools to be places of joy, inclusion and beauty

Growing a Diverse and Stable Staff
Attracting and retaining staff reflective of Oakland's rich diversity

***** Black and Brown Excellence will Flourish When We Invest in Full Service Community Schools. *****

Ask of the Board

It is recommended that the Board review and accept the 2025-26 Budget Balancing Solutions in preparation for staff's recommendation of the adoption of the Budget Balancing Solutions and Scenarios.

How Did We Arrive Here?

December 14, 2023

Board adopted Resolution No. 2324-0163, identifying Brookfield Elementary as the first school in Cohort 1 of the Sustainable Community Schools redesign.

January 10, 2024

Board initiated the process for the Equity Impact Analysis under Assembly Bill 1912.

February 28, 2024

Staff provides Board with Attachment B Memo and the Board adopts Resolution No. 2324-0137- Proposed Budget Adjustments for Fiscal Year 2024-25.

March 27, 2024

Board considered metrics for the Equity Impact Analysis but postponed the vote until June 5th.

April 2024

Board approved the use of the nine metrics required under AB1912 and formed an ad hoc committee. (April 10, 2024)

OUSD staff presented a Report on the Real Property Assets of the District, including status, guiding principles, and key actions of staff, discussion with and possible Policy and/or other direction from the Board in relation thereto. (April 29, 2024)

May 8, 2024

Introduction date for the 3Rs Resolution (File ID No. 24-1278).

June 2024

Board reviewed recommendations and provided an update on the ad hoc committee; extended the deadline for additional metrics to August 28, 2024. (June 5, 2024)

Board passed Resolution No. 2324-0212, beginning the re-envisioning, redesign, and restructuring process for the 2024-2025 Fiscal Year. (June 26, 2024)

July 2024

Board Recess

August 2024

Deadline extended to September 25, 2024, for additional metrics.

September 25, 2024

Board approved the recommended metrics from the Ad Hoc Committee.

October 2024

Budget Balancing Solutions (October 23, 2024)

Board agendized study session focused on balancing the budget, an analysis of our school district called the optimal location and Asset Management and Planning and Real Estate Property Services (October 24, 2024)

November 2024

Board 2x2s (November 1 & 4)

Fall Engagements: Timeline & Outcomes

AUGUST | SEPTEMBER

Ad Hoc Committee
August 26

Outcomes:

- Equity Impact Analysis metrics recommendations

Ad Hoc Committee
September 4

Outcomes:

- Equity Impact Analysis metrics recommendations

Ad Hoc Committee
September 10

Outcomes:

- Equity Impact Analysis metrics recommendations

AB 1912 Ad Hoc Committee Recommendation
September 25

Outcomes:

- Board Adopted Metrics

All Admin Meeting
September 26

Outcomes:

- Updates on Restructuring, 3Rs and Ad Hoc

Fall Engagements: Timeline & Outcomes

OCTOBER

Parent Student Advisory Committee (PSAC)	Board Meeting (Study Session)	All Admin Meeting	All City Council (ACC)	Board Study Session
October 16	October 24	October 24	October 24	October 24

Parent Student Advisory Committee (PSAC) — October 16

Outcomes:

- CBO, CSSO and CAO meet w/PSAC to go through the slides about WHY Restructuring

Board Meeting (Study Session) — October 24

Outcomes:

- 2025-26 Budget Balancing Solutions First Read/Direction

All Admin Meeting — October 24

Outcomes:

- Budget Balancing Solutions

All City Council (ACC) — October 24

Outcomes:

- Ensure student leaders have a shared understanding of 3Rs and provide briefing on key District dilemmas

Board Study Session — October 24

Outcomes:

- Restructuring our Footprint and Asset Management

Fall Engagements: Timeline & Outcomes

OCTOBER

All Staff Town Hall Meeting	Restructuring Our Footprint	Restructuring Our Footprint	Restructuring Our Footprint	Board 1:1s
October 28	October 29	October 30	October 30	Sept. - October

All Staff Town Hall Meeting (October 28)

Outcomes:

- Budget Balancing Solutions

Restructuring Our Footprint (October 29)

Outcomes:

- Meeting with *School* Leaders to go through AB1912 Overview, Optimal Location, Facilities and Site Capacity

Restructuring Our Footprint (October 30)

Outcomes:

- Meeting with *Central* Leaders to go through AB1912 Overview, Optimal Location, Facilities and Site Capacity

Restructuring Our Footprint (October 30)

Outcomes:

- Meeting with *School* Leaders to go through AB1912 Overview, Optimal Location, Facilities and Site Capacity

Board 1:1s (Sept. - October)

Outcomes:

- Meet individually with Board Directors to elicit answers to key questions to best leverage their leadership

Fall Engagements: Timeline & Outcomes

NOVEMBER

Board 2x2	Budget & Finance Committee Mtg	All City Council (ACC)	District 4 Town Hall	Board Meeting
November 1 & 4	November 7	November 7	November 12	November 13

Board 2x2 – Outcomes:

- To gather clear input from each board member regarding what they would like to see on November 13th.

Budget & Finance Committee Mtg – Outcomes:

- Review Budget Balancing Solutions

All City Council (ACC) – Outcomes:

- Preview November 13th Board Meeting Discussion

District 4 Town Hall – Outcomes:

- Engage community around the vision & goals of the 3 R's Resolution as strategy for the Future of OUSD.

Board Meeting – Outcomes:

- AB 1912 Recommendation: School Mergers (First Reading)

Fall Engagements: Timeline & Outcomes

NOVEMBER

All City Council (ACC)	District 5 Town Hall	District 7 Town Hall	School Community Discussion	School Community Discussion
November 7	November 19	November 19	November 21	November 21
Outcomes:	**Outcomes:**	**Outcomes:**	**Outcomes:**	**Outcomes:**
- Address outstanding questions and concerns from November 13th Board Meeting	- Engage community around the vision & goals of the 3 R's Resolution as strategy for the Future of OUSD.	- Engage community around the vision & goals of the 3 R's Resolution as strategy for the Future of OUSD.	- TCN & ICS Community Discussion with Board & District Leadership	- Life & UFSA Community Discussion with Board & District Leadership

Fall Engagements: Timeline & Outcomes

NOVEMBER		DECEMBER				

District 1 Town Hall
November 21

Outcomes:

- Engage community around the vision & goals of the 3 R's Resolution as strategy for the Future of OUSD.

Special Board Meeting
December 2

Outcomes:

- Budget Balancing Solutions

District 6 Town Hall
December 3

Outcomes:

- Engage community around the vision & goals of the 3 R's Resolution as strategy for the Future of OUSD.

Board Meeting
December 11

Outcomes:

- AB 1912 Recommendation:School Mergers (Board Decision)

Fall Engagements: Timeline & Outcomes

JANUARY		FEBRUARY				

Board Meeting
January 22

Outcomes:

- Board votes on authorization to issue certificated notices

Board Study Session
February 5

Outcomes:

- Budget Balancing Solutions

Budget & Finance Committee
February 6

Outcomes:

- Budget Balancing Solutions

Board Study Session
February 12

Outcomes:

- Budget Balancing Solutions

Board Meeting
February 20

Outcomes:

- Board adopts Budget Balancing Solutions and Scenarios
- Board votes on approval of the Classified Layoff and Certificated Elimination resolutions

The Board Faces a Fork in the Road

The Current Path:

- Board continues to agonize over budgets and school closures
- State/County intervention likely in 2025-26, with loss of democratic local control
- Resources continue to be spread too thin across too many sites to adequately support equity and student success
- Voters may deny renewal of parcel tax in 2028, and new board seeking 2028 facilities bond may be unsuccessful.

A New Path Forward:

- Board takes action now to plan for declining enrollment over the coming years
- Board can then pivot to focus on student outcomes, not just perennial agonizing over budget adjustments
- Oakland Unified exits receivership in 2026 after 23 years
- District attracts an excellent new Superintendent for 2026-27
- Voters approve renewal of parcel tax in 2028, and new board in 2028 seeking facilities bond will be successful.

Priority: Improve Safety at School Sites

Data	-Suspension Rates; -Incidents of Violence in HS & MS from the OUSD Dashboard -OPD Crime Rates
Suggested Staffing	**Elementary Schools** *Noon Supervisors; *Identified ES Culter Keepers; **MS & HS** *Culture Keepers *School Based Culture Ambassadors at some High Schools
Rationale	Elementary School needs adequate yard supervision and yard coverage during recesses. Students need to participate in organized play during recesses. In Middle School and High School, Culture Keepers presence allows for students to be supervised during times when student to student interactions can become problematic.

Priority: Improve Safety at School Sites

Data	-Suspension Incidents; -School supervision during student:student times of the day.
Suggested Staffing	Assistant Principals
Rationale	Secondary schools larger than 350 students are allocated an Assistant Principal; and Elementary Schools larger than 550 students are allocated an Assistant Principal. Secondary schools between 150 and 350 students receive one-time funded Assistant Principals until/unless ongoing funds can be identified.

Priority: Improve Attendance at School Sites

Data	-High rates of absences -High rate of chronic absenteeism -High rates of unverified absences
Suggested Staffing	Attendance Specialists Maintain current levels: 45.6 FTE in GP/Base & 13.1 FTE Case Managers ES: 6.5 FTE MS: 15 FTE HS: 20 FTE Total: 41.5 FTE
Rationale	Allocate an Attendance Specialist at schools with high rates of absences, chronic absenteeism and high rates of unverified absences based on CA School Dashboard Use funds to buy these positions up to 0.5 or 1.0 FTE at high-need schools with high chronic absenteeism. At the secondary level, case management is necessary to return students to schools. Some elementary schools have continuously struggled to improve attendance rates and warrant case management support to work with families so students attend school more often.

Priority: Improve student literacy across the curriculum

Data	**ES** -18% of students reading 3+ levels below on iReady, -25% reading 2 levels below on iReady **MS** -49% of students reading 3+ grade levels below in iReady; **HS** -52% of students reading 3+ grade levels below in iReady
Suggested Staffing	Language & Literacy Teachers on Special Assignments (TSAs)
Rationale	Literacy TSAs are responsible for supporting literacy instruction and outcomes across the school which includes supporting teachers to implement literacy strategies through PLCs, conduct classroom observations and provide feedback, and managing the assessment and data systems for progress monitoring to drive instruction. The method for delivering central support shifts toward a model where Department Leadership (ED or Director) delivers the content of the coaching collaborative.

Priority: Improve student literacy across the curriculum through in-classroom instructional support.

Data	**Fall 2024 Baseline Data** **ES** -18% of students reading 3+ levels below on iReady, -25% reading 2 levels below on iReady **MS** -49% of students reading 3+ grade levels below in iReady; **HS** -52% of students reading 3+ grade levels below in iReady
Suggested Staffing	Tutors: Literacy & Math
Rationale	Classroom teachers cannot improve student outcomes alone. Tutors do not replace tier 1 instruction Tier 2 investment. Tutors that are trained to support in math and literacy have recently demonstrated positive academic outcomes.

Priority: Community Schools

Data	A Community Schools approach to delivering additional wrap-around services to students and families has been the vision of our District for the past 15 years. OUSD services an average 78% of Unduplicated Pupil Percent of students who qualify for services. This high percent reflects the anticipated services our students must access to be successful in school.
Suggested Staffing	Community Schools Manager (CSM)
Rationale	Simply providing a school with additional services is not enough, schools need assistance with coordinating these services so that students and families can easily access the intended services. A CSM provides the ability for students and families to receive more timely support to services than without a person to support the coordination and access to services. CSMs leverage partnerships and bring more resources into schools and facilitate Coordination of Services Team (COST) and attendance teams to support increasing student supports and attendance.

Priority: Mental Health

Data	Highly requested resources from school sites, students, and families. ACC survey reflects students well being as a consideration regarding low attendance rates according to respondents of the survey.
Suggested Staffing	Social Worker Wellness Coach Mental Health Clinician
Rationale	Mental Health support is a service highly requested from students, staff and families that we are not able to provide with partners alone. Need to begin hiring our own staff to provide unrestricted services for students.

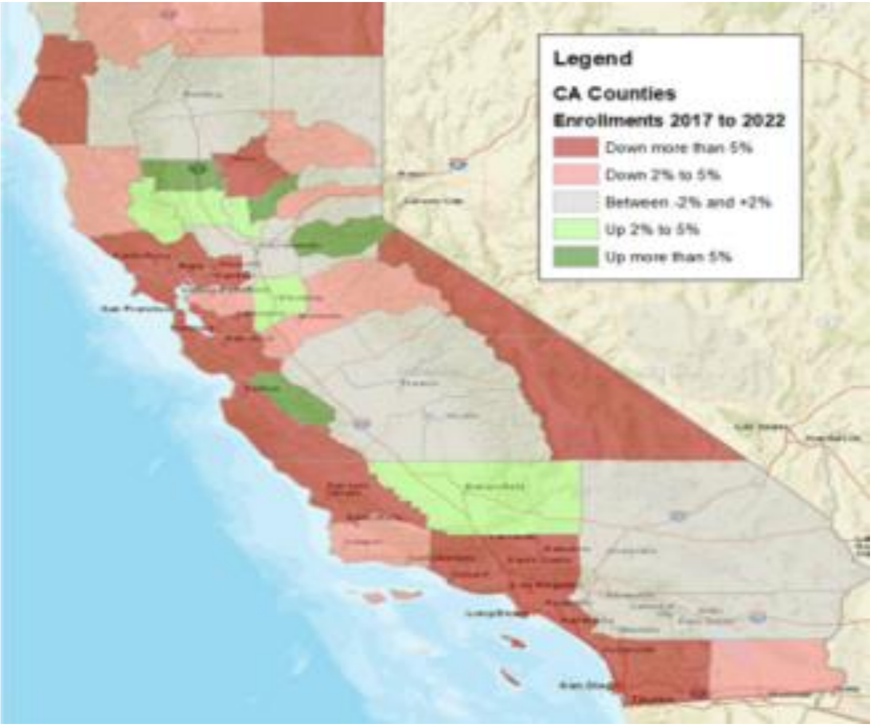
Priority: Site based Funds

Data	Examination of how schools spent their cash allocations, including common contracts that school sites have invested site dollars.
Suggested Staffing	Allocate a portion of Supplemental Funds remain allocated at the school site level but limited to the items identified in the rationale.
Rationale	-Stipends for additional work: Instructional Leadership Team, Student support above contract; -Recess Coaches for Elementary; -Fieldtrips; -Translation (report card time/student conferences).

Schools receive funding for site based decision making with SSCs. These funds require a needs assessment and should be included in the Site Plan for Student Achievement (SPSA): Title 1; Prop 28; Community Schools; Literacy Coaches (State); Measure N/H; Equity Multiplier

Financial and Quality Dilemma

Enrollment Projections: declining enrollment in most counties, statewide



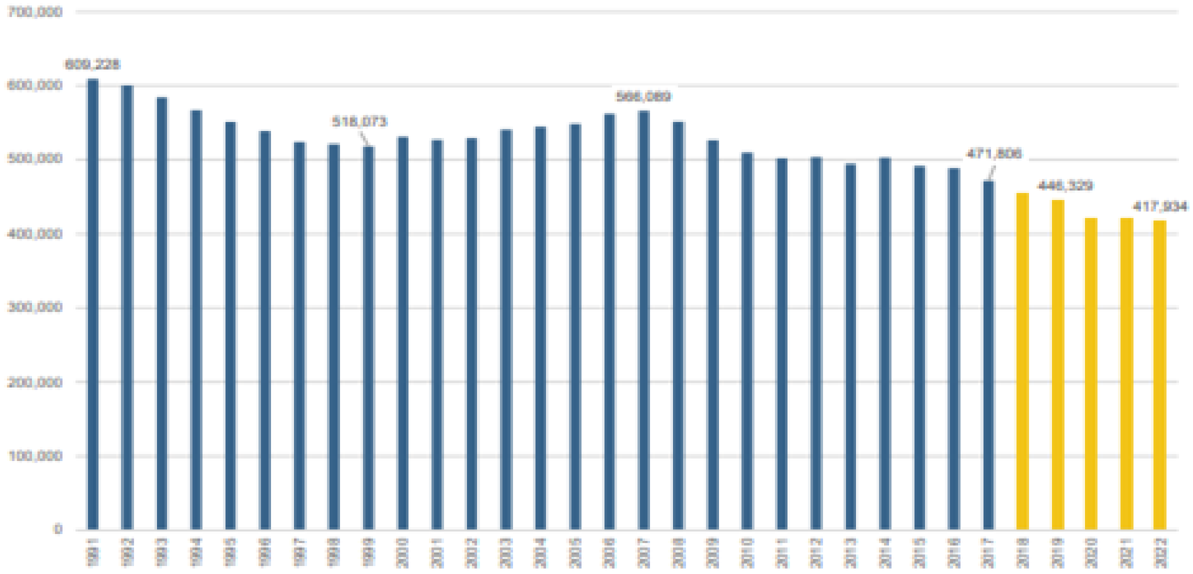
The majority of counties saw a net enrollment decline since 2017, including many of the most populous counties. Alameda county is part of this trend.

Enrollment Projections: declining enrollment, across systems, statewide

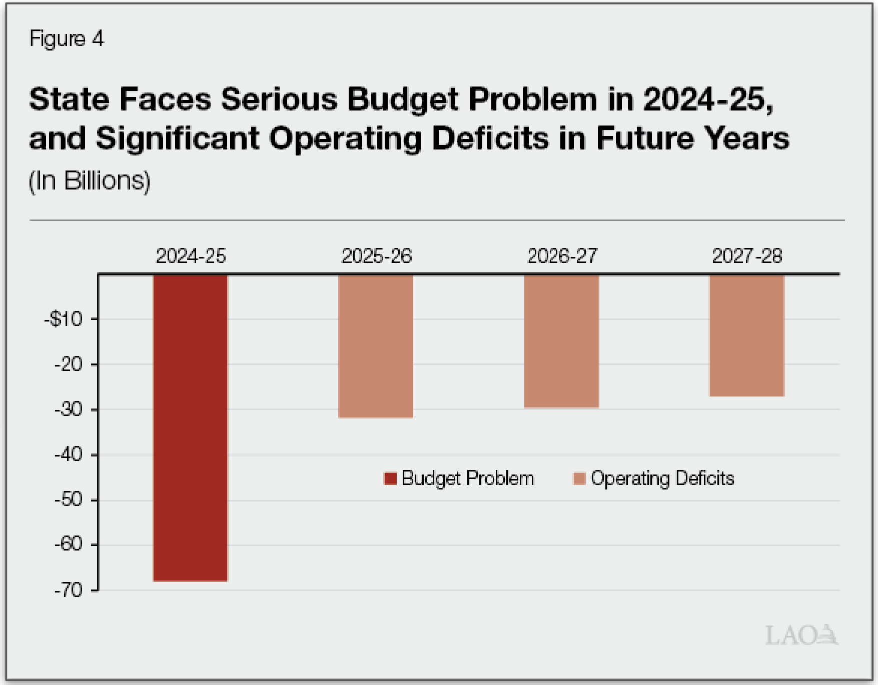
Inclusive of all systems, California's total student enrollment is in a multi-year decline.

Enrollment Projections: declining birthrates, statewide

A significant factor is the decline in birth rates in California. This trend is impacting both Alameda County and the city of Oakland.



Our State's Financial Situation* - $68 Billion Deficit



* California Legislative Analyst's Report - January 13, 2024

Drivers for Deficit Impacting Budget

- ❖ California Entered an Economic Downturn Last Year
- ❖ Unprecedented Revenue Shortfall
- ❖ Statewide enrollment continues to decline (5% since 2019)

Solutions on the table

- Reduce Proposition 98 education spending
- Deplete entire Proposition 98 Reserve
- Reduce one-time spending
- < 1% COLA for school budgeting
- Alternate approaches to school funding

Fast Facts: OUSD Historical & Current Enrollment

50,261
Students Enrolled in OUSD Schools
2002-03

20 years

▼ 30%

34,149
Students Enrolled in OUSD Schools
2022-23

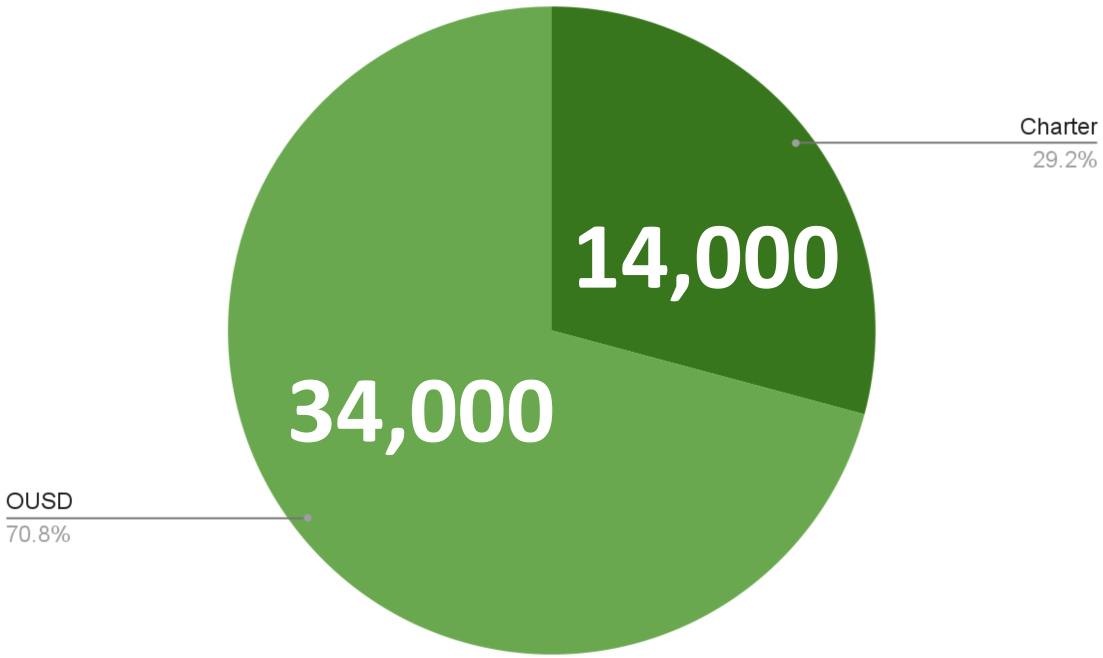
10 years

▼ 20%

27,300
Students Enrolled in OUSD Schools
2032-33

Source: State of California, Department of Finance, California Public K-12 Graded Enrollment and High School Graduate Projections by County, 2023 Series. Sacramento, California, October 2023.

District Run Schools & Charter Schools



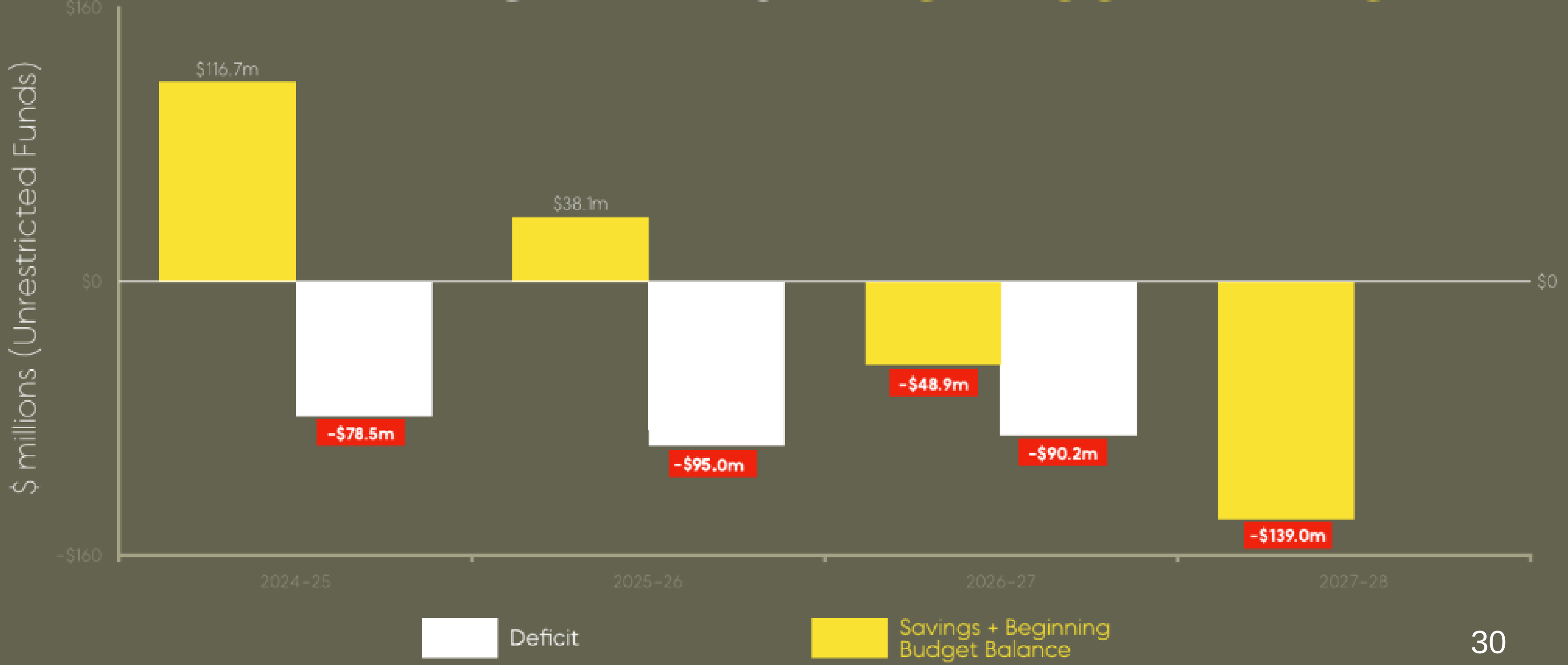
There are roughly 50,000 students in Oakland Public Schools.

34,000 attending district schools & 14,000 attending charter schools.

INCREASE IN SALARY

We made strategic investments in Oakland people and talent because we believe they are best equipped to connect with our students and provide positive and joyful experiences for all Oakland students. These Salary Increases have added significant cost to the overall budget and insufficient spending reductions have been put in place to account for those increases.

WE ARE SPENDING BEYOND OUR MEANS



Our Dilemma

- Declining enrollment and the expansion of charters;
- Sustaining too many schools, although many Districts with the same enrollment operate fewer schools;
- Deferred maintenance has resulted in an extensive backlog of repairs, exceeding available funding;
- Increased salaries, knowing the need to make commensurate budget reductions;
- Not financially able to provide the resources our students deserve, resulting in poor achievement; and
- Successfully exiting State Receivership.

2025-26 Budget Balancing Solutions

I. Conditional Budget Approval and the Way Forward
II. Continuing the Sustainable Path Forward: The 2024-25 Budget Development Process
III. A Summary of Budget Balancing Solutions - Attachment C
IV. Budget Balancing Solutions: Rationale & Impact
V. Next Steps

I. Conditional Budget Approval and the Way Forward

2024-25 Budget Adoption Conditional Approval Requirements

Budget Conditional Approval		Completion Status	Description
June 2024	2024-24 Budget and LCAP Adopted	X	• Adopted June 26, 2024 • LCAP was approved
Sept 2024	ACOE Conditionally Approves the Budget	X	• Conditional Approval letter dated September 16, 2024. District provided with several required deadlines for compliance and pending review and final disposition of the 2024-25 Budget.
Sept 2024	Task 1 - Sept 30th District Confirms Budget Target for 2025-26?	X	• Target revised from $87M at adoption to $95M
Oct 2024	Task 2 - October 8th Cohesive & Aligned Strategic Plan/Budget Balancing Solutions & Board Study Session Date	X	• Draft Budget Balancing Solutions Submitted and Study Session Date set for October 23, 2024
Oct 2024	Task 3 - Sept 23rd Board Study Session	X	• Present Budget Balancing Solutions and Board to provide Staff with Direction on Budget Scenarios by October 30th

2024-25 Budget Adoption Conditional Approval Requirements

Budget Conditional Approval		Completion Status	Description
Nov 2024	Task 3 - ACOE will conduct a review of all the items and make final Budget determination	X	• District continues to meet with Trustee and ACOE to provide updates on strategic and cohesive plan • ACOE meets with Trustee and District to review and support cohesive alignment
Nov 2024	Task 4 - Board Take Action on A Budget Balancing Scenario	X	• Moved to December 2, 2024 • By November 30th ○ Ideal timeline for actions November and December, but not later than
Dec 2024	Task 5 - Board to take action or set of actions to implement Budget Solutions		• Board Meeting December 11th • Due Date - By December 15th
Jan 2025	Continue Set of Actions and Implementation		
Feb 2025	Final Board Actions for Budget Development and Balancing		• The District must meet March 15th as well as finalize site and department budget development for timely adoption of a balanced budget

Annual Budget Balancing Activity Cycle

The District has annually developed budget balancing solutions

- Over the last three years have developed a Budget calendar process in communication with the ACOE:
    - October - Budget Balancing Solutions/Options
    - November - January - Engagement and Strategy development
    - February - Board Decisions
    - June - Adopt the Budget
- For 2025-26, we continue to review Attachment C, Draft 3 which includes the implementation of the prior year Attachment B and 2024-25 adopted Restructuring Plan

Annual Budget Balancing Activity Cycle

- The District **REQUIRES** a long-term, sustainable budget plan, moving away from annual fixes.
  - This has been the 20+ year conundrum.
  - Every school has a different budget story
  - Each school has unique budget solutions tailored to it’s community's needs.
    - The Small School Movement, Community School Model, and BP 3150 leaned heavily on supporting schools with site based decision making and optimizing allocations to address each school's needs.
    - After a 20+ years of implementation, the numbers show that we cannot maintain this level of allocation, autonomy **and** also be a sustainable school district.
  - As a **Unified School District**, we have to simplify our approach so that we can better guarantee a high quality school in every neighborhood that aligns with and delivers on our district’s core values and the Superintendent and Board Goals

II. Continuing the Sustainable Path Forward:
The 2024-25 Budget Development Process

2024-25 Budget Balancing Solutions and 2025-26 Restructure Plan

February 28, 2024

- Board Approved Agenda Item 23-2308D, Resolution 2324-0137
  - $16.5M of 2024-25 Budget Balancing Solutions and 2025-26 Restructuring Plan which includes:
    - A. Restructuring of Schools Aligned to AB1912 Process
    - B. Restructuring of Staff Formula to Schools
    - C. Restructuring of Continuous School Improvement (CSI) Division
    - D. Restructuring of Business/Operations to Centralize Services & Asset Management
    - E. Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies to Move from Results-Based Budgeting to a More Centralized Approach with Clear Criteria for Earned Autonomies

2024-25 Budget Balancing Solutions and 2025-26 Restructure Plan

- The Budget Balancing Solutions incorporate Restructuring Strategies B - E, each aligned with the Three R's Resolution:
  Re-envision, Redesign, and Restructure OUSD.
- This presentation provides **recommendations only for Strategies B - E.**

Restructuring Strategy A: Restructuring of Schools Aligned to AB1912 Process

- The Board has **chosen not to take action** on **Strategy A (footprint work)** at this time.
- However, adjusting the District's **footprint remains critical to long-term sustainability.**

Expert Analysis on District Restructuring

"It should also be noted that because of the large number of schools operated by the District, many of the economies of scale one would expect to find are absent, as a higher level of staffing is required to support the operational functions associated with individual schools."

Source: School Services of California, Inc. (2021). "Organizational Review Staffing Presentation," Slide 3.

"OUSD has the largest number of schools among the comparison district with 77 and an average number of students in each school of 447. Sacramento City Unified School District (SCUSD) has 3,500 more students in 68 schools with an average school size of 559 students."

Source: Public Works LLC. (2023). "Oakland Unified School District Continuous School Improvement Redesign," produced for Oakland Unified School District, June 21.

III. Summary of Budget Balancing Solutions:

Attachment C

2025-26 Budget Balancing Solutions Summary

~~28~~ 30 Options (Includes Expanded Options)

- ~~15~~ 18 - Re-Envision
  - Unrestricted ~~$41.4M~~ $49.0M
  - Restricted ~~$3.6M~~ $64.4M
- 6 - Redesign
  - Unrestricted $2.0M
  - Restricted ~~$0~~ $2.8M
- ~~7~~ 9 - Restructure
  - Unrestricted ~~$18.6M~~ $55.6M
  - Restricted $0

$95.0M Unrestricted Target

$67.6M Ongoing Options

$39.0M One Time Options

$106.6M Total Options

$11.6M Over Target

(With Use of HEAVY One Time for 2025-26 - Ongoing Reductions Must Occur)

2025-26 Budget Balancing Solutions Summary

2025-26 Budget Balancing Solutions Summary, Attachment C

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

IV. Budget Balancing Solutions:

Rationale, Impact, Projected Cost Change

Option 1: *Centralize copier purchases and copier contracts, Fleet Management, Mail Services, & Procurement*

Rationale:

The District must build a sustainable budget and avoid spreading resources too thin

Impact:

The District spends more money than necessary by allowing each school and department to purchase and maintain their own copiers, printers, vehicles, and mailing services. Centralizing these purchases under a single contract will lower costs through bulk discounts and streamlined purchasing, ensuring better services at the best price while eliminating individual school and department purchases for these items.

Area D: Restructuring Operational Services |
Unrestricted Projected Cost Change = $

Option 2: *Elimination of management positions in Senior Leadership Team (SLT) departments*

Rationale:

Target: 3M across all Senior Leadership Team (SLT) divisions. SLT leaders may need to reduce FTEs in restricted resources to make room to shift strategic positions to get to reduction target. Review staffing and communicate clear impact to operations.

Impact:

Reducing senior leadership positions will limit the services they can provide, potentially decreasing flexibility for school and department leaders and slowing response times from central departments. For example, mid-year funding adjustments for positions will no longer be possible, as all funding changes will need to be made during the annual budget development process.

Area D: Restructuring Operational Services |
Unrestricted Projected Cost Change = ↓$1.0M

Option 3: *Reduce additional staffing to school sites beyond strategic staffing positions*

Rationale:

The District must build a sustainable budget and avoid spreading resources too thin

Impact:

Schools will receive fewer staff positions (FTEs) in fewer categories, with allocations based on enrollment and Unduplicated Pupil Percentage (UPP) thresholds. Smaller schools will receive partial FTEs across multiple roles to align with these adjustments.

Area E: Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies |
Unrestricted Projected Cost Change = ⬇$1.0M

Option 4: *Centralized Materials and Supplies*

Rationale:

The District must build a sustainable budget and avoid spreading resources too thin.

Impact:

The District can save money by centralizing technology purchases, including Chromebooks, computers, and printers. District-wide contracts secure bulk discounts that individual schools would not receive when purchasing on their own.

Area D: Restructuring Operational Services |
Unrestricted Projected Cost Change = ⬇$1.0M

Option 5: *Provide a recommendation for cash reduction to school sites for 25-26 budget*

Rationale:

The District must build a sustainable budget and avoid spreading resources too thin.

Impact:

Schools will receive less discretionary funding from unrestricted resources, with these Change redirected to cover staff positions (FTEs) allocated through base funding formulas.

Area E: Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies | Unrestricted Projected Cost Change = ⬇$15.8M

Option 6: *Reduce Consultant Contracts*

Rationale:

The District must build a sustainable budget and avoid spreading resources too thin.

Impact:

Services to schools and central offices will be reduced by eliminating and reducing overall contracts. One example is reducing ParentSquare training and technical support; this is a contract that will be eliminated for SY25-26.

Area D: Restructuring Operational Services |
Unrestricted Projected Cost Change = ↓$2.0M

Option 7: *Spend down all reserves in parcel taxes for 25-26 and 26-27*

Rationale:

This would be one time use for 2025-26/26-27; would need to include language that positions would be eliminated once carryover is exhausted in these funds. Projected Ending Fund Balance (EFB):

- Measure G1 (MS) - $5.8M
- Measure H $.3M
- Measure G $10M
- Measure H $7.3M.

Impact:

Spending down all parcel tax reserves in 2025-26 and 2026-27 will help minimize the immediate impact of staffing reductions at school sites. However, these one-time funds cannot sustain positions or programs beyond this period. Without a reserve balance in these restricted funds, the District will face increased financial risk in future years.

Area E: Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies | Unrestricted Projected Cost Change = ⬇$8.0M

Option 8: *Eliminate/Significantly Reduce extended contracts*

Rationale:

Need 1-2 year analysis of spend on extended contracts. Develop centralized approval process, moving forward (restructuring component: improve budget monitoring). The District had 4,128 HRA's in 2023-24

Impact:

Eliminating or significantly reducing extended contracts will limit overtime and additional pay for staff, following stricter eligibility rules. This may result in less capacity for extra work at schools and central offices.

Area E: Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies | Unrestricted Projected Cost Change = ↓$2.3M

Option 9: *Average Daily Attendance (ADA) Target to Increase Attendance*

Rationale:

The District's attendance rate has remained at 89% since the pandemic, below the 94% target. Funding is now based on a three-year average (29,985 ADA for 2024-25). A 3% attendance increase (250 more students per grade span) in 2024-25 would generate $3.8 million in additional revenue, with $13.8 million more in 2025-26 if the trend continues.

Current attendance rates:

- **Elementary:** 46% above 90%, 54% below
- **Middle School:** 44% above 90%, 56% below
- **High School:** 75% above 90%, 25% below

Boosting attendance is key to improving student outcomes and financial stability.

Impact:

Increasing Average Daily Attendance (ADA) is essential for both student success and financial stability. During the pandemic, the state protected districts from funding losses due to low attendance, but that protection has ended. Since funding is now based on actual attendance, improving student attendance will generate additional revenue to help offset the District's financial deficit.

Area D: Restructuring Operational Services |
Unrestricted Projected Cost Change = ↓$3.7M

Option 10: ***Restructure school site allocations through revision of staff formula to eliminate (with a few exceptions) cash allocations to school sites. Move All Assistant Principal's (APs) to Supplemental, include General Funded AP's $4.7M. Move a portion of Full Time Equivalent (FTE) for Attendance Specialist to Concentration due to additional non base focus ($4.3M) 25% = $1.1M.***

Rationale:

The District must build a sustainable budget and avoid spreading resources too thin.

Impact:

Schools will have less flexibility in selecting and funding additional staff positions,

Area B: Restructuring Staff Formula | Unrestricted Projected Cost Change = $

Option 10A: Noon Supervision

Rationale:

Elementary Schools (ES) needs adequate yard supervision and yard coverage during recesses. Students need to participate in organized play during recesses.

Impact:

Larger schools may receive additional Full Time Equivalent (FTE), to meet the new 1:60 ratio, while smaller schools will receive fewer. This may lead to fewer, but larger, lunch periods, increasing the number of students in cafeterias and outdoor spaces at one time.

Area E: Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies | Unrestricted Projected Cost Change = ↓$0.4M

Option 10B: Assistant Principals (AP's)

Rationale:

Assistant Principals (AP's) are constantly changing, yet necessary Admin allocations for safety and infrastructure at schools. Goal is to create a more consistent allocation and funding methodology for AP's.

Impact:

Small schools with high suspension rates will experience increased workloads for administrators and staff as Assistant Principal positions are eliminated due to low enrollment. Schools with sustainable enrollment sizes will retain AP allocations to support safety and suspension-related needs, while smaller schools may have limited capacity to address these challenges due to financial constraints.

Area E: Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies | Unrestricted Projected Cost Change = ↑$3.9M

Option 10C: Attendance Specialist

Rationale:

Allocate an Attendance Specialist at schools with high rates of absences, chronic absenteeism and high rates of unverified absences. Most schools purchase the difference in Full Time Equivalent (FTE) using allocated site funds.

At the secondary level, case management is necessary to return students to schools.

Impact:

One pagers were distributed in in December and schools are in the process of budget development with school sites; smaller schools will see a reduction in their allocation, receiving partial FTE, where a full-time FTE may have been allocated in previous years.

Area E: Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies | Unrestricted Projected Cost Change = ↑$0.2M

Option 11: Eliminate any Teachers on Special Assignment (TSAs) that may be funded by on-going dollars

Rationale:

Prioritize Teachers on Special Assignment (TSA) Allocation based on contractually required/MOU driven parameters and Literacy TSA strategy.

Impact:

One pagers were distributed in in December and schools are in the process of budget development with school sites. This is a full elimination of some TSA positions in 0000 and a funding change for other TSAs currently funded in 0000. Some centrally-funded TSAs will also be eliminated, resulting in reduced services to schools, in order to prioritize Literacy TSA site-based work. This will result in a net decrease of TSA positions across the district, in order to achieve a standard that can be afforded and maintained with restricted resources. Schools will be impacted by reduced supports on site with fewer TSAs in all areas. Smaller schools will have fewer than 1.0FTE TSA allocation, resulting in reduced days of service at each site.

Area E: Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies | Unrestricted Projected Cost Change = ↓$5.8M

Option 12: Elimination of 80% of All Vacancies x Job Class or create Minimum Vacancy Pool x Job Class- Centralized Strategy

Rationale:

The District has numerous vacancies that it budgets for annually, but never fills. These expenditures can be used to fund for actual positions that are filled while the District continues it's restructure work.

Impact:

Departments and schools will need to adjust by redistributing work among existing staff or leaving some tasks unaddressed. Eliminating vacancies in non-core positions not required by law or contract will generate cost savings.

Area B: Restructuring Staff Formula | Unrestricted Projected Cost Change = ↓$12.0M

Option 14: Target to increase staff attendance

Rationale:

The District is experiencing an increase in requests for substitutes and is reviewing absence rates for all job classes, sites, and departments. The District is also analysing the impact of staff attendance and student attendance and will provide a subsequent analysis for the District's review as part of this process.

Impact:

Reducing staff absences will lower substitute costs while improving consistency in instruction and student services.

Unrestricted Projected Cost Change =

Option 15: Fixed Asset Revenue Strategy

Rationale:

New Request For Proposal (RFP) issued and vendor selected to review our fixed assets and support the update our Facility Plan. Fixed Asset Review of Vacant Properties by DCI and Brookwood Partners to provide options for the board on reuse, development and potential sale of district property.

Impact:

Board will determine future use of existing assets, as informed by the Fixed Asset Review, which could yield additional revenue in the form of sales, development, reuse, or rentals of District property.

Area D: Restructuring Operational Services | Unrestricted Projected Cost Change =

Option 16: Eliminate Co Principals

Rationale:

The District needs to assign 1 Principal to every site and add additional Admin Support through AP's as needed. Currently 1 Site - Life Academy & Joaquin Miller.

Impact:

Only two schools will be affected, with one already planning to transition to a single principal in 2025-26. Impacts are known and being managed.

Area B: Restructuring Staff Formula | Unrestricted Projected Cost Change = ⬇$0.4M

Option 17: 12M Community School Managers (CSMs) become 11M and Case Managers become 10M

Rationale:

Evaluate rationale for staff to be year round versus following the school year and prioritize the decision on program need and not availability of funding.

Impact:

Cost reduction based on fewer working days for each position. Summer services will continue to be provided to students via the summer school budget: summer school payments may be provided through staff who work an additional 1-2 months after the end of the normal school year.

Area B: Restructuring Staff Formula | Unrestricted Projected Cost Change = ⬇$0.6M

Option 18: Identify 11 and 12 month positions that can be converted into 10 month positions

Rationale:

Need list of positions and recommendation for changes.

Impact:

Reducing work days for certain positions will lower costs, while summer services will continue through the summer school budget, with staff paid separately for additional work. These positions were originally designed for an expanded school year, which is no longer in place.

Area B: Restructuring Staff Formula | Unrestricted Projected Cost Change = ↓$1.0M

Option 19: Revise Budget Handbook guideline to decrease Full Time Equivalent (FTE) and other allocations

Rationale:

Make changes to criteria.

Impact:

This change has no financial impact but will provide principals with clear guidance on budget adjustments and new spending rules.

Area D: Restructuring Operational Services | Unrestricted Projected Cost Change =

Option 20: Outsourcing annual related positions to Non-Public Agencies (NPA)/Consultants

Rationale:

Land on work to be accomplished in 25-26; undetermined if immediate savings can be realized for 25-26.

Impact:

There is no financial impact for 2025-26; any impact for 2026-27 will be determined based on work completed in the next school year.

Area D: Restructuring Operational Services | Unrestricted Projected Cost Change =

Option 23: Eliminate/Significantly Reduce Overtime Eliminate overtime, except for emergency core services: Building & Grounds for repairs, Custodians to cover vacancies, Payroll

Rationale:

Manage labor cost to perform essential duties and assignments and adjust additional support excluding necessary or emergency circumstances. Develop a centralized process to approve overtime; need analysis of projected cost to adjust down budget.

Impact:

With overtime limited to emergencies, some maintenance, supervision, and additional tasks may be delayed or may not occur during the regular workday.

Area D: Restructuring Operational Services | Unrestricted Projected Cost Change = ⬇$2.0M

Option 24: Moving hs to 6/8 master schedules out of base should minimize other teacher fte purchases out of random resources. And get rid of the English Language Development (ELD)/electives and A-G category of FTE allocation. The Two Teachers on Special Assignment (TSAs) for AP (Chabot & Montclair) will be eliminated in 2025-26. New Allocation - AP Allocation.

Rationale:

The District has reviewed it's Master Schedules and seeks to provide symmetry in the staffing allocations and master schedule expectations across the high school network first and subsequently the middle school networks.

Impact:

An 8-period day supports Career Technical Education (CTE) academies and high school students by allowing access to core A-G courses, credit recovery, CTE electives, and English Language Development (ELD) without disrupting pathways and cohorting. Additionally, a 6/8 teacher schedule, with two prep periods, is more cost-effective than a 5/7 schedule and ensures teachers receive one prep period per day in A/B 4x4 block schedules.

Area B: Restructuring Staff Formula | Unrestricted Projected Cost Change = ↓$0.3M

Option 25: Reserve the 2025-26 Loan Payment to be paid in 2024-25 after the Fiscal Systems Audit which is scheduled to be completed in May 2025.

Rationale:

The Loan payment would be reserved with one time funds at First Interim for a projected June 2025 payment or Accounts Payable Accrual, therefore relieving our expenditures of $2M in 2025-26.

Impact:

Shifting expenses from 2025-26 to 2024-25 will reduce planned expenditures from unrestricted base resources, moving the District closer to exiting state receivership. This is less about reducing costs and more about paying down obligations early to capture savings and generate future revenue.

Area D: Restructuring Operational Services | Unrestricted Projected Cost Change = ↓$2.0M

Option 26: Positions for review in Supplemental & Concentration (S&C) in 2024-25: These positions were retained for an additional year in Resource 0006:

- **Assistant Principals at High Need Schools ($3.24.2M S&C - 22 FTE)**
- **11-Month Teachers at select high schools ($1.3M S&C)**
- **Electives Teachers for Students Required to Take ELD ($3.9M S&C)**
- **Teachers for Late-Arriving Newcomer Students ($1.8M S&C)**
- **Teachers for Late-Arriving Continuation Students ($1.5M S&C)**

Rationale:

Propose positions placed in 2024-25 in Resource 0006 for permanent elimination. As shared in 2024-25, as Supplemental & Concentration (S&C) carryover declines or other areas of investment are prioritized, we would eliminate the positions out of Resource 0006 and review if and how we prioritize these positions using other funding.

Impact:

Staffing allocations will follow contractual formulas, with no additional positions in these categories. Some schools will receive fewer staff, while others will remain unchanged. If the master schedule adjustment is implemented, students will still have access to all necessary courses for graduation, Career Technical Education (CTE) pathways, credit recovery, and other requirements, minimizing the impact of reduced Full-Time Equivalent (FTE) positions.

Area B: Restructuring Staff Formula | Unrestricted Projected Cost Change = ⬇$12.3M

Option 27: The District will Exit Health Benefits Governing Board (HBGB) to allow analysis and recommended changes to benefit packages that can be negotiated with Bargaining Unit groups.

Rationale:

Land on work to be accomplished in 25-26; no immediate savings for 25-26.

Impact:

No planned impact in SY25-26.

Area D: Restructuring Operational Services | Unrestricted Projected Cost Change =

Option 28: OUSD Safety Investments

Rationale:

The District is in the process of establishing a funding methodology and practice for it's safety needs, which is a high imperative for families seeking to attend OUSD schools. No post mortem was done since the police department closure.

Impact:

No planned financial impact in SY25-26.

Area B: Restructuring Staff Formula | Unrestricted Projected Cost Change =

Option 29: ***Shift 2025-26 2025-26 Eligible and planned expenditures into Resource 0006 Supplemental and Concentration Carryover to spend down the historical and projected carryover first (First In First Out).***

Rationale:

The District plans to use carryover funds from Supplemental and Concentration resources as a **one-time option** to support specific 2025-26 investments while restructuring and exploring alternative solutions in response to declining resources and rising costs. Ongoing positions cannot be maintained at previous levels using these funds. The District intends to allocate resources earned annually for enrolled and eligible students, drawing on a projected $15M from Resource 0006 and an additional $15M anticipated as carryover in current year allocations for Resources 2-5.

Impact:

To utilize the carryover funds for eligible 2025-26 expenditures as the District advances its restructuring plan.

Area B: Restructuring Staff Formula | Unrestricted Projected Cost Change = ↓$30.0M

Option 30: *Reduce Central Supplemental Allocation as the District works to Restructure its operations.*

Rationale:

The District is seeking to make as many resources available in Supplemental resources to shift appropriate expenditures in 2025-26 while the District continues its work on the District restructure plan.

Impact:

To utilize the carryover funds for eligible 2025-26 expenditures as the District advances its restructuring plan.

Area D: Restructuring Operational Services | Unrestricted Projected Cost Change = ⬇$9.0M

V. Next Steps

1. February 6, 2025
   - Board Study Session - Budget Balancing Solutions
2. February 12, 2025
   - Board Study Session - Budget Balancing Solutions
3. February 20, 2025
   - Board adopts Budget Balancing Solutions and Scenarios
   - Board Meeting (Regular) - Board votes on approval of the Classified Layoff and Certificated Elimination resolutions

Questions

www.ousd.org @OUSDnews

OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students

1000 Broadway, Suite 300, Oakland, CA 94607

Appendices

1. Central Office Budget Development Handbook
2. School Site One-Pagers accessed at www.ousd.org/schoolbudgets
3. One-Time Funds Chart
4. Attachment A Presentation
5. Attachment B Presentation
6. School Services Report
7. Public Works Report
8. OUSD Organizational Chart
9. Staff Report on Rescinding School Closures

OUSD Completes Historic Steps Toward Exiting State Receivership

April 22, 2025

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We are proud to say that the District is now on the verge of taking an important and historic step forward for its financial health and well-being.

On June 30, 2025, the District is expecting to make its final two payments on the $100 million loan it received from the state of California at the start of receivership in 2003. Equally important, the District has completed the Fiscal Systems Audit, also a necessary step to being eligible to pay the final loan payment and exit receivership.

How We Got Here

Yes, 2003 was a generation ago. From 2003 to 2017, the District had nine different superintendents or state administrators. In the eight years since, Dr. Kyla Johnson-Trammell has led the District, and installed the systems that are digging us out of those financial challenges.

📌 2003–2009: State Control Period

In 2003, facing fiscal insolvency, OUSD received a $100 million emergency loan from the state, leading to a state takeover. During this period, the district was managed by state-appointed administrators.

2003–2006

Randolph (Randy) E. Ward: Appointed as the first state administrator following the takeover.

2006–2007

Kimberly Statham: Succeeded Ward but resigned in September 2007.

2007–2008

Vincent Matthews: Served as interim superintendent after Statham's resignation.

2008–2009

Roberta Mayor: Appointe interim superintendent wl the search for a permanen leader was underway.

📌 2009–Present: Return to Local Control

In 2009, OUSD regained local control, and the school board resumed its authority to appoint superintendents.

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2009–2013	2013–2014	2014–2017	2017
Tony Smith: Became the first superintendent after the return to local governance.	**Gary Yee**: Served as acting superintendent following Smith's resignation.	**Antwan Wilson**: Appointed as superintendent in 2014.	**Devin Dillon**: Served as interim superintendent af Wilson's departure.

So, why did we end up in receivership in the first place? There's a laundry list of reasons and perspectives, but the bottom line is our spending outran our revenue. The District was forced to borrow from the State in order to meet commitments, including monthly payroll.

With the loan came a State Administrator which stripped the locally-elected Board of Education of all decision-making authority. Local control was fully restored in 2009, but under the oversight of a Fiscal Trustee until the loan is fully repaid **and** the District demonstrates its ability to manage its finances by passing a Fiscal Systems Audit.

What the Audit Says

The 88-page Fiscal Systems Audit is an exhaustive review designed to ensure OUSD can stay solvent. While it highlights many improvements, it names sustained leadership as the single biggest reason for today's progress. The audit credits Superintendent Johnson-Trammell, Chief Business Officer Lisa Grant-Dawson and their financial team for the turnaround.

The report also highlights several system improvements and implementations during Superintendent Johnson-Trammell's tenure that have helped improve the fiscal outlook:

- ✓ Transitioned to Alameda County Office of Education (ACOE) financial systems for position control, budgeting, payroll, and vendor payments, reducing duplication of effort, improving audit readiness, and aligning with statewide best practices.
- ✓ Instituted Board approval of vendor obligations and employee assignment changes to support open governance.
- ✓ Eliminated all non-voter-approved debt reducing long-term structural financial risk and protecting classroom dollars.
- ✓ Adopted and implemented a three-year Fiscal Sustainability Plan in 2021, replacing the prior "Fiscal Vitality Plan" focused on numerous budget and operational practices.
- ✓ Demonstrated ability to produce reliable financial projections and budgets per ACOE and independent auditor reviews.

The good news is our latest audit shows we are doing things right. The company, Eide Bailly, which is the only organization that has done audits across the state for school districts coming out of receivership, has made it clear that our District needs to stay the course we have recently set in order to remain solvent.

Here are some of the key findings in the Eide Bailly audit report:

Best fiscal condition in 22 years including a reliable general ledger and budget practices, and minimal audit findings, plus use of county treasury and financial systems.

Stable leadership with the same Superintendent, Dr. Kyla Johnson-Trammell, since 2017 along with long-standing Chief Business Officer Lisa Grant-Dawson and accounting staff.

No risky financial practices, especially no non-voter-approved debt, no post-retirement health benefits, and no excessive executive perks or self-dealing.

Effective community engagement and responsible bond issuance.

What This Means for Students

Of course, the good news comes with warnings of current and upcoming challenges such as:

- Chronic under-enrollment and attendance problems such as 40% fewer students since the 1990s, attendance below 85% in some settings, and the loss of 700 students every year during the elementary-to-middle school transition.
- Too many schools meaning the District is operating about 30 more schools than fiscally sustainable, only 6 of 77 schools are within sustainable size ranges, resulting in unnecessarily high administration, utility, and maintenance costs.
- Decentralized decision-making leading to duplicated efforts and inefficiencies and excess administrative staffing.
- Unresolved liabilities including $12.8 million owed to STRS (retirement system) and about $1M unreconciled between district and charter reimbursements.

The Work Still Ahead

All the findings led Eide Bailly to make numerous recommendations including:

- Close/consolidate schools to reduce overhead and reinvest in educator salaries.
- Increase attendance by at least 5% in underperforming schools.
- Recapture students lost to charter schools with better programs and facilities.
- Centralize operations to achieve economies of scale.

> With the audit complete and the loan payoff days away, OUSD is closer to full independence than at any time since 2003. However, the report warns that without continued action to reduce costs and improve attendance, the District is at risk of needing another state bailout.

Since she became superintendent in July of 2017, Dr. Johnson-Trammell has had Fiscal Vitality and Organizational Resilience as two of her top priorities for the District, and that has led us to where we are today, on the verge of exiting receivership. She understood from personal experience in Oakland how financial instability undermines our efforts toward student success.

We hope that like us, you will use this as a time to reflect on all that progress the District has made in the last two-plus decades, and more specifically, the last eight years. And we hope you will commit with us to continuing the work to ensure that the District remains on solid financial footing, keeping the focus on providing all Oakland students an outstanding education that prepares them well for success in college, career, and community.

We thank you for your ongoing support and collaboration.