



September 16, 2024

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD) via email

2023-24 Annual Report Regarding Fiscal Solvency of OUSD

Executive Summary:

This executive summary provides a condensed overview of the 2023-24 Annual Report on the fiscal solvency of the Oakland Unified School District (OUSD), in accordance with Education Code Section 1240(e) under Assembly Bill (AB) 139. The ACOE approved the 2023-24 Adopted Budget after several conditions were met in the Fall of 2023. Throughout 2023-24, OUSD had an intentional focus on bargaining ongoing compensation increases for employees, which was temporarily supported by reserves and one-time funding streams. This has meant OUSD had sufficient resources to cover these new obligations for 2023-24 and 2024-25 only. Beyond 2024-25, significant budget cuts or alternative solutions are needed to support the increases in compensation. The 2024-25 Adopted Budget indicates a \$87M deficit for 2025-26. A highlight of effective high-level budgeting practices in OUSD is that \$81.2M in reserves was originally projected in the June 2023 Adopted Budget and \$81.0M in reserves is where OUSD ended in September 2024 as part of the Unaudited Actuals. This level of accuracy is commendable and shows a praiseworthy improvement over budget planning, however it further emphasizes that the fiscal solvency of the district will be dependent on the actions, or inactions, OUSD takes in 2024-25 to address the \$87M deficit next year.

Background:

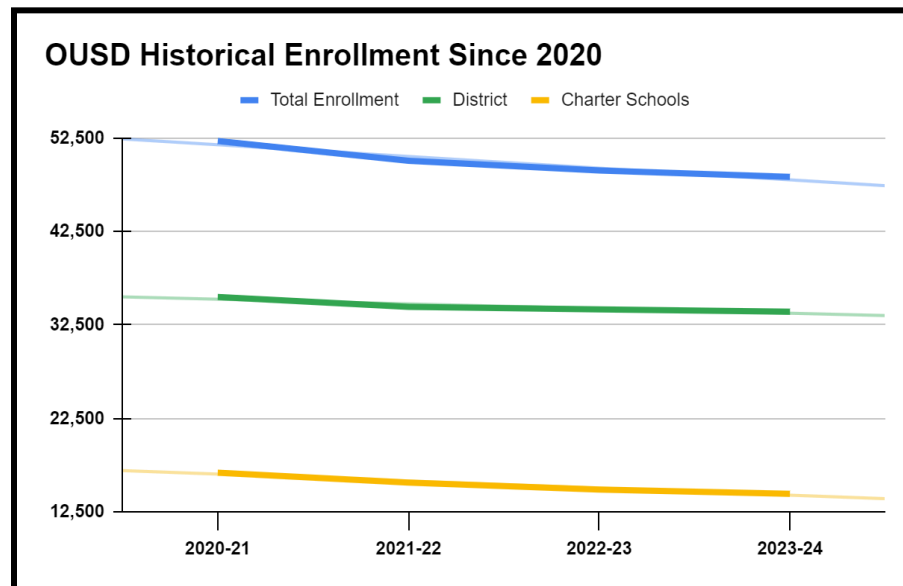
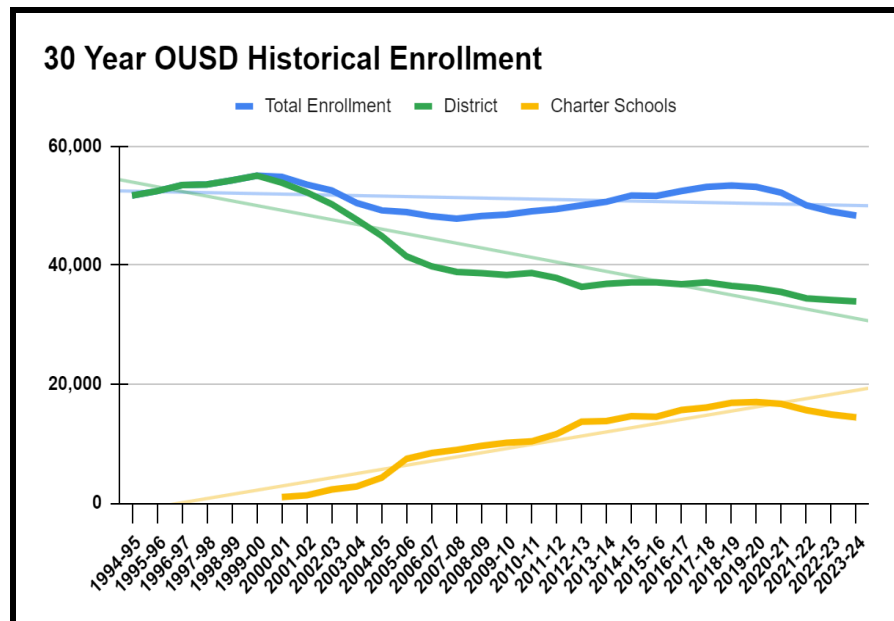
Under Assembly Bill 139, the Alameda County Superintendent of Schools is mandated to present an annual report to the OUSD governing board (Board) and the Superintendent of Public Instruction regarding the fiscal solvency of any school district with a disapproved budget, a qualified or negative interim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

Budget Reports Overview:

Financial reports during 2023-24 include the Adopted Budget (Received a Conditional Approval), First Interim Budget Report (Certified as Qualified), Second Interim Budget Report (Certified as Qualified), and Third Interim Budget Report (for districts certified as Qualified at Second Interim only). Throughout 2023-24, OUSD and ACOE staff met on a bi-weekly basis and OUSD shared revisions and updates.

Enrollment & ADA:

Over the past 30 years, OUSD enrollment declined by over 1/3, most significantly during the 2000's; going from 55K students down to 39K students in a short period of time. The District has then seen a more consistent enrollment decline in the 2010's. All of this creates structural challenges financially.



However, since the pandemic, charter school enrollment has declined faster than OUSD's enrollment decline, aligning to demographic changes seen across Alameda County. OUSD's attendance rates remain lower than pre-pandemic levels, which negatively impacts the District's revenue.

Time Period	OUSD District School Enrollment Variance	Oakland Charter School Enrollment Variance	Total Enrollment Variance
1994-2000	+ 6.5%	N/A	+ 6.5%
2001-2008	- 28.2%	+ 851%	- 12.0%
2008-2020	- 6.5%	+ 76.7%	+ 10.1%
2020-2024	- 6.2%	- 15.1%	- 9.1%

Collective Bargaining:

Following the June 2023 settlement with the Oakland Education Association (OEA) in which the Board approved a collective bargaining agreement without identifying the budget adjustments necessary to fund the compensation increases, the District negotiated increases for other bargaining units, increasing the projected reductions required in 2025-26. Based on these settlements and over a four year period, the total board-approved obligations exceed \$200M. OUSD Board and staff engaged extensively with ACOE regarding their need for compensation increases to maintain adequate staffing for students, and have repeatedly reaffirmed their understanding that budget balancing solutions are needed to sustain them.

Combined Total Fiscal Impact of CBAs from June 2023 to May 2024											
	2022-23		2023-24		2024-25		2025-26		Cumulative Total Impact by Bargaining Unit		
	One-Time	Ongoing	One-Time	Ongoing	One-Time	Ongoing	One-Time	Ongoing	One-Time	Ongoing	Total
OEA	\$15,711,099	\$15,805,162	\$ -	\$39,210,534	\$ -	\$39,751,425	\$ -	*	\$ 15,711,099	\$ 94,767,121	\$110,478,220
BCTC			\$ 878,696	\$ 595,868	\$ 45,500	\$ 1,702,977	\$ -	\$1,985,149	\$ 924,196	\$ 4,283,994	\$ 5,208,190
AFSCME, SEIU, UAOS, Unrep, Conf			\$28,706,213	\$ -	\$3,087,677	\$ -	\$ -	\$ -	\$ 31,793,890	\$ -	\$ 31,793,890
AFSCME			\$ -	\$ 281,910	\$ -	\$ 676,583	\$ -	\$ 676,583	\$ -	\$ 1,635,076	\$ 1,635,076
UAOS			\$ 2,118,750	\$ 5,637,993	\$ 254,250	\$ 5,949,035	\$254,250	\$5,949,035	\$ 2,627,250	\$ 17,536,063	\$ 20,163,313
Total	\$15,711,099	\$15,805,162	\$31,703,659	\$45,726,305	\$3,387,427	\$48,080,020	\$254,250	\$8,610,767	\$ 51,056,435	\$ 118,222,254	\$ 169,278,689

Total Impact by Fiscal Year	2022-23		2023-24		2024-25		2025-26		Cumulative Total Impact
	\$		\$		\$		\$		\$
		31,516,261		77,429,964		51,467,447		49,411,471	\$ 209,825,143

* The AB1200 Public Disclosure from OUSD for the June 2023 OEA agreement did not include the fiscal impact for 2025-26. Based on OUSD's stated annual cost of step and column movement for certificated employees of 2.0%, ACOE estimates that the ongoing fiscal impact for 2025-26 would be \$40,546,454, bringing the Cumulative Total Impact for these agreements to \$209,825,143 over the period.

OUSD continues to struggle to comply with the *at least* ten working day review period for AB1200 public disclosures per Government Code 3540.2(a). GC 3540.2(a) requires a district with a Qualified certification to submit to the County Office of Education (COE) for review of its AB1200 Public Disclosure for any proposed collective bargaining agreement *at least* ten working days prior to board action.

Board Action and Staff Recommendations:

On February 28, 2024, the Board approved Resolution 2324-0137 containing District staff's recommendation of twelve budget adjustments totaling \$16.3 million as detailed in the District's Attachment B, two of which totaling \$3 million were already approved by the Board in February 2023 ([Link](#)). Staff communicated that this list of proposed reductions were not projected to cover the District's deficit. Also on February 28, 2024, the Board authorized preliminary layoff notices for 2024-25 resulting in net reductions of 185 full-time equivalent (FTE) positions, and instituted a temporary hiring freeze.

On June 26, 2024, the Board rescinded and/or amended the preliminary layoffs by approving a net increase of 82.3 full-time equivalent (FTE) certificated and classified employees through the use of grant funding ([Classified](#) & [Certificated](#) Links).

Fiscal Sustainability Plan and Re-envision, Redesign, and Restructure OUSD Resolution:

On May 8, 2024, the Board approved the District's Fiscal Sustainability Plan - Fiscal Years 2023-2026, As Amended. The updated plan includes the District Restructure Recommendations for 2025-26, and the 2024-25 Attachment B Budget Adjustments ([Link](#)). Also, on June 26, 2024, the Board unanimously approved the Resolution to Re-envision, Redesign, and Restructure the District, 2024-2025 Fiscal Year, aka 3R's. This proposes to complete the process of creating the initial legislation to make 2024-25 the Fiscal Year the Board re-envisions, redesigns, and restructures the District. The 3Rs Resolution is also intended to implement strategies the Board has committed to do in the Fiscal Sustainability Plan.

Conclusion:

OUSD did not make significant progress in balancing its budget in 2023-24 and the Board continued to grant compensation increases without making the corresponding budget tradeoffs, compounding the District's deficit spending.

While the Third Interim Budget Report submitted by OUSD indicated an improvement in the District's fiscal position over Second Interim, ACOE continues to have concerns with OUSD's 2024-25 budget deficit as OUSD will need to address the \$87M deficit for 2025-26 and \$90M deficit for 2026-27.

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 Instructions, CDE
Michael H. Fine, Fiscal Crisis and Management Assistance Team
Luz Cázares, Fiscal Oversight Trustee
Members of the Alameda County Board of Education (ACBOE)
Allan Garde, Associate Superintendent of Business Services, ACOE
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Director III, District Business & Advisory Services, ACOE

Attachments:

- [2023-24 Adopted Budget Conditional Approval Letter](#)
- [2023-24 Adopted Budget Final Approval Letter](#)
- [2023-24 First Interim Letter](#)
- [2023-24 Second Interim Letter](#)
- [OEA CBA Letter](#)
- [BCTC CBA Letter](#)
- [AFSCME/SEIU/UAOS CBA Letter](#)
- [AFSCME CBA Letter](#)
- [UAOS CBA Letter](#)

Detailed Summary:

2023-24 Annual Report Regarding Fiscal Solvency of Oakland Unified School District Pursuant to Education Code Section 1240(e)

Budget Reports:

2023-24 Reporting Period - Combined General Fund Fiscal Summary

Description	Adopted Budget	Revised Budget	First Interim	Second Interim	Third Interim
Approval / Certification	Conditional	Approved	Qualified	Qualified	n/a
Total Revenues & Other Sources	\$808,983,416	\$831,970,044	\$872,100,750	\$892,897,947	\$908,938,933
Total Expenditures, Other Uses & Transfers	\$805,817,992	\$908,369,964	\$927,366,916	\$950,096,591	\$927,200,705
Surplus / (Deficit)	\$3,165,424	(\$76,399,920)	(\$55,266,166)	(\$57,198,644)	(\$18,261,772)
Total Ending Fund Balance	\$210,242,150	\$206,720,672	\$227,863,378	\$225,955,654	\$264,892,527
Unrestricted Reserve (Obj 9789 & 9790)	\$105,121,580	\$82,974,196	\$86,170,077	\$72,533,260	\$100,112,480
Unrestricted Reserve %	13.05%	9.13%	9.29%	7.63%	10.80%
Reserve Met / Not Met	Met	Met	Met	Met	Met
Average Daily Attendance (ADA) P-2 Projections	30,047.01	30,047.01	30,522.82	29,945.23	30,252.83
Funded 2023-24 P-2 ADA	32,095.70	32,095.70	31,928.69	31,972.37	31,938.12
Funded Difference (Funded ADA-Actual P-2 Projected ADA)	2,048.69	2,048.69	1,405.87	2,027.14	1,685.29

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

On June 28, 2023, OUSD's Board approved the 2023-24 Adopted Budget and Multiyear Budget Projection (MYP). However, because the budget did not include the salary increases for the Oakland Education Association (OEA) collective bargaining agreement also approved by the Board on June 28th, the Adopted Budget Report did not demonstrate the full scope of the District's financial obligations. The District's LCAP, however, did incorporate the fiscal impact of the OEA agreement. ACOE was unable, therefore, to determine whether the Adopted Budget contained sufficient expenditures to fully implement the actions within the LCAP.

Due to the complexities of the OEA agreement, and in discussions with ACOE in May 2023, OUSD staff committed to provide ACOE a 45-Day Budget Revision by July 30th which would include the full impact of the OEA agreement. Without notifying ACOE, OUSD staff were unable to meet this timeline and the deadline was not met.

The District then committed to providing an “45-Day Update” to its budget at the September 13, 2023, Board meeting. In addition, based on the District’s response to ACOE’s LCAP clarifying questions letter, OUSD staff updated the LCAP’s Contributing Expenditures in order to meet the required percentage of increased and improved services for its Unduplicated Student population (MPP %).

Both the revised 2023-24 budget and the revised LCAP were to be approved by the Board on September 13, 2023. However, these items were pulled from the Board agenda and neither publicly discussed nor approved. Therefore, ACOE conditionally approved OUSD’s budget pending receipt by September 27, 2023, of a Board-approved revised LCAP and Adopted Budget fully incorporating the fiscal impact of the OEA agreement. On October 3, 2023, after review of the revisions submitted by the District, ACOE approved both OUSD’s 2023-24 budget and LCAP.

First Interim Budget Report:

OUSD filed a QUALIFIED certification of the District’s 2023-24 First Interim Budget Report, as approved by OUSD’s Board on December 14, 2023. 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 2023-24 Second Interim Budget Report as approved by OUSD’s Board on March 13, 2024. 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 2023-24 Third Interim Budget Report to ACOE. No certification was required for this report.

Enrollment:

The District has been experiencing a decline in enrollment since 2017-18. The District’s 2023-24 Second Interim Budget Report anticipated that enrollment would continue to decline through 2024-25, but will remain flat in 2025-26 as shown below:

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	34,122	(306)	-0.89%
2023-24	33,882	(240)	-0.70%
2024-25	33,743	(139)	-0.41%
2025-26	33,743	0	0%

However, by June 2024, the District's enrollment projections had softened for 2025-26 to 33,533, a decline of 210 students or 0.62%.

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. Based on subsequent board action, OUSD's 2024-25 Adopted Budget requires material budget adjustments that were not reflected in the District's financials from Spring. As such, ACOE continues to monitor the District's and Board's progress in maintaining long-term fiscal sustainability.

Description	2024-25	2025-26	2026-27
2023-24 Revised Adopted Budget	\$272,844	\$0	n/a
2023-24 First Interim	(\$9,532,312)	(\$5,760,000)	n/a
2023-24 Second Interim	(\$21,099,749)	(\$10,973,480)	n/a
2023-24 Third Interim	(\$14,248,839)	(\$10,973,480)	n/a
2024-25 Adopted Budget	-	(\$82,664,041)	(\$90,516,303)



Alameda County Office of Education

Alysse Castro, Superintendent

September 15, 2023

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD)

RE: 2023-24 Local Control and Accountability Plan (LCAP) & Adopted Budget Review

Dear Superintendent Johnson-Trammell and Members of the Board,

I am writing to address the status of the 2023-24 Local Control and Accountability Plan (LCAP) and Adopted Budget for the Oakland Unified School District (OUSD). Both documents require approval under Education Code (EC) Sections 42127 and 52070. Our review revealed that both the LCAP and Budget approved before July 1 required significant revisions to meet minimum legal requirements. Revisions were agendized for September 13, 2023, however the OUSD Board deferred action on both items. Consequently, ACOE *cannot* approve the LCAP and Budget at this time, leaving the district without these critical cornerstones of state funding. Rather than a disapproval which would be a huge step backwards for OUSD, the law allows for a conditional approval. These specific conditions must be met by OUSD to secure approval:

No later than September 27, 2023, at 9:00 pm, adopt by Board action, updates to the 2023-24 LCAP and Budget to ensure compliance with the law and previous commitments in the following areas:

1. LCAP Clarifying Questions: By September 27, 2023, OUSD must adopt, through Board action, the district's response to clarifying questions posed by the Alameda County Office of Education (ACOE) regarding the 2023-24 LCAP.
2. LCAP MPP: OUSD must approve an LCAP that reflects expenditure requirements for funds allocated based on the number and concentration of unduplicated students (known as the Minimum Proportionality Percentage or MPP) as required by Education Code Sections 42238.02 and 42238.03.
3. LCAP sufficient expenditures: The Board must adopt an LCAP reflecting sufficient expenditures to fully implement the specific actions within the LCAP, using the same budget assumptions and salary calculations as used in the budget to be adopted, including incorporating the impact of the new OEA agreement.
4. Budget and MYP: OUSD must approve revisions to the 2023-24 budget and multiyear budget projections (MYP) *through 2025-26* that fully incorporate all components of the OEA Collective Bargaining Agreement (CBA), appropriately coded to salary and benefits. Any other known budgetary assumptions impacting OUSD's fiscal status should also be included.

No later than September 20, 2023, at 5:00 pm, Item #4 above must be provided to ACOE staff and OUSD's Fiscal Oversight Trustee for review and confirmation prior to being presented to the Board for approval.

Additionally, we remind the Board of their previous agreement that no later than October 31, 2023, the Board will approve and submit to ACOE and to the Fiscal Oversight Trustee the

detailed list of Budget Balancing Adjustments which the Board committed to make in order to complete the settlement with OEA as documented in ACOE's June 27, 2023, review.

These conditions are based on prior commitments and legal requirements. OUSD staff has already made significant progress toward completing them and much information was shared with the Board in advance of the September 13th meeting. *It is critical that Board members work with staff to get answers to any questions they have and be prepared to take action to approve the LCAP and Budget by 9/27 as the district simply can't function without them.*

Attached to this letter, you will find a detailed description of the requirements for each item and a summary of the concerns and agreements related to the current situation.

In community,

A handwritten signature in black ink, appearing to read 'Alysse Castro', with a stylized flourish at the end.

Alysse Castro
Alameda County Superintendent of Schools

cc: Lisa Grant-Dawson, Chief Business Official, Oakland USD
Tony Thurmond, State Superintendent of Public Instructions, CDE
Michael H. Fine, Fiscal Crisis and Management Assistance Team
Luz Cázares, Fiscal Oversight Trustee
Juwen Lam, Chief of Accountability Services, ACOE
Shirene Moreira, Chief of District Business and Advisory Services, ACOE
Joan Laursen, Director III, District Business and Advisory Services, ACOE

Details:

In accordance with Education Code (EC) Sections 42127 and 52070, the Alameda County Office of Education (ACOE) has reviewed the 2023-24 Local Control and Accountability Plan (LCAP) and Adopted Budget of the Oakland Unified School District. By statute, the Adopted Budget review must be completed by September 15 of each year, and the LCAP review must be completed by October 8.

Local Control and Accountability Plan

Based on the District's response to ACOE's LCAP clarifying questions letter, OUSD staff updated its Contributing Expenditures to meet the local calculations required to increase and improve services for its Unduplicated Student population, and responded that the material revisions would be approved by the Board on September 13, 2023.

Because the Board did not approve the revisions to the LCAP, OUSD is failing to meet the following criteria for approval:

- The LCAP or Annual Update adheres to the expenditure requirements for funds apportioned on the basis of the number and concentration of unduplicated students pursuant to EC Sections 42238.02 and 42238.03, commonly known as the percentage to increase or improve services or Minimum Proportionality Percentage (MPP).

While OUSD's LCAP appropriately includes the financial impact from the board-approved OEA CBA, the District's Adopted Budget, as approved by the Board on June 28, 2023, did not incorporate the OEA agreement for the current and two subsequent fiscal years. The full fiscal impact from the OEA settlement has not been publicly presented, and to date, the impact on FY 2025-26 has yet to be formally disclosed. As the Adopted Budget and Multiyear Projection do not include all costs projected within the LCAP, ACOE is unable to determine with a level of confidence that the 2023-24 Adopted Budget contains sufficient expenditures to fully implement the specific actions within the LCAP. Therefore, OUSD's budget does not satisfy all of the required elements for approval.

ACOE's Research, Assessment, and Accountability Partnerships (RAAP) department will continue to work with OUSD over the coming year to provide Differentiated Assistance (DA) and to ensure that actions associated with DA are aligned to and reflected in OUSD's LCAP priorities. *Note that the 2023-24 Education Omnibus Budget Trailer Bill (SB114) now requires a midyear LCAP update to be presented to the Board on or before February 28th, and to include all available midyear data for outcomes, expenditures, and implementation.*

Adopted Budget

After approval of an LCAP, Education Code requires the County Superintendent of Schools to approve, conditionally approve, or disapprove the Adopted Budget for each school district after a review that includes the following:

- Determine whether the Adopted Budget includes the expenditures necessary to implement the LCAP or Annual Update;
- Examine the Adopted Budget to determine whether it complies with the standards and criteria established pursuant to EC Section 33127 and identify any technical corrections needed to bring the budget into compliance with those standards and criteria;
- Determine whether the Adopted Budget will allow the district to meet its financial obligations during the current fiscal year and is consistent with a financial plan that will enable the district to satisfy its multiyear financial commitments.

Based on our review of the District's 2023-24 Adopted Budget and Multiyear Budget Projection (MYP), we have determined that the Adopted Budget, as approved by the Board on June 28, 2023, did not demonstrate the full scope of the District's financial obligations.

In advance communications with District staff understanding the complexities of the OEA agreement, OUSD staff committed in May to provide ACOE a 45-Day Budget Revision which would include the full impact of the OEA agreement due no later than July 30th for ACOE to meet its statutory timelines. This deadline was missed as the OUSD staff could not meet this timeline and the item was pulled. ACOE was not notified in advance that this commitment would not be met.

District staff then committed to providing a "45-Day" Budget Revision along with the revised LCAP at its September 13, 2023, Board meeting. ACOE had requested that this budget revision include updates to the Original Adopted Budget for the fiscal impact of the OEA agreement and any other known assumptions. Both the budget revision and revised LCAP were pulled from the Board agenda and were neither publicly discussed nor approved. Further, the draft board documents did not reflect updated financials through fiscal year 2025-26 though this is required to be included in the Adopted Budget cycle.

Therefore, the District is not in compliance with the approval criteria for the LCAP nor its Adopted Budget, and ACOE is unable to approve OUSD's LCAP and Adopted Budget in its current state. ACOE will approve OUSD's 2023-24 LCAP and Adopted Budget & MYP when in receipt of the items outlined on page one.

By October 31, 2023, as communicated in ACOE's June 27, 2023, OEA Review Letter to the OUSD Board, submission to ACOE a Board-approved detailed list of Budget Balancing solutions that the Board has committed to as part of the OEA AB1200 memo to support the Board in upholding its fiduciary responsibility:

"The fourth year, 2025-26, is therefore significantly at risk without budget adjustments that must be framed by the Fall of 2023 in order to incorporate them into the 2024-25 and multi-year budget which will include 2025-26 and 2026-27. The Board's knowledge and assurance of taking these critical steps is imperative to ensure approval and confidence by the Alameda County Office of Education, County Trustee that the District will make the adjustments required. The Superintendent and Chief Business Officer are signing this document assuring and attesting that the ongoing commitment of affordability will be made."

And further upheld with the board's approval of Resolution 2223-0065 which was Approved with OUSD's Adopted Budget that confirms the Board's commitment to implement additional reductions and/or adjustments, should revenues fail to meet existing obligations.

We remind the District that pursuant to our letter of June 27, 2023, ACOE requires a public update to be provided by the First Interim report, with further public disclosure and formal Board Action, no later than February 2024, of the adjustments necessary for the District to meet its financial obligations in the subsequent fiscal year.

If a school district does not adopt all of the revisions to its budget needed in the current fiscal year to meet the costs of a collective bargaining agreement, the county superintendent of schools shall issue a qualified or negative certification for the district on the next interim report.

Further, as OUSD enters into negotiations with other bargaining units, we remind the District that as a school district with a qualified certification currently, it is obligated to provide the county office of education with at least 10 working days to review and comment on any proposed collective bargaining agreement. We appreciate OUSD working collaboratively with ACOE in its disclosure of any forthcoming agreements.

In summary, recent events continue a troubling and troublingly familiar pattern of not implementing standard accounting practices, deferring decision making, and breaking commitments. ACOE is extremely concerned with the District's continual inability to meet standard fiscal deadlines and commitments despite years of intensive intervention and support, and with the Board's failure to prioritize meeting its fiduciary responsibilities. OUSD has all the tools and resources necessary to break these patterns.



Alameda County Office of Education

Alysse Castro, Superintendent

October 3, 2023

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD)
1011 Union Street
Oakland, CA 94607

RE: 2023-24 Local Control and Accountability Plan (LCAP) & Adopted Budget Review

Dear Superintendent Johnson-Trammell and Members of the Board,

Based on ACOE's review of the District's revised 2023-24 LCAP and Adopted Budget and Multiyear Budget Projection, as approved by the Governing Board (Board) on September 27, 2023, we have determined that the District is in compliance with the approval criteria per Education Code Sections 42127 and 52070, and both OUSD's LCAP and Adopted Budget have been approved.

We look forward to supporting the District's continued fiscal health and reviewing the Board's budget adjustments scheduled for the end of the month. If you have any questions or concerns regarding our review process, please feel free to contact my office at (510) 670-4140.

In community,

Alysse Castro
Alameda County Superintendent of Schools

cc: Lisa Grant-Dawson, Chief Business Official, Oakland USD
Tony Thurmond, State Superintendent of Public Instructions, CDE
Michael H. Fine, Fiscal Crisis and Management Assistance Team
Luz Cázares, Fiscal Oversight Trustee
Juwen Lam, Chief of Accountability Services, ACOE
Shirene Moreira, Chief of District Business and Advisory Services, ACOE
Joan Laursen, Director III, District Business and Advisory Services, ACOE



Alameda County Office of Education

Alysse Castro, Superintendent

January 12, 2024

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD)
1011 Union St, Oakland, CA 94607

RE: 2023-24 First Interim Budget Report

Dear Superintendent and Members of the Board,

OUSD filed a QUALIFIED certification of the District's 2023-2024 First Interim Budget Report covering the period ending October 31st, which OUSD's Board of Education approved on December 14, 2023. A Qualified Certification means that a district **may not** meet its financial obligations for the remainder of the fiscal year or, based on current forecasts, for the subsequent two fiscal years. **ACOE has reviewed OUSD's First Interim Budget Report reflecting the financial status of the District based on the current budget assumptions and the Board's actions, and we concur with the District's QUALIFIED certification.**

ACOE is highlighting concerns in three areas:

- *Forecasts include future reductions pending board action.*
- *Forecasts assume enrollment growth which is not consistent with the District's historical trend.*
- *The state's COLA and revenue projections are down significantly and will likely require the board to take further action in the future.*

Please see the attached report for details we wish to highlight for the Board in support of performing its fiduciary duty over the three projected years within the Multiyear Budget Projections (MYP).

We want to acknowledge and express our appreciation to the District staff, the Board, and the community for their continued diligence and hard work. If you have any questions or concerns regarding our review process, please don't hesitate to reach out to me or the District Business & Advisory Services team.

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
Luz Cázares, Fiscal Oversight Trustee
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Director III, District Business & Advisory Services, ACOE

2023-24 First Interim Review Oakland Unified School District

Revenue Projections:

Description: The Legislative Analyst's Office announced in November 2023 that the Governor's June 2023 COLA estimates for fiscal years 2024-25 and 2025-26 were inflated. The COLA for 2024-25 will come in closer to 0.76% vs. 3.94% as projected in June of 2023.

COLA	2024-25	2025-26
OUSD's LCFF Calculator (Revenue Projections)	1.00%	2.00%
Governor's January Budget Proposal/ACOE's Estimate*	0.76%	2.00%*

LCFF Revenue Projections	2023-24	2024-25	2025-26
OUSD's Unrestricted LCFF Revenue (MYP)	\$482,148,050	\$471,544,693	\$479,145,692
ACOE's Estimates after adjusting OUSD's Calculator	\$482,148,050	\$470,434,125	\$478,027,333
Difference due to COLA adjustment only	-	(1,110,568)	(1,118,359)

Enrollment Projections:

Description: The District has been experiencing declining enrollment since 2017-18, with a five-year average annual decline of 1.65%. The District is projecting growth in the MYP largely due to the increase in Transitional Kindergarten. The chart below illustrates the enrollment projections according to the District's LCFF Calculator.

CALPADS	2023-24	2024-25	2025-26
Projections within the District's First Interim Report	33,989	34,290	34,290
Year-Over-Year Difference	133	301	-

Average Daily Attendance (ADA):

Description: The District projects revenue forecasts based on enrollment growth and the three-year rolling average LCFF funding calculation for 2023-24 and 2024-25, with funding based on the projected "current" enrollment in 2025-26.

ADA Calculations for Revenue Forecasts	2023-24	2024-25	2025-26
Enrollment	33,989	34,290	34,290
Total Average Daily Attendance for the FY	30,459.52	30,729.27	30,729.27
Total Funded ADA	31,865.39	30,762.83	30,729.27
Funded ADA Option	3-PY Average	3-PY Average	Current

Reserve for Economic Uncertainties (REU):

Description: Districts the size of OUSD are required to meet 2% minimum required reserves for each year through 2025-26. Additional Stabilization arrangements of 1% were approved locally to require a 3% REU.

RESERVES	2023-24	2024-25	2025-26
Is REU Met or Not Met in Submitted Financial Report?	Met	Met	Met
Amount of Revenue that the LEA may not receive if COLA is lower		(1,110,568)	(1,118,359)
Is REU Met or Not Met if COLA is decreased?	Met	Met*	Met*

*District's financial report includes \$41.5 million in ongoing reductions

Required Board Action:

Description: The OUSD board approved Resolution No. 2223-0065 at Adopted Budget that confirms the Board's commitment to implement reductions and/or adjustments, should revenues fail to meet existing obligations. Staff have outlined \$34.1 million in ongoing reductions are needed in 2024-25 and an additional \$7.3 million in 2025-26 at First Interim, not including the additional amount that may be needed should the COLA not be funded at levels projected within the District's First Interim MYP.

Required Board Action Budget Reductions and/or Revenue	2023-24	2024-25	2025-26
OUSD's Unrestricted Reductions - Source: MYP		(9,532,312)	(5,760,000)
District will further reduce the Restricted Side one-time categorical positions		(24,597,241)	(1,572,054)
Total Needed Budget Reductions/Adjustments in Submitted Report		(34,129,553)	(7,332,054)

Should the COLA not be funded at current projections within the District's financial Report

Required Board Action Budget Reductions and/or Revenue	2023-24	2024-25	2025-26
OUSD's Unrestricted Reductions - Source: MYP		(9,532,312)	(5,760,000)
District will further reduce the Restricted Side one-time categorical positions		(24,597,241)	(1,572,054)
Amount of Revenue that the LEA may not receive if COLA is lower		(1,110,568)	(1,118,359)
Total Needed Budget Reductions/ Adjustments if COLA is reduced		(35,240,121)	(8,450,413)

Conclusion:

The District's First Interim Report does not include the impact of the Governor's COLA factor. Should the COLA factor be reduced as projected, the District will be required to **not only** implement the \$34.1 million in ongoing budget reductions in 2024-25 and the additional \$7.3 million 2025-26, but further reductions will be needed.

Additionally, the District's enrollment projections deviate from its historical experience. Should the enrollment and ADA growth not materialize as projected, additional budget-balancing solutions will be necessary.

Next Steps:

The District Board and staff are expected to approve and implement budget-balancing solutions in February 2024.



Alameda County Office of Education

Alysse Castro, Superintendent

April 15, 2024

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD)
1011 Union St, Oakland, CA 94607

RE: 2023-24 Second Interim Budget Report

Dear Superintendent and Members of the Board,

OUSD filed a QUALIFIED certification of the District's 2023-2024 Second Interim Budget Report covering the period ending January 31st, which OUSD's Board of Education approved on March 13, 2024. A Qualified Certification means that a district *may or may not* meet its financial obligations for the remainder of the fiscal year or, based on current forecasts, for the subsequent two fiscal years. ACOE has reviewed OUSD's Second Interim Budget Report and concurs with the District's QUALIFIED certification.

ACOE is highlighting concerns in the following areas:

- *Forecasts include the presumption that the District will implement the Board's approved adjustments for fiscal year 2024-25.*
- *Forecasts include plans for unspecified future reductions that will require additional board action, without which the District will not meet its financial obligations in 2025-26.*
- *Forecasts assume enrollment projections that are not consistent with the District's historical trend.*

Please see the attached report for a detailed summary and analysis. If you have any questions or concerns regarding our review process, please don't hesitate to reach out to me or the District Business & Advisory Services Team.

With appreciation to the District staff, Board, and community for their continued efforts,

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
Luz Cázares, Fiscal Oversight Trustee
Allan Garde, Associate Superintendent of Business Services, ACOE
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Director III, District Business & Advisory Services, ACOE

2023-24 Second Interim Review Oakland Unified School District

Revenue Projections:

Description: OUSD's revenue projections appear overstated due to the District's flat enrollment projections that deviate from the District's declining enrollment trend. The District should be prepared with contingency plans for additional budget balancing solutions should the enrollment not materialize as projected.

LCFF Revenue Projections	2023-24	2024-25	2025-26
OUSD's Unrestricted LCFF Revenue (MYP) - flat enrollment projections	\$ 486,069,395	\$ 475,203,753	\$ 479,295,595
ACOE's Estimates - based on 1% enrollment decline	\$ 479,359,573	\$ 470,668,161	\$ 470,026,721
LCFF Revenue Projections - Difference (District vs ACOE)	\$ (6,709,822)	\$ (4,535,592)	\$ (9,268,874)

Enrollment Projections:

Description: The District has been experiencing declining enrollment since 2017-18, with a five-year average annual decline of 1.65%. The District is projecting flat enrollment in 2025-26 in the MYP largely due to the increase in Transitional Kindergarten. The chart below illustrates the enrollment projections according to the District's LCFF Calculator.

CALPADS	2023-24	2024-25	2025-26
OUSD Projections within the District's Second Interim Report	33,882	33,743	33,743
OUSD Year-Over-Year Difference	(240) **	(139)	-
ACOE Estimates - projected 1% annual enrollment decrease	33,873 *	33,534	33,199
ACOE Estimates - Year-Over-Year Difference	(249) **	(339)	(335)

* CALPADS certified

** compared to 2022-23 enrollment of 34,122

Required Board Action:

Description: On February 28, 2024, the Board approved Resolution 2324-0137 "Proposed Budget Adjustments for Fiscal Year 2024-25 and Restructuring Recommendations for 2025-26." In addition, the Board has taken the first steps to implement those adjustments by approving:

Resolution 2324-0118 Classified Reduction in Force Due to Lack of Funds and/or Lack of Work, and
Resolution 2324-0121 Eliminate Certificated Positions due to a Reduction in Particular Kinds of Service.

These resolutions authorized preliminary layoff notices resulting in net reductions of approximately 185 full-time equivalent (FTE) positions. The Board is encouraged to continue implementing the budget adjustments that will address the District's structural deficit to ensure the District meets its obligations in the subsequent fiscal years. The District's Second Interim MYP requires \$67.4 million in ongoing reductions for 2024-25, with an additional \$12.9 million in 2025-26, not including any additional amount that may be needed should the District's enrollment not materialize as projected and should the district have increased labor costs.

Required Board Action Budget Reductions and/or Revenue	2023-24	2024-25	2025-26
OUSD's Unrestricted Reductions - Source: MYP		\$ (21,099,749)	\$ (10,973,480)
OUSD's Restricted Reductions - Source: MYP		\$ (46,297,420)	\$ (1,923,685)
Total Needed Budget Reductions/Adjustments in Submitted Report		\$ (67,397,169)	\$ (12,897,165)

District's Deficit Spending & Impact to the Unrestricted General Fund Balance & REU:

Description: OUSD's Second Interim MYP projects continued deficit spending in the Unrestricted General Fund of \$35.4 million, \$10.5 million, and \$8.8 million in 2023-24, 2024-25, and 2025-26, respectively, even with the proposed reductions. The Unrestricted General Fund Ending Balance is projected to decrease from \$118.4 million at 2022-23 Unaudited Actuals to \$63.4 million in 2025-26.

Second Interim Budget Adjustments	2023-24	2024-25	2025-26
Unrestricted Reductions - Certificated & Classified Salaries	\$ -	\$ (21,099,749)	\$ (10,973,480)
Unrestricted General Fund - Beginning Balance	\$ 118,353,704	\$ 82,971,004	\$ 72,429,478
Unrestricted General Fund - Surplus/(Deficit)	\$ (35,382,700)	\$ (10,541,526)	\$ (8,788,066)
Unrestricted General Fund - Ending Balance	\$ 82,971,004	\$ 72,429,478	\$ 63,641,412

<i>Should the District not implement budget balancing solutions</i>	2023-24	2024-25	2025-26
Unrestricted General Fund - Ending Balance	\$ 82,971,004	\$ 72,429,478	\$ 51,329,729
Unrestricted Reductions - Ongoing Certificated & Classified Salaries *		\$ 21,099,749	\$ 32,073,229
Unrestricted General Fund - Adjusted Ending Balance		\$ 51,329,729	\$ 19,256,500

* If the District fails to implement the reductions, the expenditures will be added back to the budget, reducing fund balance

<i>Impact on Reserves</i>	2023-24	2024-25	2025-26
OUSD's Reserves - <i>If Reductions Not Implemented</i>	\$ 72,533,260	\$ 40,891,985	\$ 30,691
Is REU Met or Not Met if Reductions not Implemented?	Met	Met	Not Met

Conclusion:

ACOE understands the District is working to implement the Board-approved budget-balancing solutions and restructuring plan. We encourage the Board to continue to making the necessary decisions concerning ongoing revenues and expenditures to ensure it is able to meet its financial obligations and maintain long-term fiscal health.

Next Steps: Board Action and Third Interim 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, 2024, with projections through June 30, 2024, for the period ending April 30, 2024. ACOE expects the District's Third Interim Budget Report to include any recent Board-approved actions as well as any necessary and sufficient budget-balancing solutions to return the District to a path toward a Positive certification.



June 27, 2023

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD)
1000 Broadway, Suite 680
Oakland, CA 94607

RE: Public Disclosure of Successor Collective Bargaining Agreement Between OUSD and the Oakland Education Association (OEA) effective November 1, 2022 - June 30, 2025.

Dear Superintendent and Members of the Board,

On June 14, 2023, ACOE received the Public Disclosure of Collective Bargaining Agreement (CBA) and Tentative Agreement (TA) regarding ongoing compensation increases between OUSD and OEA as required by Government Code (GC) Section 3547.5 and Assembly Bill (AB) 1200 (Statutes of 1991, Chapter 1213).

Statutory Landscape

The district will make disclosures and assurances:

- (a) Before entering into a collective bargaining agreement, the district will disclose the provisions of the agreement, including the costs that would be incurred for the current and subsequent fiscal years;
- (b) The superintendent of the school district and chief business official shall certify in writing that the costs incurred by the school district under the agreement can be met by the district during the term of the agreement and shall itemize any budget revision necessary to meet the costs of the agreement in each year of its term;
- (c) If a school district does not adopt all of the revisions to its budget needed in the current fiscal year to meet the costs of a collective bargaining agreement, the county superintendent of schools shall issue a qualified or negative certification for the district on the next interim report.

The County Superintendent will review and comment:

- (a) A school district that has a qualified or negative certification shall allow the county office of education at least 10 working days to review and comment on any proposed agreement;
- (b) The school district shall provide the county superintendent of schools with all information relevant to yield an understanding of the financial impact of that agreement;
- (c) The county superintendent of schools shall notify the school district, the county board of education, the district superintendent, the governing board of the school district, and each parent and teacher organization of the district within those 10 days if, in his or her opinion, the agreement reviewed pursuant to subdivision (a) would endanger the fiscal well-being of the school district.

In Short

In simple terms, the law asks the County Superintendent to answer the question, ‘*Can the district’s budget cover the costs of this agreement today and over the next three years?*’ The simple answer is, ‘*Yes for 2023-24, Almost for 2024-25, and No for 2025-26.*’ The total cost of this agreement over three years is projected at \$110.5 million. The board has already taken action on \$41.7 million leaving at least \$68.8 million in adjustments that the Board must act on. Districts are required to budget three years in advance, and standard practice is to make plans for adjustments before entering into agreements. It is possible to move forward, however ***in order to afford this agreement, the Board must make significant adjustments and tradeoffs in the coming months.***

Detailed Review and Commentary

At its June 28th board meeting, the District is planning to present the attached AB1200 Agenda cover memo disclosing the fiscal impact of the TA through fiscal year 2025-26, stating “the Board can only afford the Tentative Agreement if additional budget adjustments are made prior to the 2025-26 fiscal year.” ACOE concurs with these findings with a further point of clarity, that the fiscal impact in the public disclosure does not include the impact to any other bargaining units or to any other funds, and while OUSD staff presents reasonable projections, they appear somewhat lower than ACOE’s conservative projections.

Summary of Projected Cost per the Public Disclosure and Board Memo:

<i>Cost over current budget (MYP)</i>	<i>Year 1 (2022-2023)</i>	<i>Year 2 (2023-24)</i>	<i>Year 3 (2024-25)</i>	<i>Cumulative cost over 3 years</i>
One-time	\$15,711,099	-	-	\$15,711,099
On-going	\$15,805,162	\$39,210,534	\$39,751,435	\$94,767,131
Total	\$31,516,261	\$39,210,534	\$39,751,435	\$110,478,230

The Public Disclosure includes \$60 million in ongoing budget solutions in 2023-24 (ongoing and therefore carried through 2024-25), with additional (new) planned reductions of approximately \$22 million in 2024-25. Per Resolution 2223-0040A of March 9, 2023, reductions and funding shifts, totaling \$41.7 million, were approved by the Board. This is significantly less than the \$110.5 million in projected budget solutions reflected in the Disclosure. Further, based on the District's recent information, not all revisions were implemented as proposed.

On June 26th, in compliance with GC 3547.5, ACOE's Business Office received confirmation from the Superintendent of OUSD, Dr. Johnson-Trammell, and Chief Business Official, Lisa Grant-Dawson, certifying in writing that the costs incurred by the school district under the agreement can be met by the District during the term of the agreement. ACOE notes that this certification is entirely contingent upon the Board passing both the June 28th proposed budget resolution, fully implementing the March 9th adjustments, and following up with significant further adjustments following the timelines described below.

The District staff have provided the following guidance and timeline within the AB1200 memo to support the Board in upholding its fiduciary responsibility:

"The fourth year, 2025-26, is therefore significantly at risk without budget adjustments that must be framed by the Fall of 2023 in order to incorporate them into the 2024-25 and multi-year budget which will include 2025-26 and 2026-27. The Board's knowledge and assurance of taking these critical steps is imperative to ensure approval and confidence by the Alameda County Office of Education, County Trustee that the District will make the adjustments required. The Superintendent and Chief Business Officer are signing this document assuring and attesting that the ongoing commitment of affordability will be made."

Further, the OUSD Board is presented with Resolution 2223-0065 to Approve with its Adopted Budget that confirms the Board's commitment to implement additional reductions and/or adjustments, should revenues fail to meet existing obligations:

"WHEREAS, the 2023-24 Proposed Adopted Budget for the Oakland Unified School District is due to the County Superintendent of Schools on June 30, 2023 and the SACS Report attached shows that the District is solvent for the 2023-24 and 2024-25 school year and reflects a \$9M deficit in the 2025-26 year, which will require the District to address the deficit prior to the adoption of the 2024-25 Budget; and

WHEREAS, it should be acknowledged that the District is in a parallel review period of a pending Tentative Agreement for the Oakland Education Association which will, if approved by the Alameda County Office of Education, the County Trustee, and the Board increase the District's expenditures and will require budget balancing solutions to sustain the increases for the out years starting in the 2024-25 year; and

WHEREAS, if adopted by the Board, any additional expenditures or obligations that exceed the District's revenue projections will require the Board to take action in a timely and prudent manner on or before June 30, 2024 in order to remain solvent in Fiscal Year 2024-25 and two subsequent years;

NOW, THEREFORE BE IT RESOLVED AND ORDERED that the Board of Education hereby approves the District's Proposed Adopted Budget for Fiscal Year 2023-24."

The Alameda County Office of Education is committed to minimizing the discretionary use of oversight authority and maximizing the OUSD Board's full local control of fiscal decisions. By approving a TA before identifying where the funds will come from in future years, the OUSD Board is committing itself to developing, adopting, and implementing significant budget-balancing solutions in the fall of 2023. At its March 9th meeting, the Board passed budget-balancing solutions, totaling \$41.7 million, several of which have not yet been realized including committing to a planning year (2023-24) for the potential merger of schools following the guidelines set forth in AB 1912 which requires a district to conduct an equity impact analysis before approving the closure or consolidation of a school. Cuts are never easy - every single program, classroom, office, and role has passionate constituents who will experience change as loss. Hard decisions are best made with time and transparency. This is the window of opportunity to make those tradeoffs in the most thoughtful and equitable way.

In order for ACOE to verify that Board and District staff are implementing the budget adjustments the Board approved within the Public Disclosure documents, OUSD will:

- provide ACOE with a Board-approved detailed update on its list of Budget Adjustments by October 31, 2023;

- share additional updates in ACOE's bi-weekly call to monitor the staff and Board's progress with strategic planning;
- present a public update to be provided by First Interim, with further public disclosure and formal Board Action required no later than February 2024, to ensure the District meets its obligations in the subsequent fiscal year.

ACOE appreciates the hard work ahead as the District Board and staff demonstrate their commitment to ensuring the District can afford the impact of this settlement while providing a robust and sustainable educational program for its students. Without further Board action and successful implementation of budget-balancing solutions, OUSD is projected to be insolvent within three years.

As mentioned in our Second Interim Letter to the Board, it is important for the District to ensure all known budget assumptions, as well as the fiscal impact of these assumptions, be reflected in the District's financials prior to the approval of any tentative agreements. We appreciate OUSD working collaboratively with the ACOE Business Office in its disclosure of these agreements and forthcoming CBAs.

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
Luz Cázares, Fiscal Oversight Trustee
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Director III, District Business & Advisory Services, ACOE
Members of the Alameda County Board of Education (ACBOE)



Alameda County Office of Education

Alysse Castro, Superintendent

October 24, 2023

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD)
1000 Broadway, Suite 680
Oakland, CA 94607

RE: Public Disclosure of the Collective Bargaining Agreement between the Oakland Unified School Districts (OUSD or District) and the Building, Construction and Trades Council (BCTC)

Dear Superintendent and Members of the Board,

On October 16, 2023, ACOE received the Public Disclosure of Collective Bargaining Agreement (CBA) and Tentative Agreement (TA) between OUSD and BCTC, as required by Government Code (GC) Section 3547.5 and Assembly Bill (AB) 1200 (Statutes of 1991, Chapter 1213). A school district that has a qualified or negative certification shall allow the county office of education at least 10 working days to review and comment on any proposed agreement. The District indicated that the TA is scheduled to be approved by the District's Governing Board (Board) on October 25, 2023, pending "all necessary follow-up actions as determined by ACOE."

Detailed Review and Commentary

The proposed BCTC agreement covers the period July 1, 2023, through June 30, 2026, with provisions including one-time payments, safety equipment reimbursements, and ongoing salary increases.

ACOE's analysis calculates the three-year fiscal impact over the District's current 2023-24 budget to be \$5,208,190, as follows:

Description	2023-24	2024-25	2025-26	Cumulative Cost over 3 years per ACOE
One-Time Fiscal Impact	\$878,696	\$45,500	\$0	\$924,196
Ongoing Fiscal Impact	\$595,868	\$1,702,977	\$1,985,149	\$4,283,994
Total Fiscal Impact *	\$1,474,564	\$1,748,477	\$1,985,149	\$5,208,190

*using information from the District's Salary Schedule Analysis

The District's Superintendent and CBO have certified the affordability of this agreement and the District has projected to finance the TA with expiring one-time ESSER dollars, as well as the Restricted Maintenance Account (RMA) that is funded by contributions from the Unrestricted General Fund. This agreement may further impact the Unrestricted General Fund in future years.

As a smaller bargaining unit, the BCTC settlement has a relatively small \$5.2 million dollar impact, however, it compounds the deficit spending and the need for budget adjustments following the OEA settlement. We see that OUSD can afford this settlement in the current year, however, the Board will need to identify budget adjustments in Fall 2023 - scheduled to be completed by October 31, 2023 - in order to include necessary adjustments in the future years.

Review of Existing Budget Balancing Commitments

The Multiyear Budget Projection (MYP) submitted with the Public Disclosure includes \$36.8 million in budget reductions yet to be identified for 2024-25, of which the Board will have to take action by February 2024. There are additional reductions of \$7.5 million projected in 2025-26. The OUSD Board has already approved Resolution 2223-0065 with its Adopted Budget that confirms the Board's commitment to implement additional reductions and/or adjustments, should revenues or strategic measures fail to support OUSD in meeting its existing obligations.

As communicated in June, during OUSD's approval of the OEA agreement, "By approving a TA before identifying where the funds will come from in future years, the OUSD Board is committing itself to developing, adopting, and implementing significant budget-balancing solutions in the Fall of 2023." In order for ACOE to verify that the Board and District staff are implementing the budget adjustments the Board has approved within the OEA Public Disclosure, as well as those included in this BCTC Public Disclosure, ACOE reminds the Board of the agreed upon timeline that OUSD will provide ACOE with a Board-approved detailed update on its list of Budget Adjustments by October 31, 2023.

While the approval of a CBA is a local decision, it is important for the District to ensure all known budget assumptions, as well as the fiscal impact of these assumptions, are reflected in the District's financials as part of the approval of any tentative agreements.

We look forward to receiving the Board's list of budget adjustments that will address the projected deficits in the District's MYP. If you have any questions or concerns regarding our review, please feel free to contact my office at (510) 670-4140.

In community,

A handwritten signature in black ink, appearing to read 'Alysse Castro', with a stylized flourish at the end.

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
Luz Cázares, Fiscal Oversight Trustee
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Director III, District Business & Advisory Services, ACOE
Members of the Alameda County Board of Education (ACBOE)



Alameda County Office of Education

Alysse Castro, Superintendent

December 15, 2023

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD)
1000 Broadway, Suite 680
Oakland, CA 94607

RE: Public Disclosure of the Collective Bargaining Agreement between OUSD and the American Federation of State, County and Municipal Employees Local 257 (AFSCME), the Service Employees International Union Local 1021 (SEIU), the United Administrators of Oakland Schools (UAOS), Unrepresented Employees, Confidential Employees, and Employees with Employment Contracts

Dear Superintendent and Members of the Board,

On December 12, 2023, ACOE received a Public Disclosure of Collective Bargaining Agreement (CBA) and Tentative Agreements (TA) between OUSD and AFSCME, SEIU, and UAOS, as well as the Board Resolution #2324-0067 for Unrepresented Employees, Confidential Employees, and Employees with Employment Contracts as required by Government Code (GC) Section 3547.5 and Assembly Bill (AB) 1200 (Statutes of 1991, Chapter 1213).

Per the revised 12/14 Public Disclosure, the cumulative fiscal impact of the agreement is:

Description	2023-24	2024-25	2025-26	Cumulative Cost over 3 years
One-Time Fiscal Impact	\$28,706,213	\$3,087,677	\$0	\$31,793,890
Ongoing Fiscal Impact	0	0	0	0
Total Fiscal Impact	\$28,706,213	\$3,087,677	\$0	\$31,793,890

The Public Disclosure states that the one-time payments in the TAs will be funded with \$20 million of restricted ESSERIII funds that the District has reserved for these agreements. The remaining estimated \$11.8 million will require a contribution from the Unrestricted General Fund.

After communication with OUSD's business office, the District staff have clarified that the ESSER expenditures will be shifted to accommodate approximately \$27 million of the settlement, with the remaining balance of \$3-5 million impacting the unrestricted General Fund Balance.

At the time of this letter, ACOE is awaiting OUSD's recently approved First Interim Budget packet that includes OUSD's Multiyear Budget Projection (MYP) through 2025-26. Based on the Board documents on OUSD's website and the communication with OUSD's staff, OUSD's First Interim MYP includes \$34.1 million in combined ongoing salary reductions for 2024-25, to be presented to the Board in February, with an additional \$7.3 million in 2025-26. The impact of this settlement, as mentioned above, will be addressed with the one-time ESSER funds, as well as the District's Unrestricted Fund Balance.

The OUSD Board has approved Resolution 2223-0065 with its Adopted Budget which confirms the Board's commitment to implement additional reductions and/or adjustments, should revenues or strategic measures fail to support OUSD in meeting its existing obligations. While it appears the District can afford the one-time payments as outlined in the revised Public Disclosure, and with the implementation of the included budget reductions, these agreements increase the District's deficit spending and the need for budget adjustments following the OEA and BCTC settlements.

The Board and staff have begun the work to identify the reductions that will be required to address the District's structural deficit. Further public disclosure and formal Board Action are required no later than February 2024, to ensure the District meets its obligations in the subsequent fiscal year.

Please note that law and standard practice require a school district that has a qualified or negative certification to allow the county office of education at least 10 working days to review and comment on any proposed agreement. This supports the Board and stakeholders to make informed decisions. In this case, ACOE received a preliminary draft 2 days before the board meeting, received a significantly revised version on the same day as the meeting, and the Board has now taken preliminary action without the benefit of that review. Standard business procedures including ensuring review and public disclosure of the fiscal impact of any tentative agreement before board action, are key to terminating fiscal oversight.

If you have any questions or concerns regarding our review, please feel free to contact my office at (510) 670-4140.

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
Luz Cázares, Fiscal Oversight Trustee
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Director III, District Business & Advisory Services, ACOE
Members of the Alameda County Board of Education (ACBOE)



Alameda County Office of Education

Alysse Castro, Superintendent

April 5, 2024

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD)
1000 Broadway, Suite 680
Oakland, CA 94607

RE: Public Disclosure of the Collective Bargaining Agreement between OUSD and the American Federation of State, County and Municipal Employees Local 257 (AFSCME)

Dear Superintendent and Members of the Board,

On March 21, 2024, ACOE received a Public Disclosure of Collective Bargaining Agreement (CBA) and Tentative Agreement (TA) between OUSD and AFSCME as required by Government Code (GC) Section 3547.5 and Assembly Bill (AB) 1200 (Statutes of 1991, Chapter 1213). The TA includes an ongoing salary schedule increase of 2.25%, effective February 1, 2024, and is scheduled to be approved by the District's Governing Board (Board) on April 10, 2024.

Per the Public Disclosure, the cumulative fiscal impact of this agreement is:

Description	2023-24	2024-25	2025-26	Cumulative Cost over 3 years
One-Time Fiscal Impact	0	\$0	\$0	0
Ongoing Fiscal Impact	\$281,910	\$676,583	\$676,583	\$1,635,076
Total Fiscal Impact	\$281,910	\$676,583	\$676,583	\$1,635,076

The fiscal impact of this TA further compounds the District's deficit spending and the need for implementation of budget adjustments identified following other settled negotiations, below.

Required Ongoing Budget Adjustments at First Interim as Compared with the District's Public Disclosure Documents:

Description	2024-25	2025-26	Total
Combined "other adjustments" to Certificated &	\$67,397,169	\$12,897,165	\$80,294,334

Classified staff – Public Disclosure			
Combined “other adjustments” to Certificated & Classified staff – First Interim	\$34,129,554	\$7,332,054	\$41,461,608
Increase in OUSD’s required adjustments:	\$33,267,615	\$5,565,111	\$38,832,726

The Public Disclosure states that the salary increase will be funded through further reductions and restructuring building on plans approved in February 2024, which were themselves intended to free up funds for previously promised labor agreements, but as yet fall short of the total needed for the prior agreements. This agreement adds to the total reductions needed.

On February 28, 2024, the Board approved Resolution 2324-0137 Proposed Budget Adjustments for Fiscal Year 2024-25 and Restructuring Recommendations for 2025-26. In addition, the Board has taken the first steps to implement those adjustments by approving:

- Resolution 2324-0118 Classified Reduction in Force Due to Lack of Funds and/or Lack of Work, and
- Resolution 2324-0121 Eliminate Certificated Positions due to a Reduction in Particular Kinds of Service.

Note that while the board has approved the *intent* to restructure, it still must take action in the coming weeks and months to realize the now \$80 million in tradeoffs needed over the next two years.

The AFSCME TA, in Item 1.a.ii., included the following language: *“All compensation included in this section is contingent upon a determination by the Alameda County Office of Education that the combined financial impact of all tentative agreements with OUSD labor partners reached in the 2023-24 school year do not endanger the fiscal well-being of the District.”*

The primary responsibility of a school board is the fiscal stewardship of the school district. After 20 years of external oversight, the current OUSD board has returning to full local control as a stated priority, a goal wholeheartedly shared by ACOE. A self-governing school board takes continuous action toward a balanced budget by identifying reductions and tradeoffs whenever committing to increased expenditures.

If the Board wishes to prioritize compensation increases for all staff, there are many possible paths to doing so in a balanced budget, but all involve following through on

making hard tradeoffs and reductions in other areas. It is the elected board's right and responsibility to decide what to prioritize and how to implement those changes, acknowledging the reality that there are no significant remaining places to cut that do not impact school sites. So long as the board continues to take action on reductions equal to proposed increases, they retain full decision making autonomy. However, as a district in receivership, the Fiscal Oversight Trustee is responsible for preventing the district from taking actions that may negatively affect the financial condition of the school district.

In plain terms, the ball is in the Board's court - where it belongs. It will stay there so long as the board continues to make tradeoffs and reductions that keep pace with new investments and expenditures. This requires the board to avoid the ever present temptation to take action on new expenditures - however valuable - before making progress toward restructuring - however unpleasant.

If you have any questions or concerns regarding our review, please feel free to contact my office at (510) 670-4140.

In community,

A handwritten signature in black ink, appearing to read 'Alysse Castro', with a stylized flourish at the end.

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
Luz Cázares, Fiscal Oversight Trustee
Allan Garde, Associate Superintendent, Business Services, ACOE
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Director III, District Business & Advisory Services, ACOE
Members of the Alameda County Board of Education (ACBOE)



Alameda County Office of Education

Alysse Castro, Superintendent

May 22, 2024

Dr. Kyla Johnson-Trammell, Superintendent
Members of the Board of Education
Oakland Unified School District (OUSD)
1011 Union Street
Oakland, CA 94607

RE: Public Disclosure of the Collective Bargaining Agreement between OUSD and the United Administrators of Oakland (UAOS)

Dear Superintendent and Members of the Board,

On May 13, 2024, ACOE received a Public Disclosure of Collective Bargaining Agreement (CBA) and Tentative Agreement (TA) between OUSD and UAOS as required by Government Code Section 3547.5 and Assembly Bill (AB) 1200 (Statutes of 1991, Chapter 1213). The TA is scheduled to be approved by the District's Governing Board (Board) on May 22, 2024 and includes:

- an ongoing salary schedule increase of 10% effective July 1, 2023;
- an additional 10.5% ongoing salary increase effective July 1, 2024;
- one-time off-the-salary schedule payment of \$5,000; and
- \$50 monthly cell phone stipend.

Per the Public Disclosure, the cumulative fiscal impact of this agreement is:

Description	2023-24	2024-25	2025-26	Cumulative Cost over 3 years
One-Time Fiscal Impact	\$2,118,750	\$254,250	\$254,250	\$2,627,250*
Ongoing Fiscal Impact	\$5,637,993	\$5,949,035	\$5,949,035	\$17,536,063
Total Fiscal Impact	\$7,756,743	\$6,203,285	\$6,203,285	\$20,163,313

**includes an ongoing portion of the cell phone stipend*

The ongoing fiscal impact of this agreement adds \$6.2M to the budget annually. The required budget adjustments to afford this agreement were already included in previously shared documents (specifically the AFSCME disclosure of March 2024 and ACOE analysis dated 4.5.2024), as below:

Required Budget Adjustments to date identified in the Public Disclosure Documents:

Description	2024-25	2025-26	2026-27
Combined "other adjustments" to Certificated & Classified staff	\$67,397,169	\$12,897,165	To Be Determined

As OUSD continues bargaining with additional employee groups, the budget picture will continue to shift. We reiterate that the fiscal impact of future TAs inevitably adds to the District's deficit spending and increases the need for additional trade-offs in the form of further budget adjustments.

To date, the Board has moved more quickly to approve new settlements (spend money) than it has to identify new budget adjustments (save money). To help the Board and the public stay oriented in a constantly shifting budget picture, below is a list of the CBAs approved over the past year with the associated added costs to this current year alone, followed by the upcoming milestones in fiscal oversight.

One Year impact of CBAs approved by the Board since June 2023:

Description	2023-24
OEA – June 2023	\$39,210,534
BCTC – October 2023	\$1,474,564
AFSCME/SEIU/UAOS, Conf – Dec. 2023	\$28,706,213
AFSCME – April 2024	\$281,910
UAOS – May 2024	\$7,756,743
Running Total of One Year Fiscal Impact	\$77,429,964

Below are the upcoming milestones in identifying and implementing the budget adjustments the Board has approved within the Public Disclosure documents, originally outlined in the June 27, 2023 OUSD-OEA AB1200 Approval Letter:

- Provide ACOE with a Board-approved detailed update on its list of Budget Adjustments by October 31, 2024;
- Share additional updates in ACOE's bi-weekly call to monitor the staff and Board's progress with strategic planning; and
- Present a public update to be provided by First Interim, with further public disclosure and formal Board Action required no later than February 2025, to ensure the District meets its obligations in the subsequent fiscal year.

If you have any questions or concerns regarding our review, please feel free to contact my office at (510) 670-4140.

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
Luz Cázares, Fiscal Oversight Trustee
Allan Garde, Associate Superintendent, Business Services, ACOE
Shirene Moreira, Chief of District Business & Advisory Services, ACOE
Joan Laursen, Director III, District Business & Advisory Services, ACOE
Members of the Alameda County Board of Education (ACBOE)