

Board Office Use: Legislative File Info.	
File ID Number	19-1660
Introduction Date	8/20/19
Enactment Number	
Enactment Date	



Memo

To Board of Education

From Aimee Eng, President
Jody London, Vice President
Kyla Johnson-Trammell, Superintendent
Joshua R. Daniels, General Counsel

Board Meeting Date September 11, 2019

Subject 2018-2019 Alameda County Grand Jury Report regarding the Oakland Unified School District

Action Approve a response from the District to the 2018-2019 Alameda County Grand Jury Report regarding Oakland Unified School District

Background The Alameda County Civil Grand jury released its 2018-19 Report regarding Oakland Unified School District on June 24, 2019. On August 20, 2019, the Board heard a presentation on the Report along with possible considerations to include in the District's response. The Board then discussed the considerations and provided feedback to staff. No questions were asked of staff that required a response beyond what is in the attached Proposed Final Response. The District's response is due no later than September 22, 2019.

Discussion Attached is the Proposed Final Response. The Board can ask questions and/or amend the Proposed Final Response as it sees fit. This is the last scheduled Board meeting before the deadline to respond.

Fiscal Impact None

Attachment Proposed Final Response to the 2018-2019 Alameda County Grand Jury Report regarding Oakland Unified School District

Recommendation Approve Proposed Final Response to the 2018-2019 Alameda County Grand Jury Report regarding Oakland Unified School District, with leave for staff to fix typos, adjust formatting, and make other non-substantive changes.

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**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students

BOARD OF EDUCATION 2019

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September 11, 2019

Hon. Wynne S. Carvill
Presiding Judge
Alameda County Superior Court
1225 Fallon Street
Oakland, CA 94612

Melanie Sweeney Griffith, Foreperson
Alameda County Civil Grand Jury
1401 Lakeside Drive, Suite 1104
Oakland, CA 94612

Re: **Response of the Oakland Unified School District to 2018-19 Civil Grand Jury Final Report on Oakland Unified School District**

Dear Hon. Judge Carvill and Foreperson Griffith:

Attached please find the Response to the 2018-2019 Civil Grand Jury Final Report ("Report") from the Oakland Unified School District ("District").

First, the District would like to commend the Jurors' high level of motivation to perform their work and their seriousness in studying and understanding many of the complex and critical issues facing the District. The Jurors were always professional in their interactions with District officials and employees and mindful of the myriad challenges confronting the District.

Furthermore, the District appreciates the opportunity to raise awareness of these challenges and receive candid feedback and recommendations. As detailed in its response, the District has been focused on many of the areas of concern raised in the Report for a number of years and had already implemented many of the Report's recommendations prior to its publication.

Lastly, it is worth noting that the District does disagree with some of the statements in the narrative preceding the Findings and Recommendations; however, the District will not specifically rebut every such statement unless they materially change the District's response to the Findings and Recommendations.

Respectfully submitted,

Aimee Eng
President, Board of Education

Enclosures
Cc:

I. Introduction

The 2018-2019 Civil Grand Jury Final Report (“Report”) regarding the Oakland Unified School District (“District” or “OUSD”) includes 11 Findings and 10 Recommendations. As required by state law, the District hereby responds to each Finding and Recommendation as detailed in Section II and Section III. As described in greater detail in those Sections, the District has already been focused on many of the areas of concern raised in the Report and had implemented many of the Report’s recommendations prior to its publication. This is due, in large part, to three foundational initiatives:

- **The Blueprint for Quality Schools** is a multi-phased plan designed to meet the changing facility, program, and educational needs of OUSD. This plan includes an assessment of every school in the District, as well as recommendations on school and central office reconfiguration and rehabilitation to provide equity, quality, and opportunity to all Oakland students.
- **The Citywide Plan** is part of OUSD’s strategic approach to right-sizing the District and promoting the long-term sustainability of publicly-funded schools across Oakland. The Citywide Plan is grounded in furthering other District policies, including those pertaining to asset management, charter authorization, enrollment, equity, results-based budgeting, school governance, and quality school development. The Citywide Plan is a process designed to strategically evaluate the best ways to leverage vacant, underutilized, and surplus properties so that (i) high-quality publicly funded schools across Oakland are able to serve all of the City’s students; (ii) a fiscally sound number of schools exist given OUSD’s student population; and, (iii) schools are located where more high quality options are needed.
- **The Plan for Fiscal Vitality** is a multi-phased action plan designed to strengthen areas of weakness within the District’s fiscal and operational practices. The Plan for Fiscal Vitality was developed to chart a course of action that will strategically resolve concerns and implement recommendations identified by the Fiscal Crisis Management Assistance Team.

Information on these initiatives may be found on the District’s website (www.ousd.org).

II. Oakland Unified School District Responses to the Grand Jury's Findings

Finding 19-5: *The Oakland Unified School District consistently spends near or below the median of the 37-district sample on needs of students (teachers' salaries, local administration, classroom support, books and materials, and pupil services). It spends above and sometimes far above the median on non-classroom administrative, central office staff, contractors, and consultants.*

District Response to Finding 19-5: *The District partially disagrees with this finding.*

The District does not dispute the rankings presented in the Report regarding how OUSD compares with the 37-district sample.* However, the District disagrees, in part, with implications of this Finding because it is difficult to use the categories listed in the Report (and used as the basis for this Finding) to understand—and thus compare—the distribution of expenditures between districts.

First, the needs of the 37 districts in the Report's sample vary widely. According to the Report, OUSD and Piedmont Unified School District ("Piedmont") receive similar amounts of revenue per student (\$16,154 and \$15,577, respectively); yet OUSD and Piedmont have very different student bodies with very different needs. For instance, the percentage of students who receive free or reduced price meals is 74.4% in OUSD compared with 1.8% in Piedmont. Consequently, OUSD must provide more support to meet the needs of all of its students, at least to the extent that the percentage of students who receive free or reduced price meals is a proxy for poverty and the needs associated with living in poverty. This is seen in high OUSD expenditures in a variety of areas that address the needs of students. For instance, a school site might include a wellness center and a food bank as well as staff to provide student case management, mental health counseling, referrals for physical health appointments, and parenting classes. Most other districts in the sample do not have these student services and supports and, thus, do not have the same expenditure distribution.

* Based on these ranks, the Report concludes that "OUSD's percentages of total spending on expense categories that directly benefit students in the classroom were low compared to the other 37 districts" and that "expenses for central office administration and programs were high" (pg. 53). To support this conclusion, the Report notes that OUSD ranked 27th in "General Administration"—i.e., 26 other districts spend more than OUSD on general administration—and that OUSD ranked third in "Instruction-Related Expenses." The Report defines "General Administration" as including "principals and other classroom administrators" and "Instruction-Related Expenses" as including "Central office 'classroom-related' expenses and NOT classroom expenses" (caps in Report). However, these definitions are reversed. "General Administration" does not include site costs; it includes the cost of district administrators such as the superintendent and assistant superintendents. "Instruction-Related Expenses" does not include central administration costs; it includes site costs such as principals and other classroom administrators. In other words, the District is actually near the bottom when it comes to central administrative costs and almost at the top when it comes to some school-related costs.

Second, the Report presumes that the title of the spending categories accurately describe the spending listed under that category. Consider the additional student services and supports described in the previous paragraph. Much if not all of the staffing associated with these services and supports is classified staff working directly with students: community school managers, case managers, community liaisons, restorative justice coordinators, work-based learning liaisons, etc. However, as classified staff, they are traditionally categorized under “classroom supports.”

Contract expenditures provides another example. In 2017-18, the most recent year with complete financial data, the District spent approximately \$67.5 million for contracted services.[†] However, approximately \$22.5 million (or 33%) was from unrestricted sources and controlled by the central District office (as opposed to being controlled by sites). Moreover, of the \$22.5 million, over \$11 million was to provide student transportation services, largely for students with special needs, while \$1 million was for site-based learning and supports. In other words, over half of the \$22.5 million directly served the needs of students even though these contracts were not reported in those categories.

Third, OUSD has had difficulty consistently coding expenditures in the proper categories. For example, the expenditure category titled “Classified Supervisors' and Administrators' Salaries” includes “Financial Analysts,” “Financial Accountants,” and “College/Career Pathways Coaches” as well as human-resource related positions with the titles of “Employee Support Specialist,” “Talent Development Associate,” and “Staffing Support Assistant.” These positions, which total almost 40 full-time positions, should not have been properly categorized as “Classified Supervisors and Administrators.” (As noted in response to Recommendation 19-7, the District is working to improve how it categorizes positions within expense categories.)

Notwithstanding these disagreements and caveats, the District does fundamentally agree with the need to continually review whether its spending distribution can be improved to meet the needs of students. Indeed, as described elsewhere in this Response (e.g., response to Recommendation 19-6), the District has made significant strides in increasing the percentage of spending that is directly targeted at schools and students.

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Finding 19-6: The Oakland Unified School District’s financial problems result from a combination of spending priorities skewed toward non-classroom staff and activities plus poor enforcement of competitive bidding requirements, expensive contracting policies, poor financial discipline and poor business practices.

[†] Please note that these numbers may differ somewhat from those found at Ed-Data.org. That website, while very useful in many respects, only contains certain categories reported to the State. In this instance, the District is able to look across all categories to determine the total amount for contracted services.

District Response to Finding 19-6: *The District partially disagrees with this finding.*

The District’s financial problems are the results of many factors. In addition to those identified by the Grand Jury, other important factors include, but are not limited to: the prior failure to “right-size” the number of school sites[‡]; the rising cost of living within Oakland and the greater Bay Area; the need to increase employee compensation; rising pension obligations imposed by the State; rising special education costs; high employee turnover; turnover in District leadership, particularly in the superintendency; overspending by past administrations often with Board approval; and issues within the District’s financial systems related to internal controls. The District’s financial problems are also long-standing—they have developed over many years and will require years to address.

* * *

Finding 19-7: *The Oakland Unified School District’s Facilities Department does not follow best practices in developing and managing its operating budgets.*

District Response to Finding 19-7: *The District disagrees with this finding.*

The Facilities Department strives to follow best practices for the efficient administration of the operations and maintenance of District facilities. Similarly, Facilities Leadership strives to follow best practices for budget allocations, planning, staffing allocations, and best practices in managing staff and contractor work. (See response to Recommendation 19-10 for additional information on how the Facilities Department is working to continually improve its practices.)

* * *

Finding 19-8: *The Oakland Unified School District’s Facilities Department staff frequently ignored direct orders from superiors, often going over their manager’s heads.*

District Response to Finding 19-8: *The District partially disagrees with this finding.*

Staff in the Facilities Department do not frequently ignore direct orders from superiors or often “go over their manager’s heads.” The District does recognize, however, that there have been instances where individual Facilities Department employees have failed to perform consistent with District expectations or may have been insubordinate. These individual employee matters were and continue to be managed through the District’s employee evaluation and discipline process. All District employees, including Facilities

[‡] Indeed, the Grand Jury itself raised this point in its 2017-18 report on OUSD, “Oakland Unified School District: Hard Choices Needed to Prevent Insolvency.”

Department employees, undergo a performance evaluation process pursuant to District policy and/or the applicable collective bargaining agreement. Additionally, all departments, including the Facilities Department, have procedures in place to identify and address employee insubordination.[§]

* * *

Finding 19-9: The Oakland Unified School District's Facilities Department has not provided appropriate leadership in managing the capital program for the District. Approved project costs and schedules have not been controlled, required bidding was often avoided through exceptions, and the District's use of lease-leaseback method has not demonstrated cost savings or resulted in speedy completion of projects.

District Response to Finding 19-9: *The District partially disagrees with this finding.*

Prior to a leadership change in 2015, the District's capital program was performing well—i.e., it was generally close to budget and the projects were generally on pace. In 2015, however, then District leadership—with Board approval—adjusted the budgets for various projects while also adding new ones. Much of these revised or new budgets did not include proper contingency funding. In order to rectify these actions, the current Facilities Department leadership proposed—and the current Board adopted—significant changes in order to re-establish a sustainable construction program. While difficult, this has led to much better results. Even as early as May 2018, the Facilities Department report to the Board showed that costs and schedules were being recalibrated and controlled. (See File # 18-1097 Report – Facilities Committee Status of All Capital Programs.) Moreover, based on the revised projections provided by the current Facilities Department leadership, all outstanding projects under the capital program are currently on time and on budget (including one project involving a contractor default and a surety takeover). Some of these projects include:

- The Central Kitchen (October 2019). A new state-of-the-art Central Commissary to support a new school nutrition program.
- Glenview Elementary School (December 2019 with campus improvements by May 2020). This is a complete replacement of the old school.
- Fremont High School (Phase 3 June 2020; Phase 4 November 2020). Phase 3 is the renovation of the main classroom building while Phase 4 is the construction of a new gym, football field and stadium.

[§] Due to privacy and confidentiality concerns, the District cannot discuss or reveal any disciplinary actions taken against past or present employees.

Lastly, the District has not conducted a detailed analysis to determine whether the use of a lease-leaseback method has resulted in cost savings or speedier completion of projects, in part, because of the significant legal changes to the use of lease-leaseback contracts in recent years. It is also worth noting that the lease-leaseback process is not a means to achieve cost savings, but rather a means for fewer change orders and better completion time due to more control over the project schedule.

* * *

Finding 19-10: The Oakland Unified School District's 50% local business utilization policy adds significant cost to projects.

District Response to Finding 19-10: The District partially disagrees with this finding.

There is anecdotal evidence that is both consistent and inconsistent with this Finding. Additionally, anecdotal evidence that is both consistent and inconsistent with the local business utilization policy's statement that is "stimulating [local] economic development through the support and empowerment of the local community, especially groups that have historically been placed at a disadvantage. Accordingly, as described below in response to Recommendation 19-11, District staff will be analyzing the fiscal impact of the Local Business Utilization policy.

* * *

Finding 19-11: The Oakland Unified School District has been using Measure J bond funds to pay rent (now over \$12.5 million) for their administration office at 1000 Broadway. There is no approved plan to relocate the District's central administrative offices to a permanent location, raising serious legal questions about its continued use of bond funds to pay rent at 1000 Broadway.

District Response to Finding 19-11: The District disagrees with this finding.

There is a plan to relocate the District's central office to a permanent location. Initially, the plan was to renovate the original administrative office building located at 1025 2nd Avenue. However, due to cost and other considerations, the District adopted its current plan on June 5, 2019, via Board Resolution 1819-0211, which authorized the Superintendent to move forward with planning for a permanent District administrative center at Former Cole Elementary School ("Cole Project").

There has been a strong desire to move out of 1000 Broadway as soon as possible. The District has revised the Measure J Spending Plan to allocate funds for the Cole Project,

reduced central office staff, transitioned staff to administrative space at school sites, and reduced its footprint at 1000 Broadway by consolidating nine (9) suites into four (4) suites.

Moreover, the use of bond funds for interim administrative housing is explicitly contemplated under Measure J. The Measure J Bond Project List mentions the use of bond funds for “administrative sites,” and it mentions the ability to use bond funds for “[r]ental . . . facilities . . . on an interim basis, as needed to accommodate . . . personnel” and for the “[a]cquisition of any of the facilities on the Bond Project List through [a] temporary lease.”

* * *

Finding 19-12: The Oakland Unified School District’s culture is broken. It has been described as a District of exceptions with an attitude of “what’s in it for me?” These attitudes harm the District whether it is displayed as favoritism, nepotism, or disregard for board policies. Employees trying to change this culture and move the District forward are sidelined and sometimes forced to leave because the proposed changes “Aren’t the way it’s done at OUSD.”

District Response to Finding 19-12: The District partially disagrees with this finding.

The District is working to improve its culture. Specifically, Organizational Wellness is a priority within the Superintendent’s Work Plan. As part of this commitment to Organizational Wellness, the District intends to “build a culture that values divergent perspectives, creative problem-solving, and mutual accountability.” To this end, the District has offered in-house training reinforcing the commitment to Organizational Wellness and trainings designed to target issues surrounding workplace culture. Last year, for example, the District offered multi-day Values-Based Leadership Programming to all staff.

Over the last year, the Superintendent and her staff have convened a committee focused on Staff Wellness. The committee has engaged key stakeholders, including: site administrators, teachers, and staff; central office staff; labor partners; the City of Oakland; Alameda County; and other community partners. Based on this engagement, the committee has put forward six strategies and is expected to produce a Staff Wellness plan in 2020 to guide implementation of these strategies.

* * *

Finding 19-13: The Oakland Unified School District’s Board policies are out-of-date.

District Response to Finding 19-13: The District partially disagrees with this finding.

The District has approximately 650 policies, administrative regulations, exhibits and board bylaws (which are often collectively referred to as Board Policies). As with most school

districts in California, the District regularly updates some policies based on guidance from the California School Boards Association and, as with most school districts in California, the District also revises existing policies and creates new ones to address local needs and community priorities. Within the last year, approximately 50 board policies and administrative regulations have been updated, including:

- Board Policy 460: Local Control and Accountability Plan [updated March 4, 2019]
- Board Policy 3100: Budget [updated May 8, 2019]
- Administrative Regulation 3280: Sale, Lease, Rental of District-Owned Real Property [updated May 8, 2019]
- Board Policy 3400: Management of District Assets – Account [updated May 8, 2019]
- Board Policy 3460: Financial Reports and Accountability [updated May 8, 2019]
- Board Policy 5116.1: Open Enrollment [updated March 4, 2019]
- Board Policy 6006: Quality School Development: Community of Schools [updated November 14, 2018]

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Finding 19-14: The Oakland Unified School District’s Board meetings and meeting processes create extraordinary burdens for Board members, the District’s management and staff, and the public. Excessively long meetings fail to focus the Board on its priorities and details, which results in a lack of actionable decisions on key issues.

District Response to Finding 19-14: *The District partially disagrees with this finding.*

The District agrees that Board meetings and meeting processes can create burdens for the public, Board members, and the District’s management and staff. Nevertheless, the Board makes and has made actionable decisions on key issues. (Details regarding actionable decisions on key issues are provided throughout this document, including in the District’s Response to Recommendation 19-12.)

Moreover, the Board has recently made a number of structural changes in order to lessen the burden that excessively long Board meetings and meeting processes can place on the public, Board members, and the District’s management and staff. For instance, the Board revised Board Bylaws 9322 and 9323 last year to consolidate similar items, streamline Board meetings, and provide opportunities for more voices to be heard at Board meetings. The Board was able to make these improvements while maintaining its commitment to community engagement, which is significantly more robust than that of many other school districts. It is also worth noting that Board committees were recently re-established, which enables the public to become more aware of and to engage more deeply in important issues.

Moving forward, an ad hoc governance workgroup will be formed to, among other things, work with General Counsel, Board staff, and the Superintendent's team to revisit Board meeting structure and recommend additional opportunities to streamline format in order to focus more time on strategic discussions. The workgroup will report to the Board no later than March 2020.

* * *

Finding 19-15: The Oakland Unified School District Board has failed in its responsibilities to serve the students of Oakland. Collectively, the Board has not provided leadership and strategic direction to correct the severe financial problems facing the District.

District Response to Finding 19-15: The District disagrees with this finding.

The Board has not failed to serve the students of Oakland. The myriad issues confronting the District have developed over more than a decade and will require years to address. The Board has provided leadership and strategic direction to correct the financial problems facing the District. For instance, the Superintendent proposed and the Board adopted a Plan for Fiscal Vitality, a multi-year strategy to realign District spending priorities to focus on the needs of students. This redesign includes a zero-based budgeting approach to guide the restructuring of the District and to eliminate initiatives and programs that do not show evidence to support the rapid acceleration of students' academic outcomes. Additionally, the Board, at the recommendation of the Superintendent, has taken the following actions:

- Board Resolution 1819-0143: Approving Coliseum College Preparatory Academy Expansion and Roots International Academy Closure;
- Board Resolution 1819-0144: Budget Reduction Recommendation To Achieve Fiscal Year 2019-2020 3.0% Reserve for Economic Uncertainty;
- Board Resolution 1819-0098: Authorizing reduction or layoff of classified positions based on lack of funds and/or program need as reflected through the Budget Development process for 2019-2020; and
- Board Resolution 1819-0247: Charge to "7-11" Committee limiting consideration of properties for declaration as surplus to specific sites identified as first cohort properties.

The District has also recently reached agreements with many of its collective bargaining units, most notably the Oakland Education Association in March 2019.

III. Oakland Unified School District Responses to the Grand Jury's Recommendations

Recommendation 19-5: *The Oakland Unified School District must realign its current spending priorities to ensure the focus is on the needs of students (certificated teacher salaries, classroom support, books and materials, pupil services including guidance counseling, social workers, and other critical support services).*

District Response to Recommendation 19-5: *The District, in part, has implemented this Recommendation and, in part, will be implementing this Recommendation.*

The District always strives to further focus on the needs of students.** The District's current efforts in this area are driven by the Plan for Fiscal Vitality, which utilizes District board policies 3150 (Results Based Budgeting), 3625 (School Governance), 6005 (Quality School Development), and 6006 (Quality School Development: Community of Schools) and a zero-based budgeting approach to prioritize the impact of spending at school sites and to eliminate initiatives and programs that do not show evidence to support the rapid acceleration of students' academic outcomes. The District has also adopted the Smarter School Spending Framework, a financial framework endorsed by the Government Finance Officers Association, as a structure for budget reductions and prioritization.†† (See Board Resolution 1718-0144.) On September 4, 2019, the Board held a special meeting to receive an update and discuss the prioritization and reduction process for the 2020-21 budget based on the Plan for Fiscal Vitality and the Smarter School Spending Framework.

The District's focus on the needs of students is also found in its success generating funds from outside sources and in increasing teacher compensation. The District has been highly successful at leveraging OUSD money to generate significant additional funding to directly support student needs through the community schools model. By investing \$9 million of OUSD funds at school sites, the District has brought in over \$500 million in the past decade to support afterschool programs, health centers, mental health services, and nutrition services. Additionally, thanks to voter support through the passage of Measure G1 and strategic efforts by the District to reduce millions in expenditures, the District succeeded in March 2019 with an agreement to raise certificated staff salaries 11 percent plus a one-time bonus of three percent. At the same time, the District has been able to continue to offer full health benefits for full-time certificated employees and their families (as well as for most other employees).

* * *

** This Recommendation appears to be motivated, at least in part, by the expenditure comparisons described in the Report and referenced in Finding 19-5. As noted in response to that Finding, it is difficult to compare expenditures between school districts as the Report attempts to do.

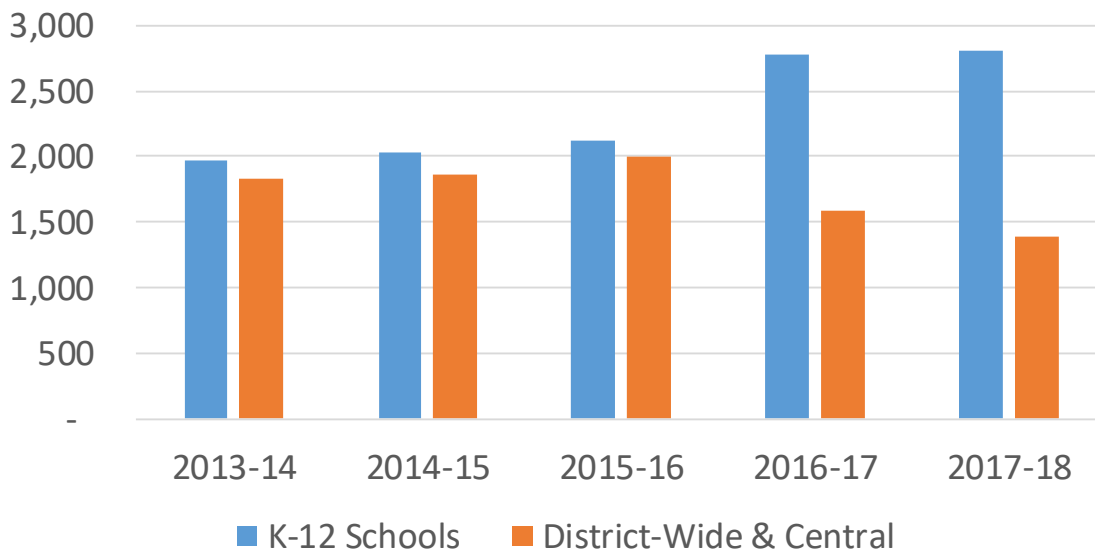
†† More information about the Framework is available at <https://www.smarterschoolspending.org/framework>.

Recommendation 19-6: *The Oakland Unified School District must significantly reduce the number of classified supervisors, administrators and staff and its expenditures for contractors, consultants, and other outside services.*

District Response to Recommendation 19-6: *The District has implemented this Recommendation in part; the remaining aspects require further analysis.*

The District has consistently reduced and eliminated classified supervisors, administrators, and staff while protecting and prioritizing additions of certificated positions. As a result, the number of site positions funded by the General Fund has increased significantly while the number of “District-Wide” or “Central” positions funded by the General Fund has decreased significantly. (See Figure 1.**)

Figure 1. FTE by Employee Location



Additionally, the District’s spending on contracted services has declined in both total expenditures and as a percentage of overall expenditures in each of the last 3 fiscal years. (See Figure 2.)

** These data are available at <https://tinyurl.com/OUSDFiscalDashboard>. The FTE count for each year is based on a single day snapshot that captures active employees on that day. Thus, the numbers may be different than those found in other sources. Notwithstanding this caveat, the long-term trend is clear. Additionally, these are the positions funded by the General Fund. Thus, a position that was funded by the General Fund but moved to a restricted funding source would constitute a reduction from a financial perspective to the General Fund but not necessarily a programmatic reduction. Given that the District’s fiscal challenges primarily manifest themselves in the General Fund, such a switch (from the General Fund to a restricted fund) is not a gimmick but a meaningful improvement in the financial stability of the District.

Figure 2. Contracted Services vs. General Fund Expenditures

	Actual General Fund Expenditures (\$)	Actual Contracted Services (\$)	Actual Contracted Services (as % of Actual General Fund Expenditures)
2015-16	\$493,391,802	\$30,087,565	6.1%
2016-17	\$526,922,664	\$28,596,007	5.4%
2017-18	\$513,824,147	\$24,411,393	4.8%

In 2018-19, the Board adopted Board Resolution 1819-0013, which called for \$30 million in reductions with the expectation that “the number of school and district-level administrators—particularly classified administrators—will be significantly reduced.” (See File # 18-2385 Special Committee on Fiscal Vitality Recommendations.) The Board also approved Board Resolution 1819-0098, which approved the elimination of 257.6 FTE classified positions. (See File # 19-1061 Layoff/Additions/Net Classified Positions for Fiscal Year 2019-2020.)

* * *

Recommendation 19-7: *The Oakland Unified School District must incorporate best practices for financial management, budgeting and control, and if staff is unwilling to adopt these practices they must be held accountable.*

District Response to Recommendation 19-7: *The District has implemented this Recommendation.*

In July 2018, the District transitioned to a new financial management system, “ESCAPE”, which is fully-integrated with and hosted on the Alameda County Office of Education’s servers and provides enhanced controls, data, and uniformity. The District has been using the need to train staff on ESCAPE to improve the internal efficiencies of the District’s contracting practices, while also engaging in the longer-term work of improving the culture around those processes and related procedures. The District will also be focused on trainings to help staff consistently and properly code costs, to improve procurement across sites, and to build capacity regarding the bidding process. (See also response to Recommendation 19-10.) The Board will receive an update on these efforts no later than March 2020.

Additionally, the budget development process is now being overseen by the Chief Systems and Services Officer, which provides the opportunity to blend program and

operations for improved systemic decision-making in regards to the budget. The District is receiving intensive support from Alameda County Office of Education, which has embedded staff within the District to provide advice, training, and oversight with respect to a variety of areas such as budget development, position control, and payroll. The District also entered into an agreement with Lucid Partnerships to provide budget, financial reporting services and coaching to the Fiscal Department Team and to create a budget development process that reflects best practices from the Government Finance Officers Association. (See File # 19-1502 - Professional Services Contract between the District and Lucid Partnerships, Inc, for the latter to provide budget, financial reporting services and coaching to the Fiscal Department Team.)

As with any required practice, staff unable to adopt such practices will be provided with additional support and staff unwilling to adopt such practices will be held accountable through the employee performance evaluation process and employee discipline processes.

* * *

Recommendation 19-8: *The Oakland Unified School District must provide training to all personnel to clarify roles, responsibilities, and accountability.*

District Response to Recommendation 19-8: *The District has implemented this Recommendation.*

District departments regularly have retreats at or near the commencement of a new school year. During these retreats, roles are clarified, responsibilities outlined, and accountability detailed. In addition, the Superintendent has convened an Advisory Committee, comprised of department leaders across the District. This Committee meets regularly with a focus on role clarity, responsibilities, and accountability.^{§§}

Individual departments also pursue initiatives and offer targeted trainings to their employees. For instance, the Facilities Department is implementing a Leadership Development Plan designed to address areas of performance through a process known as “management by objectives.” (Management by objectives is the establishment of a management information system to compare actual performance and achievement to the defined objectives.) As part of this initiative, department leadership will receive professional skills development training and executive coaching, and support staff will receive operational technical assistance.

* * *

Recommendation 19-9: *The Oakland Unified School District’s Board, Superintendent and Facilities Department must finalize and approve a robust Facilities Master Plan that can be*

^{§§} Retreats and the Advisory Committee meetings are always held at District facilities.

immediately implemented, including proposed school closures, consolidations, and project priorities.

District Response to Recommendation 19-9: *The District, in part, has implemented this Recommendation and, in part, will be implementing this Recommendation.*

In April 2019, the Board contracted with MK Think to bring forward a revised Facilities Master Plan (“FMP”). (See File # 19-0382 Facilities Planning and Management Project.) MK Think will utilize information from the Citywide Plan and the Blueprint for Quality School in its work, and will bring forward the revised FMP no later than March 2020. (See File # 19-1266 Facilities Master Plan Update.)

* * *

Recommendation 19-10: *The Oakland Unified School District’s Facilities Department contracts must be publicly bid and broadly advertised, and follow an open, competitive bidding process. Recommendations within the bond program management performance audit regarding facilities program management and change order control should be immediately and fully implemented.*

District Response to Recommendation 19-10: *District has implemented the first sentence of this Recommendation (i.e., public, competitive bidding process) and will be implementing the second sentence of this Recommendation (i.e., following audit recommendations).*

First Sentence: The Oakland Unified School District’s Facilities Department contracts must be publicly bid and broadly advertised, and follow an open, competitive bidding process.

In 2017-18, a work group from OUSD’s Legal, IT, Continuous School Improvement and Facilities Departments completed a “Contract Sprint,” a process designed to review the existing facilities contract process and to recommend improvements where appropriate. Among other things, the group proposed targeting staff capacity regarding the bidding process by adding checks and balances in the contract process. For instance, one of the checks added was a requirement for staff inputting the contract to answer a series of questions. If the answers imply that the contract should be bid, the contract is routed to the Legal Department for review and approval.

The group also proposed targeting staff capacity regarding the bidding process by providing trainings to key District staff. Last year, for instance, District legal staff conducted a training for all District staff responsible for submitting contracts. More recently, there was a training on August 30, 2019 on construction contracts focused on, among other things,

competitive bidding and exceptions to competitive bidding, lease-leaseback contracts and completion of unfinished work, maintenance contracts, and consultant/service contracts (e.g. construction manager, land surveyor, engineer, architect). A follow up training focused on construction contracts for Facilities, Legal, and Board staff was completed on September 6, 2019.

Second Sentence: Recommendations within the bond program management performance audit regarding facilities program management and change order control should be immediately and fully implemented.

At the April 8, 2019, Board of Education Meeting, the District reviewed the Measure J and Measure B Construction Bond Funds Performance Audit Report for the Fiscal Year Ended June 30, 2018. The audit identified a number of good management practices and detailed some recommendations with regards to Program Management, Budgetary Management and Change Order Reporting Controls. The District is working to implement the recommendations regarding Program Management and Budgetary Management and Change Order Reporting Controls no later than March 2020.

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Recommendation 19-11: The Oakland Unified School District Board must review, update and enforce its policies and regulations regarding conflicts of interests, bid exceptions, and school autonomy. The 50% local business utilization requirement should be immediately suspended until the District finances can afford it and until the policy is reevaluated.

District Response to Recommendation 19-11: The District has implemented the first sentence of this Recommendation in part (i.e., enforce specified policies and regulations); the remaining aspects of the first sentence (i.e., review and update policies and regulation) require further analysis. The second sentence of this Recommendation (i.e., suspend the local business utilization policy) requires additional analysis.

First Sentence: The Oakland Unified School District Board must review, update and enforce its policies and regulations regarding conflicts of interests, bid exceptions, and school autonomy

The District has been enforcing all of its existing policies as part of its regular course of business. Further analysis is necessary to determine if its policies and regulations regarding conflicts of interest (BP 3600; BP 9270), bid exceptions (BP 3311; AR 3311), and school autonomy (BP 6005) need to be revised. An ad hoc governance workgroup will be formed to,

among other things, work with General Counsel, Board staff, and the Superintendent's team to review and, if necessary, update these policies and regulations. The workgroup will report to the Board no later than March 2020.

Second Sentence: The 50% local business utilization requirement should be immediately suspended until the District finances can afford it and until the policy is reevaluated

District staff will be analyzing the fiscal impact of the Local Business Utilization ("LBU") policy. Given the multitude of factors that inform the cost of construction, it is important to attempt to use hard data—rather than anecdotal or subjective experience—to determine the fiscal impact of the LBU. District staff will present the fiscal analysis to the Board no later than January 2020. The Board will then determine what next steps, if any, should be taken.

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Recommendation 19-12: The Oakland Unified School District Board must restructure its board meetings to better align with District priorities, including: move critical topics to the beginning of meetings, aggregate like items for approval, and use of the consent calendar to reduce time spent on minor items. Focus needs to be on gaining budget control, financial stability and improving students' access to a great education.

District Response to Recommendation 19-12: The District has implemented this Recommendation in part; the remaining aspects require further analysis.

In 2018-19, the Board revised Board Bylaws 9322 and 9323 to consolidate similar items, streamline Board meetings, and provide opportunities for more voices to be heard at Board meetings. The Board was able to make these improvements while maintaining its commitment to community engagement, which is significantly more robust than that of many of other school districts.

Moving forward, an ad hoc governance workgroup will be formed to, among other things, work with General Counsel, Board staff, and the Superintendent's team to revisit board meeting structure and recommend additional opportunities to streamline format in order to focus more time on strategic discussions. The workgroup will report to the Board no later than March 2020.

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Recommendation 19-13: The Oakland Unified School District must hire an effectiveness coach with the Alameda County Office of Education's approval for the superintendent and

the Board as a whole and for individual members to improve effectiveness and transparency, leading to timely board decisions on identified priority items.

District Response to Recommendation 19-13: *The District has implemented this Recommendation in part; the remaining aspects require further analysis.*

In 2017-18, the entire Governing Board engaged in numerous governance training retreats and special meetings with Ron Bennett of School Services of California (October 5, 2017), Barbara Anderson and Allan Alson through Panasonic Foundation (October 5, 2017, January 20, 2018, June 7, 2018), and Victor Carey of the National Equity Project (October 5, 2017). In addition, numerous individual board members engaged in individual professional development to assist them in their roles, including attending conferences of the Government Finance Officers Association, the Council of Great City Schools, and the California School Boards Association.

In 2018-19, the Board participated in a Board Governance Training (August 4, 2018), Board Governance Training (January 16, 2019), and a retreat on Board Governance and Goal Setting (June 22, 2019). As recently as August 3, 2019, the Board received training from Beacon Results.

Additionally, it is important to note that in terms of transparency, all minutes, videos, and actions taken by the Board since 1999 are available in a searchable database on the District's website at <https://www.ousd.org/domain/67>. In addition, the District's Research and Development department maintains data dashboards at <https://www.ousd.org/fiscaltransparency>. These dashboards include information on student demographics, student academic performance, student discipline and attendance, student post-secondary readiness, teacher data, wellness, climate and culture data, and comprehensive data dashboards of fiscal information that is viewable by school, department, resource, or expenditure type to analyze multiple years of fiscal data.

Moving forward, the Board and the Superintendent will adopt aligned but separate work plans by October 2019 that will delineate the focus and priorities for this year. Additionally, the Board has agreed to hold at least three retreats during the 2019-2020 year.

While the District agrees that it would be valuable to receive training designed to improve effectiveness and transparency, the District would like to evaluate the range of options for the provision of this service. The District would like to first determine what capacity exists to provide this training internally or through an existing contract with an outside vendor rather than enter into a new contract with a new outside vendor. The Board will make a decision as to how it will receive a training on this topic no later than March 2020.

Additionally, an ad hoc governance workgroup will be formed to, among other things, work with General Counsel, Board staff, and the Superintendent's team to:

- On-board new board leadership, prepare trainings for new board members, and ensure appropriate training and support
- Revamp the Board's self-evaluation process
- Review and revise the Governance Handbook
- Develop a board training calendar with support from the General Counsel

The workgroup will report to the Board no later than March 2020.

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Recommendation 19-14: *The Oakland Unified School District Board must approve a plan to relocate its administrative offices as soon as possible.*

District Response to Recommendation 19-14: *This Recommendation has been implemented.*

There is a plan to relocate the District's central office to a permanent location. On June 5, 2019, the Board approved Board Resolution 1819-0211 which authorized the Superintendent to move forward with planning for a permanent District administrative center at Former Cole Elementary School. (The Resolution also approved continued interim housing at 1000 Broadway with a significantly smaller footprint.)