

Annual Review

January 17, 2025

Budget

Amount	Details	Month	Amount
4,500	Mid Year Bonus	June	2,000
2,500	Year End Bonus	December	3,000
		January	5,000

Costs	Expenditure	Month	Amount
2,300	November vacation	November	450
600	Home for the holidays	December	600
350	Gifts for family	July	300
60	Family vacation	January	880
		January	
		January	
		January	
		January	

April	May	June
9,915	13,220	16,000
	7,000	7,000
	0	

Alameda County Office of Education

Michael H. Fine
Chief Executive Officer

January 17, 2025

Alysse Castro, Superintendent
Alameda County Office of Education
313 West Winton Ave.
Hayward, CA 94544-1136

Dear Superintendent Castro:

In July 2020, the Alameda County Superintendent of Schools entered into an agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) for FCMAT to perform the following:

Prepare an initial analysis of the county office fiscal oversight provided to the Oakland Unified School District using FCMAT's County Office Evaluation Tool [County Superintendent of Schools Oversight Evaluation Tool], and make recommendations for improvement, if any.

The July 2020 study agreement also covers annual follow-up evaluations. This report contains the study team's findings and recommendations from the third annual evaluation of the Alameda County Superintendent of Schools' oversight of the Oakland Unified School District.

FCMAT appreciates the opportunity to serve the Alameda County Office of Education and extends thanks to its staff for their cooperation and assistance during this review.

Sincerely,



Michael H. Fine
Chief Executive Officer

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About FCMAT

Purpose and Services

FCMAT was created by the California Legislature to help California's transitional kindergarten through grade 14 local educational agencies (LEAs) avoid fiscal insolvency. Today, FCMAT helps LEAs identify, prevent and resolve financial, management, program, data, and oversight challenges; provides professional learning; produces and provides software, checklists, manuals and other tools; and offers other related school business and data services.

FCMAT may be asked to provide fiscal crisis or management assistance by a school district, charter school, community college, county office of education, the state superintendent of public instruction, or the Legislature.

When FCMAT is asked for help with management assistance or a fiscal crisis, FCMAT management and staff work closely with the requesting LEA to meet their needs. Often this means conducting a formal study using a FCMAT study team that coordinates with the LEA for on-site fieldwork to evaluate specified operational areas and subsequently produces a written report with findings and recommendations for improvement.

For more immediate needs in a specific area, FCMAT offers short-term technical assistance from a FCMAT staff member with the required expertise.

To help meet the need for qualified chief business officials (CBOs) in LEAs, FCMAT offers four different CBO training and mentoring programs that consist of 11 or 12 diverse two-day training sessions over the course of a full year.

For agencies with professional learning needs, FCMAT offers workshops on specific topics. Popular topics include associated student body operations, use of FCMAT's Projection-Pro online financial forecasting software, use of FCMAT's Local Control Funding Formula (LCFF) calculators, and data reporting for the California Longitudinal Pupil Achievement Data System (CALPADS). FCMAT staff and management also frequently make presentations at various professional conferences.

The California School Information Services (CSIS) service of FCMAT helps the California Department of Education (CDE) operate CALPADS; helps LEAs learn about CALPADS, resolve data issues and meet reporting requirements; provides LEAs with training and leadership in data management. CSIS also developed and continues to host and improve the Standardized Account Code Structure (SACS) web-based financial reporting system for all California LEAs, and provides ed-data.org, which gives educators, policymakers, the Legislature, parents and the public quick access to timely and comprehensive data about K-12 education in California.

Since it was formed, FCMAT has provided LEAs with the types of help described above on more than 2,000 occasions.

FCMAT's administrative agent is the Kern County Superintendent of Schools. FCMAT is led by Michael H. Fine, Chief Executive Officer, and is funded by appropriations in the state budget and modest fees to requesting agencies.

Workshop schedules, manuals, presentation slide decks, Projection-Pro software, the LCFF Calculator, past reports, an online help desk, and many other resources are available for download or use at no charge on FCMAT's website.

History

FCMAT was created by Assembly Bill 1200 (Chapter 1213, Statutes of 1991) and Education Code 42127.8. Assembly Bill 107 (Chapter 282, Statutes of 1997) added Education Code 49080, which charged FCMAT with responsibility for CSIS and its statewide data management work, and Assembly Bill 1115 (Chapter 78, Statutes of 1999) codified CSIS' mission.

Assembly Bill 1200 created a statewide plan for county offices of education and school districts to work together locally to improve fiscal procedures and accountability standards. Assembly Bill 2756 (Chapter 52, Statutes of 2004) gave FCMAT specific responsibilities for districts that have received emergency state loans.

In January 2006, Senate Bill 430 (Chapter 357, Statutes of 2005) amended Education Code 42128.7, and Assembly Bill 1366 (Chapter 360, Statutes of 2005) amended Education Codes 42128.7 and 84041. These new laws expanded FCMAT's services to include charter schools and community colleges, respectively.

Assembly Bill 1840 (Chapter 426, Statutes of 2018) changed how fiscally insolvent districts are administered once an emergency appropriation has been made, shifting oversight responsibilities from the state to the local county office of education to be more consistent with the principles of local control, and giving FCMAT new responsibilities associated with the process.

Introduction

Background

In September 2018, Governor Brown signed Assembly Bill 1840 (Chapter 426, Statutes of 2018), introducing a significant change in the administration of insolvent school districts that receive state emergency appropriations. Under this legislation, codified in Education Code (EC) 41326(l), the Fiscal Crisis and Management Assistance Team (FCMAT) is tasked with reviewing the fiscal oversight performed by the county superintendent of schools for any school district receiving an emergency apportionment. FCMAT must report its findings to the Legislature and provide a copy of the oversight evaluation report to the Department of Finance, the superintendent of public instruction, and the State Board of Education president or their designee. Each report must include findings regarding the fiscal oversight actions that were or were not taken and may contain recommendations for legislative measures to improve fiscal oversight of school districts.

In the years following the initial FCMAT report on the fiscal oversight performed by the county superintendent, FCMAT will conduct annual reviews until the school district exits receivership. These reviews will assess the effectiveness of the county superintendent's oversight and their involvement with the school district, including during the period that led to the district's declaration of insolvency.

On May 30, 2003, Governor Brown signed Senate Bill (SB) 39 (Chapter 14, Statutes of 2003), placing the Oakland Unified School District under state receivership and approving an emergency appropriation of \$100 million. On June 4, 2003, the district requested \$65 million of this appropriation to cover the June payroll and address its severe negative cash position.

In December 2005, the district had repaid approximately \$5.4 million of the initial \$65 million loan. It refinanced the remaining balance — \$59.6 million — by selling bonds through the California Infrastructure and Economic Development Bank (I-Bank). This amount covered both the original loan principal and the accrued interest. The district requested the remaining \$35 million in late June 2006, which is funded by the state's general fund.

The district's insolvency resulted primarily from systemic failures in communication and processes and procedures related to human resources, finance, facilities, and governance. In fiscal year 2001-02, the governing board approved a multiyear collective bargaining agreement. During the approval process, staff identified significant budget reductions necessary to fund the agreement. However, most of these reductions were never implemented, leading to the district's eventual cash insolvency.

County Superintendent of Schools Oversight Evaluation Guidelines

FCMAT entered into a study agreement with the Alameda County Superintendent of Schools on July 25, 2020 to conduct both the initial and annual evaluations required by EC 41326(l). A study team visited the county superintendent's office on August 20, 2020 for the initial evaluation; on May 9, 2022 for the first annual evaluation; on October 12, 2023 for the second annual evaluation; and on November 13, 2024 for the current evaluation. During these visits, the team conducted interviews, collected data, and reviewed documents. After the fieldwork, the study team continued to analyze the gathered documents and data. This report is the result of those activities and actions related to the current evaluation.

FCMAT's reports focus on systems and processes that may need improvement. Those that may be functioning well are generally not commented on in FCMAT's reports. In writing its reports, FCMAT uses the Associated Press Stylebook and its own short internal style guide, which emphasize plain language, capitalize relatively few terms, and strive for conciseness, clarity and simplicity.

Study Team

The team was composed of the following members:

Debbie Riedmiller
Chief Analyst

Misty Key
FCMAT Consultant

Nicolas Schweizer
FCMAT Consultant

Sheldon Smith
FCMAT Consultant

Cassady Clifton
FCMAT Technical Writer

Those members of this study team who are otherwise employed by a local educational agency were not representing their respective employers but were working solely as independent contractors for FCMAT.

Each team member reviewed the draft report to confirm accuracy and achieve consensus on the analysis.

County Superintendent of Schools Oversight Evaluation Tool

The Fiscal Crisis and Management Assistance Team (FCMAT) has developed the County Superintendent of Schools Oversight Evaluation Tool for both initial and annual evaluations. This tool is designed to help assess the effectiveness of a county superintendent of school's fiscal oversight and support of school districts that have received emergency apportionments.

The annual oversight evaluation tool comprises 17 questions and is intended to satisfy the requirements of Education Code (EC) 41326(l) for reviewing and assessing the county superintendent's fiscal oversight and support related to a school district's recovery from insolvency. This tool focuses on the status of the district's recovery, the ongoing implementation of its long-range recovery plan (LRRP), its multiyear projection, the role of the administrator or trustee, and how the county superintendent is addressing elements that received an answer of "No" in the initial evaluation. FCMAT used the annual oversight evaluation tool during interviews with multiple staff members from both the district and the county superintendent's office, as well as the trustee.

The oversight evaluation tool identifies the key oversight responsibilities of the county superintendent in their fiscal oversight and support of the district, as well as their ability to communicate effectively with the trustee, district staff and governing board. FCMAT also gathered information through an initial document request before the on-site interviews. The team's conclusions are compiled in the report as a narrative, with recommendations included where appropriate. In addition, the team addressed questions related to the overall implementation of EC 41326(l) and made recommendations to support that process, including a restatement of the trustee's specific roles and responsibilities (included as [Appendix A](#) of this report).

The county superintendent's objective, supported by the trustee and other components of an insolvency recovery team (including FCMAT, the California Department of Education, and the State Board of Education), is to facilitate the full recovery of the Oakland Unified School District. This involves addressing the major elements of the LRRP to ensure the district can govern independently, maintain solvency, and effectively support the education of its students.

County Office: Alameda County Office of Education

Date of Fieldwork: November 13, 2024

Summary

The Alameda County Superintendent of Schools provides fiscal oversight to all the county's school districts pursuant to Assembly Bill 1200 (Chapter 1213, Statutes of 1991). This responsibility is outlined in Article 2, Chapter 6 of Part 24 of the California Education Code (EC), beginning with Section 42120 and/or Section 1240(b).

During the initial evaluation under EC 41326(l), FCMAT assessed the county superintendent's involvement with the district throughout the course of their normal oversight responsibilities, up to and including the date of evaluation, and specifically during the period leading up to the district's declaration of insolvency. This assessment involved analyzing historical and current documents prepared by county office staff, as well as asking a series of questions related to the time leading up to the insolvency. FCMAT also reviewed the county superintendent's oversight practices and conducted interviews with district staff and other key individuals involved in the oversight process.

The annual evaluation focuses on the status of the district's recovery, assessing the progress made since the last review and evaluating the effectiveness of the county superintendent in supporting the district's staff, governing board, and trustee in their efforts to help the district return to fiscal solvency. In addition, the annual review examines any areas that were marked as "No" on the initial evaluation to determine if those issues are being addressed.

FCMAT's findings indicate that the fiscal oversight actions taken by the county superintendent during the study period complied with the Education Code. The county superintendent's process for reviewing budget and interim reports is thorough and focuses on compliance with the State Standards and Criteria for Fiscal Solvency.

Although the county superintendent remains focused on the district's recovery, governance and operational dysfunction within the district continue to hinder effective oversight. A key example is the district's failure to develop and implement a coherent fiscal solvency plan. The recovery process relies on using the LRRP or FCMAT's Comprehensive Review as planning and tracking tools. Instead of using these resources, the district has created multiple alternative plans, which it continues to alter or bypass when faced with difficult decisions. As a result, the district board defers necessary decisions, and when made, they are either rescinded or their implementation is delayed.

While the district has made some progress in improving internal fiscal processes, significant work remains. The district's board approved substantial salary increases for the 2023-24 fiscal year on the premise that it would make corresponding expenditure reductions. However, these reductions have not been implemented, resulting in a projected \$95 million deficit for the 2025-26 fiscal year. With only a few months left for the board to take decisive action — and considering the challenges of implementing staffing reductions, school mergers, and other budget cuts — FCMAT is concerned that the district might not achieve the necessary reductions by July 1, 2025.

Findings

This section focuses on FCMAT's review of the Alameda County Superintendent of School's fiscal oversight actions. Each assessed area is listed below along with an associated narrative, and where applicable, recommendations for improvement. Any material deficits identified in these areas are noted within the narrative.

1) Did the district develop the long-range recovery plan (LRRP) within the statutory timelines? Alternatively, did the county superintendent of schools adopt the FCMAT Comprehensive Review in lieu of an LRRP? Has the trustee and/or county superintendent been consistently updating the LRRP or comprehensive review?

The county superintendent of schools and the district do not use the FCMAT Comprehensive Review and have deviated from the LRRP format by developing alternative plans. The district's Fiscal Vitality Plan, developed in the 2017-18 school year, was intended to align with the LRRP. The plan covered 2018-2020 and included 22 recommendations aimed at improving the district's financial stability and vitality.

In 2021, the district governing board approved the 2021-2024 Fiscal Sustainability Plan, which focused on five key areas: budget and operational practices, budget development and stakeholder engagement, school quality and enrollment, use of restricted resources, and the ability to make difficult decisions. The plan indicated that actions would be identified annually in May and approved by the board in June. However, FCMAT's review of board agendas and minutes found no evidence that the board identified or approved measurable actions in June of each year.

In October 2023, the district self-reported that 16 of the recommendations in the 2018-2020 Fiscal Vitality Plan had been addressed, with some deemed irrelevant and others requiring ongoing monitoring. District staff also presented the 2021-2024 Fiscal Sustainability Plan to the district board for review and recommended extending the planned actions through 2023-2026.

The 2023-2026 Fiscal Sustainability Plan was approved by board resolution in May 2024. It focuses on outcomes across 10 areas, aligned with the district's 2024-25 budget adjustments and restructuring recommendations. It also provides an update on the 22 items from the 2018-2020 Fiscal Vitality Plan, with the status of these items remaining unchanged since the October 2023 update.

In August 2024, the district board adopted the "3Rs Resolution" to "Re-envision, Redesign and Restructure the District." This resolution outlines strategies the district board has committed to in the 2023-2026 Fiscal Sustainability Plan and directs the superintendent, with the support of the board, to engage key education partners in developing a restructuring plan by June 2025. The district intends to implement the plan starting in the 2025-26 school year.

Repackaging an existing board-approved plan by applying edits and presenting it as a new plan creates several challenges for the county superintendent's office, particularly in its role of providing statutory fiscal oversight. These challenges include:

- The operational targets initially identified may change or be abandoned, leaving the county superintendent and the trustee with no clear objectives to monitor or assess.

- Both the original and modified plans lack sufficient operational details, such as specific steps, timelines, and milestones, making it difficult to guide implementation or measure progress.
- Terms and titles across the plans may change or evolve subtly, creating inconsistency and hindering the ability to track plan implementation and progress. For example, “Budget Balancing Options” may evolve to “Budget Balancing Solutions,” and later transform into “Budget Solution Strategies” within the same document.
- The district board’s operational practices often result in lengthy, unclear, and overly complex staff reports, which have become standard practice despite potentially acting as a form of management subterfuge.
- School district constituencies often accept overly complex district reports and communications as typical government practice, failing to recognize their unnecessary complexity.

The operational culture within the district and the board continues to obstruct fiscal solvency efforts. The actions of the county superintendent and trustee are driven by the district’s immediate fiscal needs, rather than by executing the LRRP, the Comprehensive Review, or any board-adopted fiscal stability or sustainability plan.

2) What role has the county superintendent played in supporting the district with the LRRP or comprehensive review? What process has the county superintendent used to monitor the progress of implementing the recommendations from the LRRP or comprehensive review?

The county superintendent does not monitor the district’s progress in implementing the recommendations from the LRRP or Comprehensive Review. As discussed in Item 1, the district does not use these documents and continues to create and revise alternative plans to avoid making difficult decisions.

The county superintendent takes a relatively hands-off approach to overseeing the district’s implementation of its LRRP (or the 2023-2026 Fiscal Sustainability Plan) and favors minimal fiscal oversight. The county superintendent believes that decisions about expenditure reductions and their implementation are the responsibility of the district board. The county superintendent’s interim and budget review letters continue to emphasize that board-approved reductions must be implemented and remind the district board of its fiduciary duty to ensure the district’s solvency.

The county superintendent, trustee and county office staff are more focused on encouraging the district to resolve its budget deficit than on addressing the outstanding items in the district’s fiscal sustainability plan. This focus seems appropriate given the significant risk the deficit poses to the district’s solvency.

Communication and coordination among the county superintendent, county office staff, and the trustee have improved significantly since last year. The county office filled the vacant associate superintendent of business services position, strengthening the relationship between the county office and the district. The associate superintendent has established strong trust with the district, which is mutually recognized.

County office staff, with input from the county trustee, hold joint virtual meetings with district staff twice a month to monitor the district’s fiscal condition. Interviewees reported that attendees often turn off their cameras, making it unclear whether the meetings are effective or if participants are

fully engaged. Although the county superintendent and district superintendent generally do not attend these meetings, they speak frequently.

The bimonthly virtual meetings do not promote active engagement. To foster stronger relationships and improve accountability for implementing actions that will drive the district's financial recovery, these meetings should be held in person and involve the county superintendent, county office staff, the trustee and the district's senior leadership team.

The county superintendent continues to support several consultant contracts to help the district in key areas, including governance, facilities and asset management, surplus property, community outreach and engagement in compliance with AB 1912 (Chapter 253, Statutes of 2022) and AB 1840 (Chapter 426, Statutes of 2018), and public communication regarding district solvency.

3) What role has the trustee played in maintaining the financial recovery plan in collaboration with the county superintendent?

Without an updated LRRP, the trustee has nothing to monitor or measure beyond the district's overall solvency. The trustee is focused on solvency rather than the 2023-2026 Fiscal Sustainability Plan. She has used her authority to stay and rescind board actions that would have worsened the district's deficit.

Communication between the trustee and county superintendent has improved since the last annual review. Both clearly understand their respective roles, responsibilities and oversight scope. The trustee's November 2024 evaluation reflects a strong grasp of her separate functions and a collaborative approach to addressing district issues. Much of the trustee's collaboration with the county superintendent involves keeping the county office informed on district matters, working with district administrative staff, and engaging with the district board during scheduled board meetings and study sessions.

The trustee has a good working relationship with the county superintendent, county office staff, and the district's superintendent and chief business official (CBO). The county superintendent and trustee communicate frequently and ensure alignment on the direction they are providing to the district. The trustee also participates in biweekly virtual meetings with county office and district staff.

In addition to meetings with district staff, the trustee meets regularly with district board members to offer information, advice, and support aimed at improving the district's fiscal condition. The trustee encourages the district to take aggressive action to address its budget deficit and works with the district board on governance issues, stressing the need for immediate reductions and the serious implications of delaying decisions. The trustee attends board meetings and other key district meetings related to the implementation of the 2023-2026 Fiscal Sustainability Plan action items and any expenditure reduction discussions. Unlike last year, the district now provides the trustee with board agendas before they are published.

One of the trustee's goals for the coming year is to help the district achieve a clean fiscal systems audit and strengthen the board's governance, with a focus on fiduciary duty and fidelity to staff recommendations and board actions. Ultimately, the goal is to end the trusteeship.

4) What is the status of the district's budget concerning deficit spending, fund balance, and reserve for economic uncertainties?

The district's 2024-25 adopted unrestricted general fund budget multiyear projection shows deficit spending of \$78.5 million in 2024-25, \$4.3 million in 2025-26, and a surplus of \$334,061 in 2026-27. The unrestricted general fund ending fund balance is projected to decline by \$82.5 million, from \$109.9 million at the start of 2024-25 to \$27.4 million by the end of 2026-27.

The district projects it will meet the minimum required reserve for economic uncertainties in both 2024-25 and 2025-26, with available reserves of 3.55% and 3.31%, respectively. However, the district is projected to fall short of the minimum reserve requirement of 3% in 2026-27, with available reserves expected to decline to just 2.64%.

The district's multiyear projection includes unspecified expenditure reductions of \$82.7 million in 2025-26 and \$90.5 million in 2026-27. If the reductions are not made in the 2025-26 fiscal year, the district will have a negative unrestricted ending fund balance and it will run out of cash and face insolvency.

The county superintendent conditionally approved the district's 2024-25 adopted budget. In the budget approval letter, the county superintendent outlined specific actions needed to resolve the conditional approval, including:

1. By September 30, the district will identify a target amount for budget adjustments for the 2025-26 fiscal year.
2. By October 8, the district will develop a plan to address the budget adjustments and schedule a board study session to review and discuss the budget reduction options.
3. By October 31, the district board will provide staff with direction on which reduction options to pursue.
4. By November 8, the county superintendent will make a final determination regarding approval of the adopted budget.

On November 7, 2024, the county superintendent approved the district's 2024-25 adopted budget and Local Control and Accountability Plan (LCAP),¹ noting that the district was in minimum compliance with the approval criteria. The approval letter further stated that the county superintendent "is choosing the smallest dose of oversight" and is "trying to put the ball back in OUSD's [Oakland Unified School District's] court, so it can exercise local control and make the tough decisions needed to balance the budget."

At the time of FCMAT's fieldwork, the district had updated its projections and identified the need for \$95 million in expenditure reductions for 2025-26, but the board had not yet taken action on these reductions.

5) What process does the county superintendent use to assess the district's cash flow, and how frequently do they perform this assessment?

County office staff perform monthly cash reconciliations for the district and prepare cash flow projections at each reporting period. They also use an automated low-cash balance alert within the financial system.

¹The LCAP outlines the district's goals and the actions necessary to achieve them.

While county office staff do not anticipate cash shortfalls in the current fiscal year, and the district is no longer borrowing annually from the county office as it has in the past, the district projects cash insolvency in the spring of 2026 without significant expenditure reductions in 2025-26. However, the county office projects that the district will run out of cash in the fall of 2025.

6) Has the county superintendent performed a thorough examination of the district's adopted budget and interim reports for compliance with the State Standards and Criteria for Fiscal Solvency, as evidenced by fiscal oversight review checklists or other documentation? Does the county superintendent identify and communicate to the district any necessary technical corrections?

County office staff perform a thorough review of the district's adopted budget and interim reports in compliance with the State Standards and Criteria for Fiscal Solvency, and the process is well-documented. The county office's technical review checklists provide a detailed analysis of the district's reports, including enrollment and average daily attendance projections, the reasonableness of revenue and expenditure projections compared to historical data, and a review of other funds. Any concerns are noted on the checklist.

The budget and interim review letters to the district highlight concerns such as declining enrollment and attendance, deficit spending, declining unrestricted ending fund balance, enrollment projections inconsistent with the declining enrollment trend, and projected expenditure reductions requiring board action.

The county office communicates technical corrections to the district verbally, rather than in writing, deviating from the common practice of issuing a separate technical corrections letter to each school district. The county superintendent should ensure that technical corrections are communicated in writing to the district CBO.

Last year, interviewees noted that the relationship between county office staff and district staff had become adversarial, hindering effective oversight. This year, interviews indicated that the relationship between the two agencies has improved, facilitating better communication.

7) Does the county superintendent evaluate whether the district's budget aligns with its financial recovery plan and will enable the district to meet its financial obligations? This includes ensuring the budget will allow the district to satisfy its multiyear financial commitments and maintain a combined assigned and unassigned ending fund balance that meets or exceeds the minimum recommended reserve for economic uncertainties.

The county superintendent evaluates whether the district's budget aligns with its financial recovery plan and highlights any concerns in her review letters.

In the 2023-24 first interim budget review letter, the county superintendent agreed with the district's qualified certification, indicating that the district may not meet its financial obligations for the remainder of the year or the following two years. The letter also outlined the amount of budget reductions needed and stated that the district board was expected to approve and implement budget-balancing solutions in February 2024.

Similarly, the 2023-24 second interim budget review letter stated that the district had a qualified certification and may not meet its financial obligations for the current or two subsequent fiscal years. The letter noted the amount of budget reductions needed and encouraged the board to make the necessary decisions to ensure the district can meet its financial obligations and achieve

long-term fiscal health. Additionally, the letter highlighted that, while the board had adopted budget-balancing solutions, they had not yet been implemented.

The 2024-25 adopted budget was conditionally approved because the district cannot cover the ongoing cost of its obligations and has not identified budget adjustments that will allow it to meet these obligations. The county superintendent directed the district to take specific actions, including identifying the amount of budget adjustments needed in 2025-26 to address the shortfall and developing a plan to implement these reductions.

In the 2024-25 adopted budget review letter, the county superintendent noted that the district has projected unspecified reductions of \$82.7 million in 2025-26 and \$90.5 million in 2026-27, yet it continues to project deficit spending in both 2024-25 and 2025-26. The letter also stated that, even if the district identifies and implements the necessary budget reductions, it will still not meet the minimum reserve requirement for economic uncertainties in 2026-27.

8) If the district is deficit spending, does the county superintendent note the levels of deficit spending and communicate their concerns to the district governing board through the budget and/or interim report letters?

The county superintendent identifies the projected deficit amounts for the current year and the following two years and communicates these amounts to the district governing board through the budget and interim review letters. These letters also outline any additional concerns, such as the declining general fund balance and decreasing enrollment and attendance, while reiterating the need for the district to act on planned reductions to maintain fiscal solvency.

9) Does the county superintendent verify whether the district's budgeted expenditures are sufficient to implement its Local Control Accountability Plan (LCAP)?

The county superintendent's budget review checklist indicates that the county office verifies whether the district's budgeted expenditures are sufficient to implement the LCAP. The county superintendent's 2024-25 LCAP and adopted budget review letter indicates that the LCAP met the criteria for approval.

10) Does the county superintendent verify whether the district identified the amount of carryover of prior year supplemental and concentration grant funds in its LCAP? If these funds are being carried over, does the county superintendent verify whether the district has either included their expenditure in the LCAP for the subsequent year and in its budget and multiyear projection, or reserved the funds in its fund balance?

The district's 2024-25 LCAP identifies a \$27.6 million carryover² of prior-year supplemental and concentration grant funds. Interviews with county office staff indicate that they verify the inclusion of the carryover in the district's budget. Although the county office's budget review checklist indicates that the district's budgeted expenditures are sufficient to implement the LCAP, the carryover of supplemental and concentration grant funds is not specifically noted on the checklist.

²The term "carryover" refers to revenues that were received but not fully spent in a prior year, which are then available for expenditure in a subsequent year.

11) Does the county superintendent review the accuracy of the district's public disclosures of collective bargaining agreements, provide comments on the viability and affordability of these agreements, and verify whether the district has adopted all necessary budget revisions in the current fiscal year to meet the costs of the agreements?

Since FCMAT's last annual review, the district has approved several bargaining agreements with its employee groups. County office staff reviewed the accuracy of the district's public disclosures of collective bargaining agreements, and the county superintendent provided feedback on their viability and affordability.

The county superintendent's letters to the district, following the review of the proposed collective bargaining agreements, included an assessment of the fiscal impact for the current and subsequent years. These letters noted that while the settlements are affordable in the current fiscal year, they will compound the district's deficit and increase the need for budget adjustments in subsequent years. In a letter dated May 22, 2024, the county superintendent highlighted that the total cost of the approved agreements was \$77.4 million in 2023-24.

In a letter dated April 5, 2024, the county superintendent reminded the district:

The primary responsibility of a school board is the fiscal stewardship of the school district. A self-governing school board takes continuous action toward a balanced budget by identifying reductions and tradeoffs whenever committing to increased expenditures.

The district does not provide the county office with the public disclosure documents 10 days prior to board adoption, as required for districts with a qualified certification.

Interviews with county office staff indicated that they verify whether the budget revisions reflecting the cost of the approved bargaining agreements are adopted by the district in the current year. However, as of FCMAT's fieldwork, the district board had not adopted the budget adjustments needed to cover the cost.

12) Does the county superintendent review the information provided by the district regarding the issuance of non-voter-approved debt and provide comment to the district governing board on the district's ability to repay its obligations within 15 days of receiving the information?

The district has not issued any non-voter-approved debt within the last year.

13) Has the county superintendent performed timely evaluations of the trustee?

The trustee's evaluation, completed on November 5, 2024, indicates that the trustee consistently meets the county superintendent's expectations. The county superintendent expressed deep appreciation for the trustee's expertise and commitment in fulfilling a very challenging role.

14) Is the trustee present at district governing board meetings and closed sessions? Has the trustee used stay or rescind authority and, if so, on what issue?

The trustee attends all district governing board meetings and closed sessions and has exercised stay and rescind authority twice in the past year.

On March 1, 2024, the trustee rescinded the district board's February 28, 2024 decision to reinstate certain positions after the board had approved a resolution to eliminate them. The trustee

rescinded this action because it would have negatively affected the district's financial condition, and the ongoing savings were needed to address the district's structural deficit.

During a closed session on March 27, 2024, the district board provided staff with direction on compensation for certificated and classified management. District staff reminded the board that "ongoing compensation increases will require closing schools or gutting services to schools." During an open session later that same meeting, the district board delayed action on the AB 1912 (Chapter 253, Statutes 2022) equity impact analysis metrics, which are required for the consideration of school closures and consolidations, until June 5, 2024. In a letter dated March 29, 2024, the trustee stayed the action granting staff authorization to negotiate compensation for certificated and classified management until the board takes action on the AB 1912 metrics.

15) What is the status of the district's recovery?

The district fully repaid its I-Bank loan in January 2023, and the final payment on the outstanding state general fund loan is due in June 2026. The district has contracted for a fiscal systems audit, which is required to release the trustee and exit receivership. The audit is expected to be completed in May 2025.

Although the district does not use the FCMAT Comprehensive Review or the LRRP to monitor progress toward recovery, it has developed alternative plans, such as the 2018-2020 Fiscal Vitality Plan and the 2023-2026 Fiscal Sustainability Plan. In October 2023, the district self-reported that it had implemented 16 of the 22 items outlined in its fiscal sustainability plan.

The district board appears either unwilling or unable to implement the expenditure reductions necessary to maintain fiscal solvency. The district's ongoing expenses exceed projected revenues by \$95 million, placing it in the early stages of financial distress and causing its fiscal situation to deteriorate rapidly.

Examples of factors contributing to the district's declining fiscal situation include:

- **Declining Enrollment:** The district has experienced a decrease in enrollment over the past several years. Additionally, with an attendance-to-enrollment ratio of 89%, the district is not capturing the revenue it should for its 45,000-student population.
- **Inaccurate Enrollment Projections:** The district does not account for its declining enrollment trend when projecting Local Control Funding Formula revenues in its multiyear projection. Despite a five-year average annual decline of 1.36%, the district projected a 0.21% increase in enrollment for 2024-25 and a 0.66% decline in the following two years.
- **Under-enrolled Schools:** With 45,000 students spread across 80 schools, many district schools are under-enrolled. The district has been unable to address this issue.
- **Overstaffing:** Due to unrecognized enrollment declines, the district is overstaffed, resulting in redundant staffing levels that further strain the budget.
- **Challenges in Reducing Expenditures:** The district struggles to reduce expenditures because the board, and by extension the broader community, has been unable to make difficult decisions.
- **Unrealized Budget Adjustments:** The district board approved salary increases based on anticipated expenditure reductions that have not yet been implemented.

In the 2023-24 fiscal year, the district board approved collective bargaining agreements totaling more than \$77.4 million. The three-year cost of these agreements amounts to \$169.3 million. The district has acknowledged that these agreements are affordable only if additional budget adjustments are made before the start of the 2025-26 fiscal year.

Since June 2023, district staff have presented several budget-balancing options to the board. However, the reductions necessary to avoid a projected negative ending fund balance in 2025-26 have not been approved or implemented. As of the time of fieldwork, the district needs \$95 million in reductions by July 1, 2025, but has identified only \$70 million in solutions, none of which have been approved. Without decisive corrective action, the district projects it will face fiscal insolvency in 2025-26.

The district plans to balance its budget by relying heavily on one-time resources, including \$39 million in supplemental and concentration grant carryover, parcel tax reserves, and one-time AB 1840 funds. However, using these temporary sources to achieve budget savings in 2025-26 will require the district to revisit budget reductions for 2026-27. The district's ongoing, multi-decade pattern of deferring difficult decisions perpetuates financial uncertainty, with no resolution in sight.

Interviewees reported that options for ongoing expenditure reductions are reviewed during "two-by-two" meetings, which involve two board members, one district staff member, and the trustee. However, unless there is consensus among the participants, these options are not placed on the board agenda for formal action.

The two-by-two meetings may violate the Brown Act, which requires that school boards conduct meetings in public, with deliberation and decision-making also taking place publicly. To ensure compliance, the trustee and county superintendent should guide the district in placing all expenditure reduction options on the board meeting agenda for open discussion and formal action.

District staff present budget reduction options to the district board in lengthy, poorly defined, and overly complex reports, often exceeding 400 pages. The sheer volume of information hinders transparency, comprehension, and the identification of actionable steps. Condensing the information into focused action items would streamline decision-making and improve efficiency.

Board policy (BP) 3150, which allocates funding to schools through "results-based budgeting," has hindered the efficient use of district funds. By diffusing accountability across 80 schools, the policy dilutes responsibility at the district office level. Although intended to hold schools accountable, this policy has proven ineffective, with funds often left unspent and carried over from year to year instead of being used for the students who generated them.

The district's 2025-26 Budget Balancing Solutions document proposes repealing BP 3150. However, with 80 principals and their constituencies deeply invested in this decade-long operational practice, implementing this change will be slow and challenging. The district board has struggled to implement such significant decisions in the past.

With just a few months remaining in the 2024-2025 fiscal year, it is crucial for the district board to act on the proposed expenditure reductions and for district staff to implement them to achieve the required \$95 million reduction by July 1, 2025, the start of the next fiscal year.

The board's failure to act jeopardizes the district's fiscal solvency. Rather than exiting receivership, the district is on the verge of regressing into full receivership under the oversight of a county administrator.

16) On or before October 31, has the district governing board prepared a report on the district's financial condition in accordance with Education Code 41321? Does the trustee review and approve this report? Has the district provided this report to the county superintendent?

The district did not prepare the annual report on its financial condition by the October 31 deadline. FCMAT requested a copy of the annual report as part of its document request for the current annual review. On November 11, 2024, the district CBO emailed the annual report to the trustee, who subsequently provided it to FCMAT. However, the trustee had not yet reviewed the report, and she had not approved it as of the date of FCMAT's fieldwork. The report is included as [Appendix B](#).

17) How has the county superintendent addressed the fiscal oversight actions that were designated as "No" on the initial evaluation?

County office staff continue to ensure that the areas identified as deficiencies in the initial review are addressed in the fiscal review checklists and oversight documents.

Conclusions and Recommendations

The Oakland Unified School District has been under receivership for over 20 years. Recovery is a shared responsibility of both the district and the county superintendent of schools (previously the state superintendent of public instruction), and achieving it is essential to ensure that every student has access to a quality education and a brighter future.

However, significant ongoing leadership and governance issues persist within the district. Many of the operational, governance, and fiscal practices that contributed to the district's receivership two decades ago are still evident today. The district continues to be plagued by layers of misguided operational philosophy, ineffective governance practices, and an ongoing failure to address critical issues decisively.

The district has been under receivership for so long that it has become ingrained in its culture. Many board members and staff have never experienced a self-governed district without trustee oversight and lack familiarity with standard governance and operational practices. This has fostered a cycle of dependency, with ineffective operational practices passed on to new employees.

During interviews, responses from district staff were often lengthy, convoluted, and evasive, suggesting an intentional effort to avoid providing concise answers — reflecting a learned behavior tolerated within the district. A similar issue arises with the district's overly complex fiscal presentations, which, instead of providing clarity, waste time and obscure understanding. This impedes decision-making and contributes to the avoidance of difficult governance decisions. To resolve its fiscal challenges, the district must eliminate barriers to sound governance and financial management.

The district board is generally resistant to adopting substantial fiscal solutions or making changes to the district's organization and administration. Additionally, the district superintendent and staff are hesitant to present the board with budget recommendations that may not be adopted, even when such proposals are crucial to maintaining fiscal solvency.

The board has little incentive to adopt standard operational practices or implement painful but necessary budget reductions because the district has historically received financial assistance, such as AB 1840 (Chapter 426, Statutes of 2018) funds, COVID-19 relief funds, supplemental and concentration grant carry-over funds and parcel tax proceeds that address its immediate crisis. Relying on these one-time resources for immediate financial solutions contradicts their intended purpose — to enhance student services or bridge budget deficits until the benefits of long-term, difficult decisions take effect. But without action, the bridge leads nowhere.

The county superintendent, trustee, and county office staff must manage the district's expectations regarding the possibility of exiting receivership. They must clearly communicate the necessary steps for the district's exit, including full cooperation with county office staff to strengthen district procedures. They must also help address issues that may be identified in the fiscal systems audit and ensure that both district staff and the board take the necessary actions to resolve budget deficits and overstaffing concerns.

To fully support the district's recovery, the county superintendent and trustee should:

1. Collaborate with the district board and staff to ensure the board implements its expenditure reduction plans. This is especially important following the election of several new board members in November.
2. Agree to use stay and rescind authority when the board delays or reverses decisions that jeopardize the district's recovery.

3. Work with the district superintendent and CBO to simplify the budget reduction plan so the district board can understand and prioritize the necessary reductions for fiscal solvency and recovery and encourage them to present recommendations to the board for each of the proposed budget reduction options.
4. Provide training for district board members and prohibit district staff from polling them about potential budget reduction options for inclusion on the agenda.
5. Prohibit the board from making decisions outside of public board meetings.
6. Work with the district to correct any deficiencies identified in the fiscal systems audit.
7. Develop measurable goals that can be assessed annually to support the district's recovery.

The next annual review will assess the district's progress toward these goals.

The transition from state to county administration as a result of AB 1840 continues to evolve. The purpose of these annual reviews, in part, is to clarify the roles and responsibilities of all involved education partners so they can assist and support the district's recovery. This report attempts to assess the district's recovery status and the essential support and oversight provided by the county superintendent of schools, and to establish a baseline for the next annual review, which will occur approximately one year from the publication of this report.

Appendices

Appendix A – Trustee Roles and Responsibilities

Appendix B – Annual Report on the Financial Condition of the School District

Appendix C – Study Agreement

Appendix A – Trustee Roles and Responsibilities

Acceptance by a school district of an emergency state apportionment (i.e., loan) made pursuant to Education Code (EC) 41320 constitutes an agreement by the district that a trustee will be appointed to ensure its fiscal recovery and solvency per EC 41320.1. The trustee shall be appointed by the county superintendent of schools, superintendent of public instruction (SPI), and State Board of Education (SBE) president or their designee, by majority vote. They shall report directly to the county superintendent and act as an advisor to the school district's governing board and superintendent, guiding them through the recovery process. The trustee holds the authority to stay and rescind any actions of the school district governing board that are inconsistent with the school district's fiscal recovery plan. They shall serve in this capacity until the school district establishes adequate fiscal systems and controls, and the SPI assesses that the district is likely to comply with the fiscal plan approved pursuant to EC 41320.

This trustee shall have recognized expertise in management and finance and shall be selected from a pool of candidates identified and vetted by the Fiscal Crisis and Management Assistance Team (FCMAT). When selecting a candidate pool for the trustee position, FCMAT shall consider candidates' expertise in management and finance, experience in mitigating fiscal distress in districts, and ability to engage meaningfully with the school district's local community.

Note: With approval from the county superintendent, SPI, and SBE president or their designee, a trustee may be appointed with the authority and responsibilities of an administrator, as set forth in EC 41325.

The trustee shall monitor and review the school district's operations, and shall perform the following functions:

1. Serve in a fiscal oversight capacity until the school district establishes adequate fiscal systems and future compliance with its approved recovery plan is likely.
2. Provide advice and make recommendations to school district staff and governing board members regarding budgetary, fiscal, or other issues that may affect the district's financial condition.
3. Attend all school district governing board meetings and review all materials before each meeting to determine if any items or intended actions will have a negative fiscal impact on the district's financial condition.
4. Stay or rescind an action of the school district governing board or personnel commission when the action may adversely affect the district's financial condition or conflict with its approved recovery plan.
5. Notify the county superintendent after staying or rescinding a decision by the school district governing board. The county superintendent shall then notify the SPI and the SBE president or their designee of this action within five business days.
6. Monitor the financial projections and cash balances of all school district funds for the current and two subsequent fiscal years, and assist district staff in preparing these projections if necessary.

7. Monitor all collective bargaining activity and review all proposals being considered, including their resulting fiscal impact.
8. Meet regularly with the school district superintendent and the chief business official to obtain updates on the district's efforts to reduce expenditures or increase revenues.
9. Help the county superintendent establish timelines and prescribe formats for reports and other materials to be used to monitor and review the school district's operations.
10. Maintain open and ongoing communication with the county superintendent and the school district's staff, governing board and community, and promptly inform the county superintendent of any critical issues or incidents.
11. Review and approve the school district's required annual report on its financial condition, including the following information:
 - I. Specific actions taken to reduce expenditures or increase income, and the cost savings and increased revenue resulting from those actions, to ensure they are aligned with the school district's needs and recovery plan.
 - II. The adopted budget for the current fiscal year.
 - III. Reserves for economic uncertainties.
 - IV. Status of employee contracts.
 - V. Obstacles to implementing the adopted recovery plan.
12. Use FCMAT's Fiscal Health Risk Analysis tool to annually evaluate the school district's risk of insolvency in the current and two subsequent fiscal years, and communicate any findings to the county superintendent.
13. Determine, with concurrence from the county superintendent and SPI, whether the school district is likely to comply with its approved recovery plan.
14. Provide regular updates to the county superintendent regarding the school district's progress toward fiscal stability.
15. Consult with and seek recommendations from the county superintendent, SPI and FCMAT about ensuring the school district's fiscal recovery and solvency.
16. Assist, as needed and pursuant to EC 41320.1, 41321 and 41322, in matters pertaining to the school district's fiscal recovery and solvency.
17. Review the school district's financial and budgetary conditions, including an analysis of internal controls, to determine if the district may be unable to meet its financial obligations for the current or two subsequent fiscal years, or if it should receive a qualified³ or negative⁴ interim financial certification.
18. Meet with appropriate school district staff, as needed, to assess the district's fiscal health, organizational structure and staffing, effectiveness of internal controls, and other related matters.

³A qualified certification is assigned when a district may not meet its financial obligations for either the current fiscal year or the two subsequent fiscal years.

⁴A negative certification is issued when a district cannot meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.

19. Consult with the school district governing board on fiscal and budgetary matters, facilities projects, debt obligations and other operational areas as needed.
20. Provide recommendations for improvements in school district processes related to the budget, such as position control, opportunities for cost containment, and reducing contributions from the general fund to restricted programs.
21. Ensure the school district conducts its business operations in accordance with statutory requirements and adheres to acceptable legal and professional standards.
22. Advise the county superintendent regarding potential actions to improve or protect the school district's fiscal solvency.
23. Provide additional support, technical assistance, professional learning, and advice in the Long Range Recovery Plan (LRRP) for the five operational areas defined by EC 41327.1 (financial management, facilities management, personnel management, community relations and governance, and pupil achievement). Focus on helping the school district address the recommendations identified in the LRRP to support its recovery, organizational effectiveness and future solvency. Report annually to the county superintendent regarding the school district's progress in implementing its LRRP.

Appendix B – Annual Report on the Financial Condition of the School District



**OAKLAND UNIFIED
SCHOOL DISTRICT**
Community Schools, Thriving Students

Business Services Division Memo

To: Fiscal Oversight Trustee, Luz Cazares
From: Lisa Grant Dawson, Chief Business Officer
Subject: Response to Request Concerning California Education Code EDC § 41321
Date: November 5, 2024

Dear Ms. Cazares,

In response to California Education Code EDC § 41321, and our agreement to complete this task in support of the request from the Alameda County Office of education, please find the responses questions as cited in the code.

California Education Code EDC § 41321

(a) On or before October 31 of the year following receipt of an emergency apportionment, and each year thereafter, until the emergency apportionment, including interest, is repaid, the governing board of the school district shall prepare a report on the financial condition of the school district. The report shall include, but not necessarily be limited to, all of the following information:

(1) Specific actions taken to reduce expenditures or increase income, and the cost savings and increased income resulting from those actions.

The District received a conditional approval of its 2024-25 budget and on October 23, 2024, the District presented the draft list of its \$95M budget reduction scenarios and strategies, which stems from the 2025-26 budget projection. Please see the [Board Agenda Item and Attachment C](#). The draft list included \$65.5M of reductions. The District has communicated consistently that it must reach the \$95M in order to achieve solvency. The contents of the September 16, 2024 letter included the following precepts, which the District has followed and maintained constant contact with the County Office of Education on this matter, as well as the District's restructuring of its footprint which is following the AB 1912 process:

- 1. By September 30, 2024, OUSD Staff will provide the OUSD Board, the Fiscal Trustee, and ACOE with a target amount for budget adjustments for 2025-26 that reflects the updated fund balances as a result of the 2023-24 Unaudited Actuals, covers the existing shortfall, and any new or planned commitments not factored into the Adopted Budget; and***
- 2. By October 8, 2024, OUSD Staff will provide the Fiscal Trustee and ACOE with a cohesive and aligned strategic plan to address the target amount for budget adjustments with a date scheduled for a Board study-session to review and discuss the cohesive scenarios for budget adjustments.***
- 3. By October 31, 2024, the OUSD Board will provide staff with direction on which budget adjustment scenario(s) to pursue that address the target amount for budget adjustments, which will return to the Board for further action.***



Business Services Division Memo

4. By November 8, 2024, ACOE will conduct a review of all the items listed above and will make a final determination regarding the Adopted Budget in accordance with statute.
5. Ongoing on a bi-weekly basis,
 1. OUSD Staff will meet with the Fiscal Trustee and ACOE to provide updates, incorporating any committee work and Board Member report-outs that are reflective of the cohesive and aligned strategic plan; and
 2. ACOE will meet with the Fiscal Trustee, OUSD's Superintendent, and the OUSD Leadership team, to review and support OUSD's cohesive alignment between OUSD Leadership, the OUSD Board, and the community.

Note that the above actions in September, October, and November are critical to resolve the conditional approval, but do not complete the budget balancing process. OUSD Board and Staff must continue to take budget balancing actions as part of the 2025-26 budget development process.

Additional actions that need to be taken, ideally in November and December 2024 (by the current Board that approved the increases in compensation since June 2023), but no later than February 2025 (which will involve new Board members just being seated) include, but are not limited to:

1. By November 30, 2024, the OUSD Board will take action on a budget balancing scenario to address the target amount for the 2025-26 budget adjustments.
2. By December 15, 2024,
 1. The OUSD Board will take action, or set of actions, to implement the budget balancing solutions as part of the 2025-26 budget.
 2. Approve the 2024-25 First Interim Financial Report factoring in target amount for budget adjustments that will be approved or risk receiving a Negative Certification.
 - i. A negative certification is assigned when a district will be unable to meet its financial obligations for the remainder of the current year or for the subsequent fiscal year.

(2) A copy of the adopted budget for the current fiscal year.

Response: A copy of the adopted budget for the current fiscal year can be accessed using the link below.

- [Oakland Unified School District 2024-25 Adopted Budget](#)

(3) Reserves for economic uncertainties.



Business Services Division Memo

Response: The District has continued to maintain a 3% reserve as reflected in the Adopted Budget as reflected on PDF Page 16 and summarized below. The District has since updated the MYP as of September 30, 2024.

Adopted Budget

Multi-Year Projection - Unrestricted

2024-25 MYP Fund Balance Summary - Unrestricted

	2024-25 Unrestricted	2025-26 Unrestricted	2026-27 Unrestricted
A. Revenues			
5) Total Revenues	\$ 499,233,399	\$ 505,941,856	\$ 522,332,186
B. Expenditures			
9) Total Expenditures	\$ 443,984,644	\$ 455,541,554	\$ 469,622,529
C. Excess (Deficiency) of Revenues Over Expenditures	\$ 55,248,755	\$ 50,400,302	\$ 52,709,657
D. Other Financing Sources/Uses			
4) Total, Other Financing Sources/Uses	\$ (133,783,524)	\$ (137,380,913)	\$ (142,891,899)
E. Net Increase (Decrease) in Fund Balance (C + D4)	\$ (78,534,769)	\$ (86,980,611)	\$ (90,182,242)
F. Fund Balance, Reserves			
1) Beginning Fund Balance			
a) Adjusted Beginning Balance (F1c + F1d)	\$ 109,892,045	\$ 31,357,276	\$ (55,623,335)
2) Ending Balance, June 30 (E + F1e)	\$ 31,357,276	\$ (55,623,335)	\$ (145,805,577)
Restricted Reserve	\$ 150,000	\$ 150,000	\$ 150,000
Other Assignments	\$ 279,945	\$ 279,945	\$ 279,945
Reserve for Economic Uncertainty	\$ 26,111,129	\$ 26,610,760	\$ 26,944,821
Unassigned Unappropriated	\$ 4,816,202	\$ (82,664,041)	\$ (173,180,343)

The MYP for the adopted budget and the MYP for the Revised Target are found in this [folder](#).

(4) Status of employee contracts.

Response: Please see the summary employee contract status as of 10.2023 (confidential)

The District provided a document to the Trustee summarizing the status of the Contractual Bargaining Unit Agreements.



Business Services Division Memo

(5) Obstacles to the implementation of the adopted recovery plan.

The obstacles to the implementation of the adopted recovery plan are primarily centered around decision making and prioritization. The District provided an update to its Fiscal Sustainability plan in May 2024 2023 via Board Agenda Item [23-2328](#). The District has taken steps in creating a multi-year plan of action; however, the internal and external pressures the board faces in making decisions for long term ongoing reductions, while improving compensation and improving investment in other areas, remains a significant challenge. The District adopted Budget Balancing Solutions and a Restructuring Plan in February 2024 and is in the process of revising the analysis and preparation for implementing the [OUSD 2024-26 restructuring plan](#) which includes the following areas A - E:

- a. Restructuring of Schools Aligned to AB1912 Process
- b. Restructuring of Staff Formula to Schools
- c. Restructuring of Continuous School Improvement (CSI) Division
- d. Restructuring of Business/Operations to Centralize Services & Asset Management
- e. Restructuring of School Site Allocations to Centralize Key School Investments and Revising Accompanying Board Policies to Move from Results-Based Budgeting to a More Centralized Approach with Clear Criteria for Earned Autonomies

The District is currently working on all of the items in a parallel path with efforts to find the most strategic and sustainable plan for the District's future.

(b) The school district shall submit the report to the trustee for review. Upon the trustee's approval of the report, the school district shall transmit copies to the county superintendent of schools, the Superintendent, the president of the state board or his or her designee, and the Controller.

Appendix C – Study Agreement

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FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT FOR MANAGEMENT ASSISTANCE

This study agreement, hereinafter referred to as Agreement, is made and entered into by and between the Fiscal Crisis and Management Assistance Team, hereinafter referred to as the Team or FCMAT, and the Alameda County Office of Education, hereinafter referred to as the Client; collectively, FCMAT and Client are hereinafter referred to as the Parties. This Agreement shall become effective from the date of execution hereof by FCMAT.

1. BASIS OF AGREEMENT

FCMAT provides a variety of services to local education agencies (LEAs) as authorized by Education Code (EC) 42127.8(d). The Client has requested that the FCMAT assign professionals to study specific aspects of the Client's operations. The professionals will include FCMAT staff and may include professionals from county offices of education, school districts, charter schools, community colleges, other public agencies or private contractors. All professionals assigned shall work under the direction of FCMAT. All work shall be performed in accordance with the terms and conditions of this Agreement.

2. SCOPE OF THE WORK

A. Scope and Objectives of the Study

Prepare an annual follow-up evaluation of the county superintendent of school's fiscal oversight provided to the Oakland Unified School District using FCMAT's County Office Evaluation Tool, and make recommendations for improvement, if any.

B. Services and Products to be Provided

1. Orientation Meeting

The Team will conduct an orientation session at the Client's location to brief the Client's management and supervisory personnel on the Team's procedures and the purpose and schedule of the study. This orientation meeting is normally held at the beginning of fieldwork for the study.

2. Fieldwork

The Team will conduct fieldwork at the Client's office and/or school site(s), or other locations as needed. Limited fieldwork may also be conducted remotely via telephone or videoconferencing services, in addition to the Public Safety Considerations outlined in Section 13 below.

3. Exit Meeting

The Team will hold an exit meeting at the conclusion of the fieldwork to inform the Client of the status of the study. The exit meeting will include a review of the scope of work; outstanding items, including documents, data and interviews not yet

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received or held; and the estimated timeline for a draft report. The meeting will not memorialize details regarding findings because the Team's conclusions may change after a complete analysis is finished. Exceptions to this will be findings of immediate health and safety concerns for students or staff, and other time-sensitive items that include the potential for risk or exposure to loss.

4. Exit Letter

Approximately 10 business days after the exit meeting, the Team will issue an exit letter briefly memorializing the topics discussed in the exit meeting.

5. Draft Report

An electronic copy of a preliminary draft report will be delivered to the Client's point of contact identified below for review and comment.

6. Final Report

An electronic copy of the final report will be delivered to the Client's point of contact following completion of the study. FCMAT's work products are public and all final reports are published on the FCMAT website.

7. Board Presentation

Presentations to the Client's board are optional and are made at the request of the Client. If a board presentation is requested, it will be noted in the scope and objectives of the study or can be added as a change in scope at a later date.

3. PROJECT PERSONNEL

The personnel assigned to the study will be led by a FCMAT staff person (job lead) and will include at least one other professional. FCMAT will notify the Client of the assigned personnel when the fully executed copy of this Agreement is returned to the Client.

FCMAT will communicate to the Client any changes in assigned project personnel.

4. PROJECT COSTS

The cost for studies requested pursuant to EC 42127.8(d)(1) and 84041 shall be as follows:

- A. \$1,100 per day for each FCMAT staff member while on site conducting fieldwork. The cost of independent FCMAT consultants will be billed at their daily rate for all work performed. On-site is defined as either 1) physically at the Client's office or school site(s), or 2) in a scheduled virtual meeting with the Client's personnel, representatives or others associated with the scope of work pursuant to Section 13 below.
- B. All out-of-pocket expenses, including travel and its associated costs, and miscellaneous items necessary to complete the scope and objectives of the study.
- C. The applicable indirect rate at the time work is performed on the study will be added to all costs billed.

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- D. The Client will be invoiced for 50% of the not-to-exceed cost shown below following completion of fieldwork (progress payment) and the remaining amount shall be due upon the issuance of the final report or presentation to the Client's board, whichever is later (final payment). The Parties agree that changes documented in a revised study agreement may change the original not-to-exceed amount shown below. If changes are made before or during fieldwork, the new not-to-exceed amount documented in such a revised study agreement will constitute the basis for the progress payment. If changes are made after fieldwork, 100% of the total changed value documented in a revised study agreement, less progress payments made, will constitute the final payment due. All payments shall be due immediately based on the terms of the invoice.

Based on the scope and objectives of the study, the total not-to-exceed cost of the study will be \$0.00.

- E. Any change to the scope of work will affect the total cost. Changes may include, but are not limited to, delays, revisions to the scope of services, and substitution or addition of personnel. The need for changes shall be communicated by FCMAT to the Client in advance in the form of a revised study agreement.

Payments for FCMAT's services are payable to Kern County Superintendent of Schools, Administrative Agent, 1300 17th Street, City Centre, Bakersfield, CA 93301.

5. RESPONSIBILITIES OF THE CLIENT

- A. Return current organizational chart(s) that show the Client's management and staffing structure with the signed copy of this Agreement. Organizational charts should be relevant to the scope of this Agreement.
- B. Provide private office or conference room space for the Team's use during fieldwork.
- C. Provide for a Client employee to upload all requested documents and data to FCMAT's online SharePoint repository per FCMAT's instructions. Provide FCMAT with the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT with the signed copy of this Agreement.
- D. Provide documents and data requested on the Team's initial and supplementary document request list(s) by the date requested.

All documents and data provided shall be responsive to FCMAT's request, in quality condition, readable and in a usable form. With few exceptions, documents and data requested are public records and records maintained by LEAs in the routine course of doing business. Some data requested may require exporting LEA financial system reports to Microsoft Excel or another usable format agreed to by FCMAT.

All documents shall be provided to FCMAT in electronic format, labeled as instructed by FCMAT. Upon approval of this Agreement, access will be provided to FCMAT's online SharePoint repository, to which the Client will upload all requested documents and data.

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- E. Ensure appropriate senior-level staff are available for the orientation and exit meetings.
- F. Facilitate access to requested board members, officers and staff for interviews.
- G. Facilitate access to requested information and facilities to include, but not be limited to, files, sites, classrooms and operational areas for observation.
- H. Review a draft of the report and return it to FCMAT by the date FCMAT requests with any comments regarding the accuracy of the report's data or the practicability of its recommendations. The Team will review this feedback in a timely manner and make any adjustments it deems necessary before issuing the final report.
- I. Return the requested evaluation survey to FCMAT as described below.

6. **PROJECT SCHEDULE**

Time is of the essence. The Parties acknowledge that the goal of the scope and objectives of the study under this Agreement is to produce a timely and thorough report that adds value for the Client. To accomplish this goal, the Parties agree to communicate and mutually agree to honor established time commitments. These commitments include the Client providing requested documents, setting and keeping interview appointments and returning comments on the draft report consistent with the established project schedule.

The following project schedule milestones will be established by FCMAT upon receipt of a signed Agreement from the Client:

ACTION	TIMELINE
FCMAT provides the Client with a draft Agreement.	Draft Agreements are usually provided within 20 business days of the Client's initial request for services.
Client returns partially executed Agreement to FCMAT along with the applicable organizational chart and the name and email of the person who will be responsible for collecting and uploading documents requested by FCMAT.	Draft Agreements are valid for 30 business days.
FCMAT returns a fully executed Agreement to the Client and identifies the project schedule and the lead and other personnel assigned to the job.	Within five business days of the Client's return of the signed Agreement.
Client uploads initial requested documents and data to FCMAT's online SharePoint repository.	Within 10 business days of the Client's receipt of the FCMAT document and data request list.
Fieldwork	Mutually agreed upon; usually, to commence within 10 business days of FCMAT's receipt of requested documents and data.
Orientation meeting	First day of fieldwork.

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ACTION	TIMELINE
Exit meeting	Last day of fieldwork.
Follow up fieldwork, if needed (e.g., rescheduled interview, additional interviews).	Mutually agreed upon; usually, within five business days of FCMAT's request.
Client uploads supplemental documents and data to FCMAT's online SharePoint repository.	Within two business days of the Client's receipt of FCMAT's supplemental document and data request(s).
Draft report submitted to the Client.	To be determined, usually, within eight weeks of the conclusion of fieldwork and receipt of all documents and data requested.
Client comments on draft report	Within 10 business days of FCMAT providing a draft report to the Client.

The Client acknowledges that project schedule deadlines build upon and are contingent on each previous deadline. Missed deadline dates will affect future deadline dates and ultimately the timing of the final report. For example, if the Client does not provide requested documents and data by the specified date, the fieldwork may not be able to proceed as originally planned.

FCMAT acknowledges that the Client has an educational program to administer, is balancing many priorities, and in some cases may have records management difficulties, staffing capacity issues, staff on various types of leave, or other circumstances, all of which will affect the project schedule.

The Parties commit to regular communication and updates about the study schedule and work progress. FCMAT may modify the usual timelines as needed.

7. COMMENCEMENT, TERMINATION AND COMPLETION OF WORK

FCMAT will commence work as soon as it has assembled an available and appropriate study team, taking into consideration other jobs FCMAT has previously undertaken, assignments from the state, and higher priority assignments due to fiscal distress. The Team will work expeditiously to complete its work and deliver its report, subject to the cooperation of the Client and any other related parties from which, in the Team's judgment, it must obtain information. Once the Team has completed its fieldwork, it will proceed to prepare a report. In the absence of extraordinary circumstances, FCMAT will not withhold preparation, publication and distribution of a final report once fieldwork has been completed.

Prior to completion of fieldwork and upon written notice to FCMAT, the Client may terminate its request for service and will be responsible for all costs incurred by FCMAT to the date of termination under Section 4 (Project Costs). If the Client does not provide written notice of termination prior to completion of fieldwork, the Team will complete its work and deliver its final report and the Client will be responsible for the full costs.

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FCMAT may terminate this Agreement at any time if the Client fails to cooperate with the requested project schedule, provide requested documents and data and/or make staff available for interviews as requested by FCMAT.

8. INDEPENDENT CONTRACTOR

FCMAT is an independent contractor and is not an employee or engaged in any manner with the Client. The manner in which FCMAT's services are rendered shall be within its sole control and discretion. FCMAT representatives are not authorized to speak for, represent, or obligate the Client in any manner without prior express written authorization from an officer of the Client.

9. RECORDS

The Client understands and agrees that FCMAT is a state agency and all FCMAT reports are public records and are published on the [FCMAT website](#). Supporting documents and data in FCMAT's possession may also be public records and will be made available in accordance with the provisions of the California Public Records Act.

FCMAT has a records retention policy and practice, and every effort will be made to maintain records related to this Agreement in accordance with this policy.

10. CONTACT WITH PUPILS

Pursuant to EC 45125.1, representatives of FCMAT will have limited contact with pupils. The Client shall take appropriate steps to comply with EC 45125.1.

11. INSURANCE

During the term of this Agreement, FCMAT shall maintain liability insurance of not less than \$1 million unless otherwise agreed upon in writing by the Client, automobile liability insurance in the amount required by California state law, and workers' compensation as required by California state law. Upon the request of the Client and receipt of the signed Agreement, FCMAT shall provide certificates of insurance, with the Client named as additional insured, indicating applicable insurance coverages.

12. HOLD HARMLESS

FCMAT shall hold the Client, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of FCMAT's board, officers, agents and employees undertaken under this Agreement. Conversely, the Client shall hold FCMAT, its board, officers, agents, and employees harmless from all suits, claims and liabilities resulting from negligent acts or omissions of the Client's board, officers, agents and employees undertaken under this Agreement.

13. PUBLIC SAFETY CONSIDERATIONS

Whether due to public health considerations, extreme weather conditions, road closures, other travel restrictions or interruptions, shelter-at-home orders, LEA closures or other related considerations, at FCMAT's sole discretion, the Scope of Work, Project Costs, Responsibilities of the Client, and Project Schedule (Sections 2, 4, 5 and 6 herein) and other

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provisions herein may be revised. Examples of such revisions may include, but not be limited to, the following:

- A. Orientation and exit meetings, interviews and other information-gathering activities may be conducted remotely via telephone, videoconferencing, or other means. References to fieldwork shall be interpreted appropriately given the circumstances.
- B. Activities performed remotely that are normally performed in the field shall be billed hourly as if performed in the field (excluding out-of-pocket costs that can otherwise be avoided).
- C. The Client may be relieved of its duty to provide conference and other work area facilities for the Team.

14. FORCE MAJEURE

Neither party will be liable for any failure or delay in the performance of this Agreement due to causes beyond the reasonable control of the party, except for payment obligations by the Client.

15. EVALUATION

In the interest of continuous improvement, FCMAT will provide the Client with an evaluation survey at the conclusion of the services. FCMAT appreciates the Client's honest assessment of the Team's services and process. The Client shall return the evaluation survey within 10 business days of receipt.

16. CLIENT CONTACT PERSON

The Client's contact person designated below shall be the primary contact person for FCMAT to use in communicating with the Client on matters related to this Agreement. At any time when this Agreement or FCMAT's process requires that FCMAT send information, document request lists, draft report or final report, or when FCMAT makes other requests for the Client to act upon, this is the person whom FCMAT will contact. The Client may change the contact person upon written notice to FCMAT's job lead assigned to the study.

Name: Hannah Gradowski, Executive Assistant

Telephone: (510) 670-4235

Email: hgradowski@acoe.org

17. SIGNATURES

Each individual executing this Agreement on behalf of a party hereto represents and warrants that he or she is duly authorized by all necessary and appropriate action to execute this Agreement on behalf of such party and does so with full legal authority.

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For Client:

DocuSigned by:

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3/18/2024

Alysse Castro, Superintendent
Alameda County Office of Education

Date

For FCMAT:

Michael H. Fine Digitally signed by Michael H. Fine
Date: 2024.03.21 16:30:25 -07'00'

Michael H. Fine,
Chief Executive Officer
Fiscal Crisis and Management Assistance Team

Date