



OFFICE OF THE SUPERINTENDENT

MEMORANDUM

Date: January 20, 2026
To: President Brouhard and esteemed Directors of the Board
From: Superintendent Denise G. Saddler
Subject: Scenario 3 Implementation Updates

Dear President Brouhard, Vice President Bachelor, and Board Members:

Tonight, we come before you and our community with news that affirms what many of you have long believed: Oakland Unified is stronger than the numbers first suggested.

Let me be clear about what this means for Oakland families. And we are doing this work with a level of fiscal rigor and transparency that positions Oakland Unified as the growing, stable choice for families across our city.

KEEPING MY COMMITMENT TO YOU

When I first wrote to you in October about the budget realities we were facing, I didn't sugarcoat the situation. I said: ***"People we care about will lose their jobs. Programs our students love will be reduced or eliminated."***

I also promised you that every decision would flow from a Care-Centered framework—one that protects students first, honors the teachers and staff who serve them, and minimizes pain wherever possible.

Tonight, the entire leadership team and I come before you keeping this promise.

HOW WE ARRIVED AT THIS MOMENT

As we honor Dr. King's legacy this week and the quest for civil rights and justice, we are deeply moved by his declaration: ***"...it is a crime for the nation to fail to educate its children."***

In December, this Board was presented with a recommendation for a Negative Certification of our First Interim Report—a designation that signals inability to meet financial obligations. That recommendation came despite the District holding significant restricted funding that could rightfully cover expenditures then being carried by our unrestricted fund balance.

THE WORK OF THE PAST THREE WEEKS

We have moved swiftly to ensure this District has the leadership and expertise needed for this critical moment. We elevated Chief Financial Officer Ryan Nguyen to our Senior Leadership Team, recognizing both his deep institutional knowledge and his commitment to sound fiscal practice.

Following your adoption of Scenario 3, I instituted a district-wide spending freeze. This allowed our entire Senior Leadership Team, together with our fiscal team—professionals with decades of experience navigating complex budget scenarios—to conduct a comprehensive examination of every expenditure across central office and school sites.

That spending freeze produced immediate results. When we lifted it last week, we implemented strategic budget adjustments: schools saw a 10% reduction in unencumbered funds, while central office departments absorbed 20% reductions—twice the impact on administrative operations as on school sites. These actions allowed us to restore the State-mandated 2% Reserve for Economic Uncertainty and stabilized our fund balance for the remainder of this fiscal year.

We also brought in Hazard, Young, Attea & Associates (HYA), a team of nationally recognized fiscal experts, to provide independent analysis and validation of our financial position. Their expertise in California school finance and their experience guiding districts through fiscal stabilization has been invaluable.

What this combined effort—our Senior Leadership Team, our fiscal team, and HYA working together—has uncovered in just three weeks is significant. By correctly appropriating expenditures to their proper restricted funding sources—a standard practice in California school finance—and by implementing the disciplined fiscal controls you authorized in Scenario 3, we have discovered that our projected deficit for 2026-27 is significantly smaller than previously reported.

As you know the deficit was initially projected at over \$100 million. We are working to bring you the most realistic, accurate representation of Oakland Unified's finances, and we are optimistic about what we are finding.

Tonight's presentation from HYA will detail their preliminary findings and recommendations. This work is complex and ongoing, but early indications show we are on stronger footing than the Negative Certification would have suggested.

OUR COMMITMENT TO STUDENTS AND FAMILIES

While we address these fiscal realities, we remain unwaveringly focused on what matters most: ensuring every Oakland student feels safe, supported, and positioned for success.

Recent weeks have brought new fears to many of our families. The threat of immigration enforcement has caused real anxiety in our community and has contributed to attendance challenges we cannot ignore. At the same time, community violence continues to impact our students' sense of safety and well being.

Let us be absolutely clear: Oakland Unified stands with all of our students and families. We are committed to ensuring every child—regardless of race, income, or immigration status—can come to school feeling protected and valued. This is not only our moral obligation; it is essential to the academic success and daily attendance that sustains our schools and our mission.

Our families are watching. They are deciding right now whether Oakland Unified is the right choice for their children. They need to see a district that is well-governed, professionally managed, and united in its commitment to their students. We cannot afford to lose their trust again.

WHAT TONIGHT REPRESENTS

The presentation you will hear tonight represents our best thinking to date—but it is an opening, not a conclusion. Tonight, we are here to share what we have learned, to listen to your insights and concerns, and to return to our work informed by the collective wisdom of this Board and our community.

This is the beginning of a conversation, not the end. The decisions ahead will require careful deliberation, community input, and the kind of thoughtful analysis that has already revealed our financial position to be more manageable than initially presented.

A CALL TO OUR HIGHER PURPOSE

This moment calls us to our highest and best selves. Our community is experiencing tremendous stress from threats to immigrant families, from ongoing concerns about safety, from economic pressures that touch every household. In the midst of all this, Oakland families need to see their school board united in purpose and steady in leadership.

Each of you brings an essential perspective to this work. Your diverse viewpoints and individual expertise make us stronger, not weaker. Tonight and in the week ahead, we ask you to debate vigorously, to question rigorously, and ultimately to emerge with a united voice that signals to our community: Oakland Unified's leaders are pulling together, not apart.

When we return to you next week with refined recommendations, we will stand together—this Board, this leadership team, this community—demonstrating that Oakland Unified is not only fiscally sound but governance-strong.

LOOKING FORWARD WITH CONFIDENCE

Nearly fifty years ago, Dr. Marcus Foster gave us our charge: ***"Every child can learn. It is our job to create the conditions in which they can."***

That is our work tonight and in the days ahead. We are pulling together to create the conditions, now and long-term, to eliminate disruptions, to provide certainty, and to ensure sustainable fiscal soundness. These are the conditions necessary to fulfill Dr. Foster's promise, to honor Dr. King's demand, and to serve Oakland's students.

We are confident in the path ahead. The fiscal experts we have engaged, the internal team we have empowered, and the Board leadership we are privileged to serve alongside have positioned us to make necessary adjustments while remaining student centered, and Oakland's promise alive.

Our work continues.

In community and with deep respect,

Dr. Denise Saddler
Superintendent
Oakland Unified School District