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

Progress Report to the Board and Community

September 23, 2026

Tara Gard, Deputy Superintendent Business & Operations
Troy Christmas, Sr. Director Strategic Projects
Ryan Nguyen, Chief Financial Officer
Dr. Ruben Frutos, Consultant - HYA

OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students

Our responsibility is clear - stabilize the District's finances today while fundamentally resetting how we operate for the years ahead." Dr. Denise Saddler, Superintendent

Agenda

1. **Why we are here |** Structural Deficit
2. **What we have done |** 2025-26 work, what it produced
3. **What we are doing |** 2026-27 two pieces of work running at once and the six priorities AND highlights of work accomplished
4. **What comes next**

Figures in this update remain subject to the independent audit and will be updated at First Interim. This plan is a working document. It is updated as actions are completed, as audit and County Office feedback arrives, and as we hear from the community.

01 Why we are here

View 25 years of OUSD Budget, Leadership, Enrollment, Graduation Rates and Fiscal Stabilization Plans [HERE]

OAKLAND UNIFIED SCHOOL DISTRICT

A Twenty-Five Year Fiscal Arc

State Receivership, Local Control, and Fiscal Certifications — 2000 to 2026

CA System of Support, Level 2: ACADEMIC DIFFERENTIATED ASSISTANCE — Since 2017 (ongoing)

SECOND INTERIM CERTIFICATION STATUS & TOTAL REPORTED BUDGET

FY 2000-01 through FY 2025-26. All certifications verified against CDE Interim Status listings. Budgets in $millions, per CDE listings.

2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
P	P	N	N	N	N	Q	Q	Q	Q	Q	Q	Q	Q	Q	P	Q	Q	Q	Q	Q	Q +LGC	Q	Q	N→Q	Q +GC
–	–	$480	$417	$437	$441	$506	$485	$464	$464	$437	$429	$417	$422	$444	$535	$540	$563	$607	$613	$671	$765	$861	$950	$943	$981

Positive (P) · Qualified (Q) · Negative (N) · *+LGC = Lack of Going Concern (2021-22)* · *+GC = Going Concern Notice (2025-26)*

$XXX = Total Reported Budget at Second Interim, in $millions

June 2003 — SB 39
$100M state emergency loan; SPI assumes Board's powers

June 28, 2009 — Local Control
Board's rights, duties & powers restored; State Trustee assigned

Aug 2017 — FCMAT FHRA
Fiscal Health Risk Analysis finds "signs of fiscal distress" at OUSD

Sept 17, 2018 — AB 1840
State-centric oversight replaced by county-trustee framework

2020-2024 — ESSER Relief
~$280M federal COVID funds temporarily stabilize finances

Apr 16, 2026
ACOE Going Concern Notice under EC §42127.6

STATE ADMINISTRATORS & FISCAL TRUSTEES

State Administrators held the Board's powers during receivership (2003–2009); Fiscal Trustees retain veto authority over financial decisions to ensure repayment of the state loan.

Randy Ward	K. Statham	V. Matthews	R. Mayor	Chris Learned	Luz Cázares
State Admin 2003–06	2006–07	Interim '07–'08	Interim '08–'09	Fiscal Trustee 2017–2021	Fiscal Trustee 2021–2025

LOCALLY-SELECTED SUPERINTENDENTS (POST-RECEIVERSHIP)

Tony Smith	Gary Yee	Antwan Wilson	D. Dillon	Kyla Johnson-Trammell	D. Saddler
Superintendent 2009–2013	Acting '13–'14	2014–2016	Interim '17	Superintendent 2017–2025	Interim '25–

ENROLLMENT & ACADEMIC OUTCOMES

Enrollment: OUSD district-run schools only (charter enrollment not included), per OUSD RAD Aeries SIS Fall Census Day dashboard. Graduation rate: 4-year cohort, all students, per OUSD RAD.

Enrollment (district-run, TK–12)	35,412	36,084	36,341	36,431	38,096	33,613	36,824	33,789	33,859	37,025	34,431	33,968	37,216	34,140
Graduation rate (4-yr cohort)	59.3%	62.8%	60.7%	64.2%	65.7%	70.7%	73.1%	72.2%	72.0%	71.7%	74.4%	74.1%	79.5%	74.0%
A–G eligibility (UC/CSU-ready)	28.4%	30.5%	27.9%	32.3%	33.6%	34.7%	35.5%	40.0%	41.7%	41.2%	44.6%	42.2%	48.7%	46.0%

BUDGET BALANCING & RECOVERY PLANS

Operational and strategic responses to fiscal distress; horizontal extent shows plan period.

FSIP = Financial Stabilization Implementation Plan: Protecting Equity, Maintaining Local Control, and Prioritizing Students — Scenario 3 (the in-use plan adopted in 2025).
BBS = Budget Balancing Solutions (board-document attachments A, B, C delivered alongside Second Interim reports in 2023, 2024, and 2025 respectively).

Sources: CDE Interim Status listings at https://www.cde.ca.gov/fg/fi/ir/interimstatus.asp (every certification and budget verified, 2000-01 through 2025-26); FCMAT AB 1840 letters (2019, 2020, 2021); ACOE concurrence letters; OUSD Board records. Prepared by the Office of the Deputy Superintendent of Business and Operations, May 2026.

Federal Pandemic Relief and the Funding Cliff

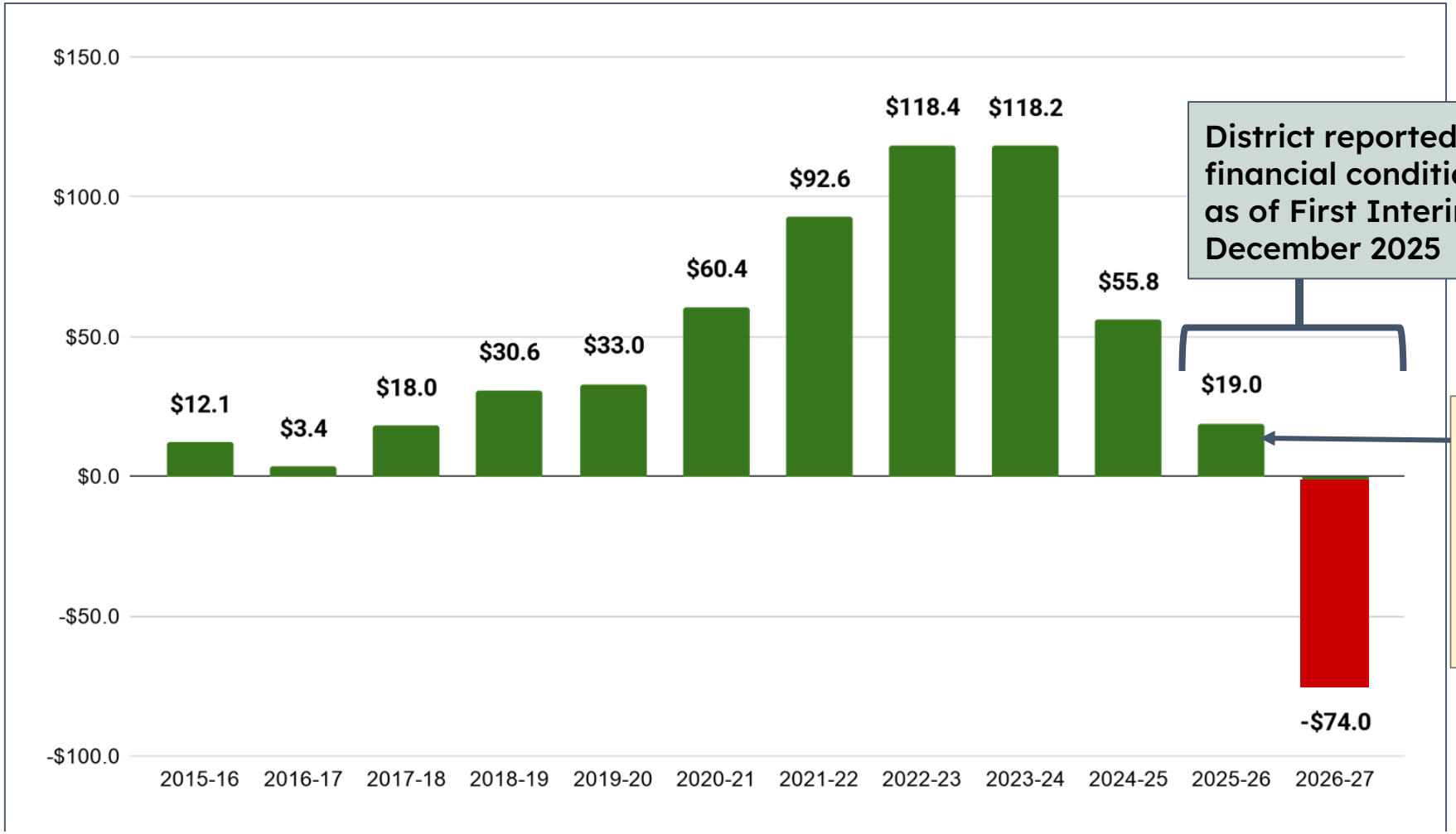
Between 2020 and 2021 Congress passed three rounds of emergency relief for schools, known collectively as ESSER. The funds were one-time by design. They arrived while enrollment was declining and costs were rising, and for several years they made the General Fund appear healthier than it was. We were able to pay off our loan but **when the funds expired in 2024-25, the costs they had been covering did not. The structural gap did not appear in 2025-26. It reappeared.**

Round	Enacted	OUSD received	Funds had to be spent by
ESSER I	CARES Act, March 2020	$54 million	January 2023
ESSER II	CRRSA Act, December 2020	$58 million	January 2024
ESSER III	American Rescue Plan, March 2021	$129.9 million	January 28, 2025
Total ESSER		**$242 million**	

- A large portion of reported spending fell under the federal category for activities necessary to maintain operations.
- Relief funds paid for hundreds of positions added between 2020 and 2023, and approximately $16 million of ESSER II and III supported the one-time compensation package following the 2023 labor agreement.
- Average daily attendance was held harmless during school closures, so attendance decline did not cut revenue as it otherwise would have.

Understanding the Challenge

Unrestricted Ending Fund Balance 2015-16 to 2026-27*



* 2015-16 through 2024-25 based on unaudited actuals for the year.
2025-26 and 2026-27 amounts based on Multi-Year Projection (MYP) in 2025-26 First Interim Financial Report (Dec 2025).

02 What We Have Done

2025-26 Reductions and Fund Realignments

Action	General Fund	Restricted	Ongoing / One-time	Status
Spent restricted dollars first - costs the general fund was carrying that restricted sources were eligible to pay	$43.3M	—	One-time in 2025-26, converting to standing practice	Complete
Central office reductions - more than 400 positions approved February 25, 2026	$25.0M	—	Ongoing	Complete
Shift small school cost differential to Supplemental and Concentration	$16.0M	—	One-time shift, converting through the LCAP	Complete
Shift attendance specialists and noon supervisors to Supplemental and Concentration	$4.2M	—	One-time shift, converting through the LCAP	Complete
Central office reductions of 10 to 20 percent above the $21M threshold	$2.0M	$4.5M	Ongoing	Complete
Reduce school site access to unutilized space	$1.6M	—	Ongoing	In process
School site budget reduction of 7.5 to 10 percent	$0.2M	$1.4M	Ongoing	Complete
Second-tier review of contracts and discretionary spending at or above $15,000	—	$0.7M	Ongoing	In process

Category	Amount	% of total closed	Effect on future years
One-time money and fund realignments	$63.5M	68.8%	These moves work once and do not lower what the District spends in 2026-27.
Ongoing reductions	$28.8M	31.2%	Carries into the 2027-28 base at full annual value. Lowers cost every year going forward.
Total closed, General Fund	**$92.3M**	**100%**	**Reserve requirement met; positive cash through June 30, 2026**

03 What we are doing

Two pieces of work, running at once

IMPACTS THIS YEAR

Reaching the $30 million reduction target

These reductions will come from vacancies we do not fill, contracts we do not renew, purchasing we consolidate, and tighter controls on spending.

They do not result in layoffs. State law does not allow certificated or classified staff layoffs mid-year, and this work was not built around them.

IMPACTS NEXT YEAR

The 2027-28 budget and the LCAP revision

The Board votes on both during this school year. Preparing them means engaging school sites about their budgets, our labor partners, and the broader community.

This is where position and program decisions live, and the decisions have to be made by February because of the March 15 notice deadline.

Both run in the same months, with the same staff. That is why the calendar is critical and compacted.

Reduction Plan Summary: Getting to the $30M in 2026-27

Priority		General Fund	Restricted	Total
1 Special education	Reducing what the General Fund transfers into special education, not the services. Work with the Community Advisory Committee, provider rates, and budget office reviewing eligibility for other funds..	$14.9M	—	$14.9M
2 Central office and management	No mid-year layoffs. Evaluating positions already vacant or becoming vacant, and understanding the work a position carries before eliminating or freezing for the year.	$3.9M	$5.4M	$9.3M
3 Restricted-first budgeting	Assigning restricted and grant dollars to eligible purposes first, now as standing practice with an ongoing review rather than a one-time correction.	—	—	No separate target
4 Site funding and district configuration	Beginning to look at co-located schools and alternative education sites including enrollment and staffing structure.	$1.5M	—	$1.5M
5 Contracts and spending controls	Controls on contracts, purchasing, vehicles, maintenance, consultants, extended contracts, overtime, and site staffing. Most adopted in 2024-25 and never finished.	$8.7M	$2.1M	$10.8M
6 Revenue and attendance	Student attendance, staff attendance, and a concerted effort through the Health Benefits Governance Board to bring down the cost of health benefits.	$1.8M	$1.0M	$2.8M
Total identified		**$30.8M**	**$8.5M**	**$39.3M**

Financial Stabilization Implementation Plan Highlights

- **Met the year's obligations.** Closed $92.3 million in the General Fund, met state and Board reserve requirements, and maintained positive cash through June 30, 2026. No trustee and no emergency loan.
- **Reduced the workforce, with a voluntary option offered first.** On February 25, 2026 the Board approved reducing more than 400 certificated and classified positions, among the largest staff reductions in District history. An early retirement incentive let employees already eligible to retire depart voluntarily rather than be laid off.
- **Corrected how the District assigns funding sources.** Charged $43.3 million in eligible costs to restricted resources allowed to carry them.
- **Completed the nonpublic school RFP and selected two providers.** Specialized Education of California and Behavior Management Solutions, both subject to lease negotiations. The strategy expands the continuum of special education services while generating revenue from underused District property.
- **Opened two Transitional Kindergarten Hubs.** New hubs at Carl Munck and Fruitvale, both fully staffed and serving students, adding capacity at the one growing entry point in the District.
- **Established spending controls that did not exist before.** Second-tier review of contracts and discretionary spending at or above $15,000, restricted access to unutilized space, and site budget reductions of 7.5 to 10 percent.

Financial Stabilization Implementation Plan Highlights, cont.

- **Centralized copier procurement under the District's master contract.** Instituted one vendor for copiers districtwide and replaced remaining non-contract machines. All copiers are networked, so Procurement schedules replacement rather than each site budgeting for it. No money was taken from school site budgets.

- **Adopted one district-wide standard for meals and refreshments.** Limits of spending cost per meal with defined qualifying activities. The District spent approximately $1.625 million on food last year, with some vendors charging around $40 per person plus gratuity and setup fees.

- **Centralized District travel with pre-approval and direct payment.** Procurement now books and pays directly wherever possible, with requests due 30 to 45 days ahead, so employees are not out of pocket. The District spent approximately $1.742 million on travel in 2025-26, spread across many vendors and difficult to plan or track.

- **Closed the gap in asset tracking tied to more than $1 million in physical inventory loss.** Warehouse scans asset tags at pickup and Risk Management performs a second scan, so records update as each item is retired. No disposal form is required, which makes the compliant path the easiest one.

04 What comes next

What Staff Will Bring to the Board

Staff owes the Board information about our programs and departments in order to make informed decisions. This is also the LCAP year: the plan adopted in June 2027 sets our priorities through 2030, and state law now requires us to show whether each action is making progress on student outcomes. .

What staff will bring	When	What it lets the Board decide
A complete inventory of programs and departments, with what each costs, what funds it, and whether that funding is ongoing or one-time	October and November 2026	Whether a program can continue at its current funding level, and what happens when a one-time source ends
Organizational structure for central departments and school sites, including spans of control and reporting lines	November 2026	Whether the way the District is organized fits what it can afford to operate
Outcome data for each program, drawing on the California School Dashboard released October 15 and our own local measures	December 2026	Whether a program is producing results for the students it serves
How dollars reach schools today, and what a revised formula would produce site by site	December 2026	Whether the way the District is organized fits what it can afford to operate
Options for 2027-28, each with its fiscal impact, its effect on services, and its equity impact	February 2027	The 2027-28 budget adjustments

Additional dates will be added around LCAP at the next update

Stabilization Timeline, 2027-28 Budget and LCAP Cycle

District budget cycle, State budget cycle, and stabilization milestones, in order

DRAFT

Sept 2026

9/9 2024-25 Unaudited Actuals to the Board
9/15 Unaudited Actuals filed with the County
9/23 Stabilization Plan update

Oct 2026

10/8 County acts on the LCAP
10/15 State Dashboard released
10/21 Positions, funding, org structure
10/31 First Interim period ends

Nov 2026

11/11 Programs, funding and outcomes; site funding formula and FTE by site
11/25 First draft of modification analysis

Dec 2026

12/1 Enrollment tool opens; projections to sites
12/9 First Interim; Stabilization Plan update
12/31 Balanced budget if a review committee is convened

Jan 2027

1/10 Governor's January Budget
1/13, 1/27 Board discussion ahead of the February vote
Ongoing Budget development; staffing decisions

Feb 2027

2/10 Impact overview of 2027-28 adjustments
2/24 Final vote on adjustments, including position changes

Mar 2027

3/10 Second Interim to the Board
3/15 Noticing deadline for affected employees
3/24 LCAP engagement and communications

Apr 2027

4/7 Stabilization Plan update
4/1, 4/21 Budget and Finance Committee; Board meeting

May 2027

5/12 Report to the Board; review of the next LCAP
5/14 Governor's May Revision

Jun 2027

6/9 Proposed budget and LCAP public hearing
6/15 Legislature must pass the Budget Bill
6/23 Budget and LCAP adoption

Jul 2027

7/1 State fiscal year begins; budget filed with County
+45 days District publishes revisions after the Budget Act

Aug 2027

8/15 County may request LCAP clarification; Board responds within 15 days

Sept 2027

9/15 County approves, conditionally approves, or disapproves the budget

9/15 Unaudited Actuals filed with the County

Oct 2027

10/8 County approves the LCAP
10/22 County notifies the State Superintendent of a disapproval

Dec 2027

12/31 Balanced budget if a review committee is convened

Engagement Meetings

Stakeholder Group	Meeting(s) Date
Labor Unions	Monthly October - March
Principals (pre-one-pager)	Monthly October - March
School Board Meeting	February 11 and February 25
Students (All City Council)	November, January, March
Central Leaders	Monthly October - March
LCAP Fishbowl Engagement	TBD
Budget & Finance Committee	All committee meetings
School Community Engagements	TBD
PSAC	TBD

The difference between a district that recovers and a district that returns to crisis is rarely the size of the reduction. It is whether the culture changed along with the numbers, in how we view our budget, our programs, and the services we provide students.

Next public update: December 9, 2026, Board of Education.

THANK YOU

Questions?

OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students