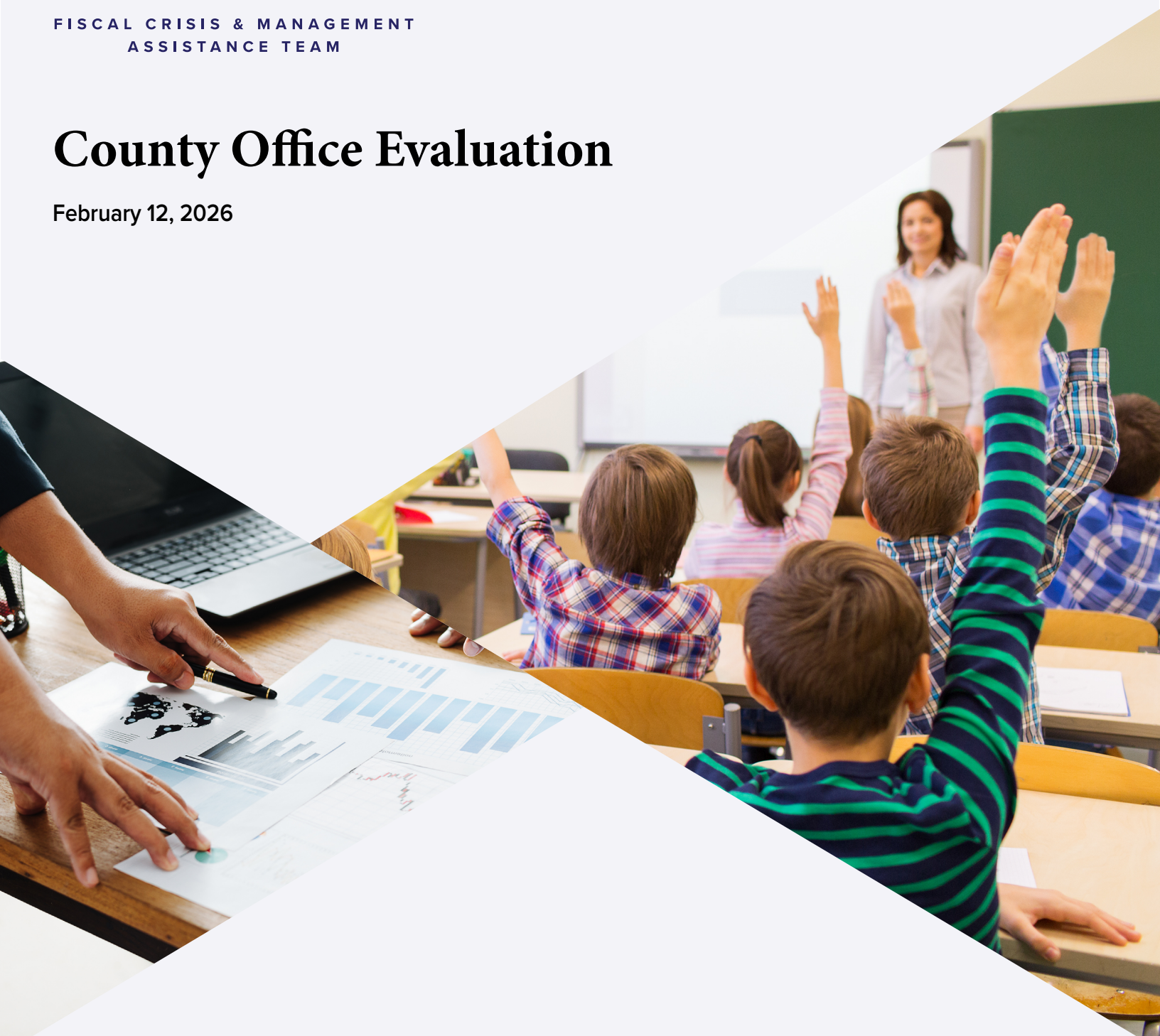


FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

County Office Evaluation

February 12, 2026



Alameda County Office of Education

Michael H. Fine
Chief Executive Officer

FCMAT

FISCAL CRISIS & MANAGEMENT
ASSISTANCE TEAM

February 12, 2026

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

Dear Superintendent Castro:

In August 2025, the Alameda County Office of Education entered into an agreement with the Fiscal Crisis and Management Assistance Team (FCMAT) for a study to perform the following:

1. Conduct a final follow-up evaluation of the county superintendent of school's fiscal oversight provided to the Oakland Unified School District using FCMAT's County Superintendent of Schools Oversight Evaluation Tool, and make recommendations for improvement, if any.

This report contains the study team's findings and recommendations.

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

Table of Contents

About FCMAT 2

Introduction..... 4

 Background 4

 County Superintendent of Schools Evaluation Guidelines 4

 Study Team 5

County Superintendent of Schools Evaluation Tool 6

 Summary 7

 Findings 8

 Conclusions and Recommendations16

 Appendices 17

About FCMAT

Purpose and Services

FCMAT was created in 1991 by the California Legislature to help California's TK-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) Calculator, 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; 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 (AB) 1200 in 1991. In 1997, AB 107 charged FCMAT with responsibility for CSIS and its statewide data management work, and AB 1115 in 1999 codified CSIS' mission.

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

In January 2006, Senate Bill 430 (charter schools) and AB 1366 (community colleges) became law and expanded FCMAT's services to include these types of LEAs.

On September 17, 2018, AB 1840 was signed into law. This legislation 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

On September 17, 2018, Assembly Bill 1840 (Chapter 426, Statutes of 2018) was signed, 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, the governor 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 to cover its negative cash position and June 2003 payroll.

As of December 2005, the district had repaid \$5.4 million of the \$65 million loan and refinanced the remainder by selling bonds through the California Infrastructure and Economic Development Bank (I-Bank). The district subsequently requested the remaining \$35 million allocation from the state in June 2006. Since then, the district has made annual loan payments and fully satisfied its debt repayment obligation as of June 2025.

The district's insolvency resulted primarily from systemic failures in communication and management of its human resources, finance, facilities, and governance resources. In 2001-02, the governing board approved a multiyear agreement with its bargaining groups that it could afford only by making significant budget reductions in other areas. However, the reductions were never enacted, which led to the district's 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 13, 2025, for the current evaluation to conduct interviews, collect data, and review documents. After its fieldwork, the study team continued to analyze the gathered documents and data. This report summarizes the team's analysis 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:

John F. Von Flue
Chief Analyst

Misty Key
FCMAT Consultant

Nicolas Schweizer
FCMAT Consultant

Sheldon Smith, Ed.D.
FCMAT Consultant

Leonel Martínez
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 schools' 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.

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: August 13, 2025

Summary

The Alameda County Superintendent of Schools provides fiscal oversight to all the county's school districts pursuant to Assembly Bill 1200, which was signed into law in 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 last review period complied with the oversight requirements in the California Education Code. The county superintendent's process for reviewing fiscal reporting focuses on evaluating compliance with the state standards and criteria for fiscal solvency. In addition, the county superintendent has concentrated efforts on working with the district toward fiscal responsibility and budget balancing.

Regardless of the county superintendent's efforts, progress toward the district's fiscal sustainability and the effectiveness of the county superintendent's support continue to be inhibited by the inability of the district to develop and implement a coherent fiscal solvency plan. As reported in prior reviews, the district has created several plans that were subsequently altered and/or discontinued when it was faced with making difficult decisions such as reducing staff or sites. During the current review period, at first interim 2024-25, the district certified as negative, and at second interim 2024-25, the district certified as qualified, further evidencing its fiscal instability and concerns.

While the district continues to endure fiscal challenges, the county superintendent, with concurrence from the superintendent of public instruction and the president of the State Board of Education, determined the conditions for exiting receivership were met, and the district exited receivership as of June 2025. As of July 1, 2025, having satisfied the requirements of fully paying off its loan and undergoing a fiscal systems audit, the trustee is no longer under contract for the trustee services, and this is the final evaluation.

It should be noted that the district superintendent left as of June 30, 2025, and has been replaced by an interim superintendent, and the chief business official departed in late 2025, with a replacement pending as of this report.

Findings

This section focuses on FCMAT's review of the Alameda County Superintendent of Schools' 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 in 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 Alameda County Superintendent of Schools and the Oakland Unified School District have not used an LRRP or adopted the FCMAT Comprehensive Review; rather, the district developed alternative plans. These plans included a 2018-2020 Fiscal Vitality Plan; a 2021-2024 Fiscal Sustainability Plan that was developed and approved in 2021; and a 2023-2026 Fiscal Sustainability Plan, which was approved in May 2024. In August 2024, the district passed a resolution to "Re-envision, Redesign and Restructure." The "3R" resolution further supported the 2023-2026 Fiscal Sustainability Plan and directed the superintendent to develop a restructuring plan for the district.

However, it is evident the district has failed to fully implement and follow these plans. It appears that the purpose of each plan developed may be to start anew due to the inability to implement the previous plan. Hence, the district would abandon the unimplemented plan and develop a new one. The 2021-2024 Fiscal Sustainability Plan included provisions for the district to identify actions, update the plan and reapprove annually. Little evidence was found to support progress on the plans to improve the district's fiscal stability. In October 2023, the district reported that many of the recommendations in the 2018-2020 Fiscal Vitality Plan had been deemed irrelevant or required ongoing monitoring, and it extended the planned actions in the 2021-2024 Fiscal Sustainability Plan through 2023-2026.

On January 21, 2025, in response to the district's negative certification for the 2024-25 first interim reporting period, the Alameda County superintendent wrote the following in the budget report review letter to the district:

To date, as the county superintendent since January 2023, I have attempted to provide the minimum, but necessary, level of oversight to a Board that has placed a high value on ending a lengthy period of trusteeship. While the Board has made meaningful progress on many fronts, it has also continued to change direction and postpone difficult decisions.

The letter also included concerns regarding the district:

- An unsustainable budget.
- Unfinished work to balance the 2025-26 budget.
- Running out of cash.
- Increasing deficits by making commitments before making tradeoffs.

As a result of the negative certification, the county superintendent appointed a fiscal advisor to work along with the trustee and county superintendent of schools to support the district.

On April 18, 2025, the Alameda County superintendent of schools sent a letter to the state superintendent of public instruction and the president of the State Board of Education stating that they anticipate the “Oakland Unified School District will have completed the necessary actions to exit receivership, including completely repaying the emergency state loan and completing a fiscal systems audit, which documents the presence of adequate fiscal systems and controls” and requested their concurrence with her intent to exit the district from receivership on June 30, 2025. In the email, the county superintendent notes that while the district continues to face fiscal challenges, the conditions of exiting state receivership have been met.

In an interview, the county superintendent reinforced that the district’s fiscal solvency rests with the district’s board, despite the county superintendent’s efforts at outreach, oversight, and intervention. The county superintendent further indicated that the intervention efforts inherent in the state receivership were becoming counterproductive as the district felt oversupervised and believed that it would never exit receivership. This has led to the district board’s lack of independence and accountability as it worked in reaction to trustee, fiscal advisor and county superintendent pressures instead of acting on its own.

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 has played an active role in supporting the district, providing her own time as well as staff and resources to encourage the district to address its fiscal uncertainty. While the oversight provided has met the steps required, it has been ineffective in supporting the district’s fiscal sustainability plans as the district has continually failed to meet the objectives and actions of the plans it approved. Rather, as plan implementations have failed, new plans were adopted with new performance criteria. The frequent change of course has made it difficult for the county superintendent and team to monitor and support the district’s recovery progress.

The trustee was used to bridge the communications between the district and the county office and to help strengthen the relationships for the ongoing collaboration needed. In addition, the county superintendent dedicated a team to support the district’s progress of implementing the plans. They held ongoing meetings for progress check-ins and support. The county superintendent also engaged in several contracts for additional services of support for the district in identifying community needs, communicating to the community on the necessary changes, and collecting public input. Since the prior review, a fiscal advisor was also assigned, which added support and guidance to the district.

The county superintendent, staff, contracted vendors, trustee and fiscal advisor focused on encouraging the district to resolve its budget deficit rather than implementing its various plans. Focus was also placed on completing the fiscal systems audit and exiting receivership.

Since the district has exited receivership, the extra contracted services and the work of the trustee have ended.

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

Without a consistent recovery plan, the trustee and county superintendent have little to monitor. However, the trustee has been focused on encouraging and helping the district make decisions toward stabilizing its fiscal solvency. The trustee attended the board meetings and met with the county superintendent and her team monthly. The trustee provided up-to-date information related to budget adjustments and district staffing projections to the county superintendent and her team. The trustee also met with the district board president and other board members to help inform them and explain the actions necessary to support the district's staff in moving forward with decisions necessary for fiscal stability.

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

The district's budget remains a significant concern for the county superintendent as well as the newer district leadership. There is significant deficit spending, and fund balances are depleted, with one-time funds spent. The board has not taken action to make sufficient reductions, leaving the structural deficit unresolved; further, the district's budget does not include solutions for long-term fiscal solvency.

The district's governing board continues to ignore the fiscal distress the district faces. The district's 2025-26 budget contains an unrestricted deficit of \$31 million, and there is a \$78 million placeholder of unspecified reductions in the multiyear projection for 2026-27 and an additional \$73 million for 2027-28. These represent the amount of deficit spending and reductions that need to be addressed for the district to meet its 2% reserve for economic uncertainty requirement, but there are no specifics as to how the reductions will be made and no board resolution directing reductions. Further, the county superintendent's review of the budget notes that the district is overestimating its revenue by \$16 million because it used estimates of projected average daily attendance that were greater than recent historical trends. The 2025-26 budget was originally conditionally approved with a request for further information and actions and received final approval on November 1, 2025.

The district has a new interim superintendent who has been a long-time employee of the district and who indicates she is heavily invested in implementing necessary changes to align ongoing expenditures with ongoing revenues. Interviews indicated that the district is hopeful and confident it will make the necessary reductions in expenses founded on clear and understandable fiscal information including solid revenue projections, plausible multiyear assumptions, and industry-standard budgeting practices.

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

The county superintendent's staff assess the district's cash flow monthly and reconcile balances to the county treasury. County office budget oversight staff perform an analysis at each reporting period. The county office of education's fiscal system also has a low cash balance alert; it monitors cash and will not process warrants unless there is sufficient cash available. The district has not borrowed cash from the Alameda County Treasury this year or in the two prior years.

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?

The county superintendent performs the required examination and analysis of the district's budget and interim reports for compliance. The county superintendent uses review checklists that include notes, concern levels (e.g. verified, follow-up, moderate concern, concern to escalate, not compliant) and review status. The county superintendent communicates concerns related to the district's fiscal challenges in the budget and interim letters to the district as well as sharing necessary technical corrections. The communications are clear, direct, specifically define any required district action along with a deadline, and discuss the ramifications of inaction.

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 continues its practice of evaluating whether the district's budget is aligned with its latest financial recovery plan and identifies any concerns in its review letters.

The district's 2025-26 budget contains an unrestricted deficit of \$31 million, and there is a \$78 million unspecified reduction in the multiyear projection for 2026-27 and an additional \$73 million for 2027-28. These represent the amount of deficit spending and reductions that need to be addressed for the district to meet its 2% reserve for economic uncertainty requirement, but the district lacks specifics about how the reductions will be made. Further, the county superintendent's review of the budget notes that the district is overestimating its revenue by \$16 million because it used estimates of projected average daily attendance that were greater than recent historical trends. The budget was originally conditionally approved with a request for further information and actions.

The county superintendent approved the district's 2025-26 budget on November 1, 2025, stating:

While the Board's minimal actions are inadequate to address the district's increasingly dire financial circumstances, the district has adequate one-time dollars to stay afloat for the current school year and the Board passed a resolution directing staff to prepare budget scenarios for future years for Board consideration, thus fulfilling the absolute minimum requirements to maintain local control and allow OUSD's 2025-26 LCAP and Adopted Budget to be approved.

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 notes the levels of deficit spending in its budget and interim evaluation response letters to the district superintendent and board and expresses concerns about when the district needs to address its deficit.

Similar to the district's 2024-25 budget, the district's 2025-26 budget was originally conditionally approved until the district provided updated budget reduction solutions and a board resolution

recognizing such and outlining a timeline and plan to implement budget balancing solutions. The 2025-26 budget approval letter notes the district's "increasingly dire financial circumstances" and that the district is relying on one-time funds to maintain its fiscal solvency.

For the 2024-25 fiscal year, the district filed a negative certification for first interim and a qualified certification for second interim, both with county superintendent concurrence. For first interim 2025-26, the district has self-certified as qualified with a negative unrestricted ending fund balance projected for 2027-28.

Interviewees indicated that the district continues to show no sense of urgency to address its structural deficit in the long term.

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

There is evidence that the county superintendent and staff verify and record on a budget review checklist whether the district's budgeted expenditures are sufficient to implement its LCAP.

The county superintendent's 2024-25 LCAP and adopted budget review letter, and the 2025-26 LCAP and adopted budget review letter dated November 1, 2025, indicated that the respective LCAPs and budgets 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 county superintendent's budget review checklist for 2025-26 has been modified to indicate the amount of carryover of supplemental and concentration grant funds. The review indicates that the 2024-25 carryover amounts reconcile with the district's submitted 2025-26 budget. The county superintendent letter states that the district's 2024-25 year includes retroactive labor costs that will be carried into 2025-26 for payment.

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?

The county superintendent provided documentation to demonstrate it reviews the accuracy of the district's AB 1200 public disclosures of collective bargaining agreements. This was also done in coordination with the trustee to verify the details. The county superintendent also comments on the affordability of the collective bargaining agreements and the budget revisions needed.

For the county superintendent to perform the review, it is important that the district submit disclosures to the county superintendent with ample time prior to district board approval and employee association ratification.

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 county superintendent's oversight process includes reviewing and commenting on any issuance of non-voter-approved debt. Records indicate the district has not issued non-voter-approved debt in the period under review.

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

The county superintendent performed a timely evaluation of the trustee, and they meet regularly by phone or video call meetings. The last evaluation was completed on November 5, 2024. The evaluation was positive and documented no issues between the county superintendent and trustee. The trustee's role ended as of June 30, 2025, when the district exited receivership.

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 the district governing board meetings and closed sessions. The trustee did not exercise stay-and-rescind authority in the 2024-25 fiscal year.

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

Having fully repaid its state loan and completed a fiscal systems audit, the district exited receivership as of June 30, 2025. However, the district is not positioned to sustain fiscal solvency and is facing significant, immediate fiscal instability that puts it at risk of insolvency within the next year.

The following factors are present and contribute to the district's fiscal concerns:

Revenue:

- The district has been experiencing declining enrollment since the 2017-18 school year, with an average drop of 1.31%.
- The district's latest attendance-to-enrollment ratio is 89.83%, indicating the school district does not optimally capture attendance or the associated attendance-generated revenue.
- The district does not fully recognize its ongoing declining enrollment because its multiyear revenue assumptions do not project a continued decline in enrollment and attendance as historical trends suggest.

Expenditures:

- As of 2024-25, the district has approximately 34,000 enrolled students spread among its 82 schools, resulting in underutilized school sites and staffing inefficiencies. The district governing board has not addressed these inefficiencies and therefore is incurring excess expenses as a result.

- The district is overstaffed. Because of unrecognized student enrollment declines and a lack of corresponding staff reductions, excessive staffing levels contribute to deficit spending.
- The district cannot make expenditure reductions because the board, and by extension the community at large, are not willing to make difficult decisions. Fieldwork interviews indicated that board members do not have a process for making decisions in public. Consequently, the board uses its own process of “2x2 meetings” (two board members and two staff members). Although these meetings never have a quorum, consensus is reached among board members over the following days. Interviews also indicated that board members see themselves as stand-alone legislators enacting resolutions rather than as a cohesive board acting to provide direction to staff. The district’s board webpage defines board meeting items as “legislation,” and yearly board/district goals are considered the board’s “legislative platform.”
- The district board approved salary increases that the district could not afford without expenditure reductions in other areas. The board has been unable to enact the necessary reductions.
- Cash flow projections indicate that the district may experience cash insolvency in the near future.

The county superintendent had assigned a fiscal advisor in the past year and stated in interviews that the additional support did not accomplish progress as anticipated. Now that the district has exited receivership, the county superintendent and her team have transitioned to the traditional “AB 1200 oversight process” by maintaining support and required fiscal oversight. The district’s negative first interim 2024-25 budget certification and qualified second interim 2024-25 budget certification further demonstrate that there is work to be accomplished and concern about its long-term fiscal solvency.

If the district fails to make significant cuts, another state emergency advance apportionment and a return to receivership may be required. The district’s ability to address these issues has been further complicated by the board’s recent removal of the district superintendent and appointment of an interim while a search is conducted for a new superintendent. In addition, the district chief business official left at the end of the 2025 calendar year.

The inability or unwillingness of the district’s board to address its fiscal issues was identified as a significant concern in the fiscal systems audit and in the county superintendent’s email requesting concurrence in exiting the district from receivership. Specifically, the county superintendent noted that the district must still confront its structural deficit and address its longstanding overinvestment in small schools, but that continuing to require a trustee with stay-and-rescind authority over the board risks a continued delay in local ownership and accountability and undermines the board’s willingness to engage the community in making necessary trade-offs.

The district continues to make progress in improving the condition of its schools and in meeting students’ needs. Issues remain, with safety of great concern and homelessness at high levels in comparison to neighboring districts. The district needs to maintain its focus on basic skills for students while identifying ways to reduce its expenditures.

Interviewees indicated that the communities of the schools are invested in their neighborhoods, and the district should enlist the support of long-term residents in each community to assist with the changes needed in school culture and overall improvements, which has included the alternative utilization of some schools. The district states it saw success when it turned previous schools that were closed into beneficial alternative community use sites such as wellness centers. Continued resource maximization and cost reductions need to occur to balance the budget and fiscally stabilize the district.

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?

As indicated in last year's report, the district did not prepare the annual report on its financial condition by the October 31 deadline. For 2023-24, district staff provided a response via email on November 5, 2024, to the district trustee regarding E.C. 41321. No evidence was provided to show that the trustee had reviewed and approved the report or whether it was provided to the county superintendent. With the district exiting receivership as of June 30, 2025, no report was prepared for the 2024-25 fiscal year.

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

The county superintendent addressed and continues to maintain the fiscal oversight actions that were designated as "no" on the initial evaluation.

Conclusions and Recommendations

The theme of the 2023-24 AB 1200 review was primarily the county superintendent and the school district working together after a transition to a new county superintendent in the 2022-23 school year. In 2023-24, the relationship between the agencies improved, as did stability in the county superintendent's business office.

The theme of the 2024-25 AB 1200 review is the district exiting receivership, while acknowledging several fiscal concerns. The county superintendent has exercised oversight and supervision over the Oakland Unified School District to the greatest degree possible by statute. The county superintendent's business office uses sound, industry-standard practices for school district fiscal review. Over the last three years, there has been a marked increase in the county superintendent's business office's use of industry standards and fiscal oversight practices.

To meet the requirements for exiting receivership, the school district board approved advancing one year's payment to meet its financial obligation to the state a year early, and a fiscal systems audit was completed. Subsequently, the county superintendent recommended that the district exit receivership. With the concurrence of the SPI and president of the SBE, the district exited receivership in June 2025. Therefore, this is the final report to meet the requirements of EC 41326(l) for the Alameda County Superintendent of Schools.

Even though the district exited receivership, there is little evidence that the local conditions that caused the district to fall into receivership have disappeared. Therefore, the county superintendent and team should continue their collaboration with and support of the district to ensure the district is able to make the reductions necessary to maintain fiscal solvency. Because the district has been struggling to maintain a balanced budget and avoid deficit spending, the ongoing priority has to be aligning ongoing expenses with revenues.

As the oversight agency, the county superintendent will need to continue its active monitoring and support of the district until its issues are addressed. Recommended actions include the following:

1. Support the district to provide and maintain a multiyear fiscal recovery plan that includes specific, board-adopted solutions the district will implement to avoid fiscal insolvency, taking progressive fiscal oversight actions as needed to ensure district solvency.
2. Monitor and support the district's implementation of its fiscal recovery plan, with a particular focus on holding the district's board accountable through progressive fiscal oversight actions for making difficult but necessary decisions.
3. Work with the district to identify additional expenditures that contribute to increasing or improving services for high-needs students compared to the services provided to all students and include these expenditures in the LCAP to reduce the remaining LCAP carryover.
4. If the district board continues to have difficulty adopting and implementing a fiscal recovery plan, take progressive fiscal oversight actions as needed to ensure district solvency.

Appendices

Appendix A: County Superintendent Letter to SPI and SBE Requesting Concurrence in Exit of Receivership

4/20/25, 4:57 PM

Alameda County Office of Education Mail - Preparing for Oakland Unified School District to Exit Trusteeship



Joan Laursen <jlaursen@acoe.org>

Preparing for Oakland Unified School District to Exit Trusteeship

1 message

Alysse Castro <acastro@acoe.org>

Fri, Apr 18, 2025 at 4:53 PM

To: TThurmond@cde.ca.gov, Sbe@sbe.ca.gov

Cc: KYLA JOHNSON <kyla.johnson@ousd.org>, Lisa Grant-dawson <lisa.grantdawson@ousd.org>, Fiscal Oversight Trustee <fiscaloversighttrustee@acoe.org>, Abel Guillen <AGuillen@cde.ca.gov>, "edearstyne@cde.ca.gov" <edearstyne@cde.ca.gov>, Brooks Allen <BrAllen@sbe.ca.gov>, Michael Fine <mfine@fcmat.org>, Allan Garde <agarde@acoe.org>, Shirene Moreira <smoreira@acoe.org>, Joan Laursen <jlaursen@acoe.org>

April 18, 2025

Hon. Tony Thurmond, Superintendent of Public Instruction
Dr. Linda Darling Hammond, President, State Board of Education

RE: Preparing for Oakland Unified School District to Exit Trusteeship

Dear State Superintendent Thurmond and State Board of Education President Darling-Hammond,

By June 30, 2025 we anticipate that the Oakland Unified School District will have completed the necessary actions to exit receivership, including completely repaying the emergency state loan and completing a fiscal systems audit, which documents the presence of adequate fiscal systems and controls. EDC § 41320.1(a) (3-4), below, identifies the necessary conditions for exiting trusteeship.

EDC § 41320.1 (a) (3) The trustee, and necessary staff, shall serve until the school district has adequate fiscal systems and controls in place, the Superintendent has determined that the school district's future compliance with the fiscal plan approved for the school district pursuant to Section 41320 is probable, and the county superintendent of schools, the Superintendent, and the president of the state board or his or her designee decide to terminate the trustee's appointment, but in no event for less than three years. The county superintendent of schools shall notify the Legislature, the Department of Finance, and the Controller no less than 60 days before the time that the county superintendent of schools expects these conditions to be met.

EDC § 41320.1 (a)(4) Before the school district repays the loan, including interest, the recipient of the loan shall select an auditor from a list established by the Superintendent and the Controller to conduct an audit of its fiscal systems. If the fiscal systems are deemed to be inadequate, the county superintendent of schools, with concurrence from both the Superintendent and the president of the state board or his or her designee, may retain the trustee until the deficiencies are corrected. The cost of this audit and any additional cost of the trustee shall be borne by the school district.

Pursuant to EDC § 41320.1, we request your concurrence with our intent to provide 60 days notice to the Legislature, the Department of Finance, and the Controller on May 1, 2025 of the intent to conclude the service of the trustee on June 30, 2025.

While Oakland Unified School District (OUSD) continues to face fiscal challenges that require difficult local decisions, the conditions for exiting state receivership have been met. The recent Fiscal Systems Audit confirms what has been years in the making: OUSD's financial and operational systems are in their strongest shape in over 20 years. The district now operates with sound fiscal controls, reliable data systems, and transparent governance structures. It no longer engages in high-risk financial practices that prompted the need for state intervention in 2003. This progress is significant and hard-won. The district now:

- Banks with the County treasury and uses the ACOE financial system.
- Maintains reliable student attendance data and a clean general ledger.
- Demonstrates Board governance and leadership free of self-dealing or impropriety.

4/20/25, 4:57 PM

Alameda County Office of Education Mail - Preparing for Oakland Unified School District to Exit Trusteeship

- Has made meaningful structural improvements, avoiding unsecured long-term debt and maintaining prudent bond usage.
- Is regularly audited with minimal findings and collaborates effectively with oversight bodies.

I hope you will join me in celebrating the extraordinary efforts of OUSD Superintendent Dr. Kyla Johnson-Tramell, OUSD CBO Lisa Grant-Dawson, and the entire OUSD leadership team for their efforts in bringing about these system changes, which address the very conditions that led to receivership and justify a shift in state posture—from oversight to support for local control.

These improvements co-exist with ongoing concerns that OUSD must still confront its structural deficit and address the long-standing overinvestment in small schools. However, these are challenges of local policy and the domain of a locally-elected Board of Education, not of mismanagement or financial misconduct. Continuing to require a trustee to backstop them risks continued delay in local ownership and accountability, and reinforces a counterproductive narrative that feeds resistance and undermines the Board's willingness to engage their community in making necessary trade-offs.

Clarifying that the locally elected Board now holds full responsibility and authority will do more to advance difficult reforms than continued top-down supervision. Acknowledging the district's readiness to exit receivership will encourage:

- More constructive public engagement and trust in governance.
- Greater urgency and ownership from local leaders around budget-balancing solutions.
- More effective collaboration with community stakeholders on school redesign and consolidation.

To be clear: the work is not done. But the framework and leadership capacity are now in place to do that work with integrity. The most powerful tool the state can offer now is a clear message of confidence in the district's governance, and a formal declaration that it has met the conditions for self-management.

The ACOE has maintained a strong working relationship with the district throughout this process, and we remain committed to ongoing support. We would welcome the opportunity to provide any further information or discussion to support decision making. Audit documentation and supporting materials are available upon request for further reference. Achieving concurrence in this matter by April 30, 2025 will support a clear conclusion at the end of this fiscal year.

In community,

.a

Alysse Castro

Alameda County Superintendent of Schools



Oakland USD Request for concurrence from to SPI and SBE 4.18.2025.docx (1).pdf

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Appendix B: Study Agreement



FISCAL CRISIS & MANAGEMENT ASSISTANCE TEAM STUDY AGREEMENT FOR COUNTY SUPERINTENDENT OF SCHOOLS EVALUATION

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) and 84041. In accordance with state budget act provisions and Education Code Section 41326(1), FCMAT will study the Client's fiscal oversight specific to the Oakland Unified School District receiving an emergency apportionment. FCMAT is required to report its findings to the Legislature and to provide a copy of the report to the Department of Finance, the superintendent of public instruction, and the president of the State Board of Education.

FCMAT will assign professionals to conduct the study. 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

Conduct a final follow-up evaluation of the county superintendent of school's fiscal oversight provided to the Oakland Unified School District using FCMAT's County Superintendent of Schools Oversight 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 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 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 five 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 and to the Client's county superintendent of schools following completion of the study. FCMAT's work products are public and all final reports are published on the FCMAT website.

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

Pursuant to the state budget act, costs for the study will be covered by a specific state appropriation for this purpose. FCMAT will not charge the Client for any costs.

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.

- 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. This goal is especially important given that the Client has experienced an event described under Basis of Agreement that may indicate fiscal distress. 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 Client with a draft Agreement.	Draft Agreements are usually provided within 20 business days of the Client's triggered event.
Client returns partially executed Agreement to FCMAT along with the applicable organizational chart and the name and email of the of 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 five business days of the Client's receipt of the FCMAT document and data request list.
Fieldwork	Mutually agreed upon; usually, to commence within five business days of FCMAT's receipt of requested documents and data.
Orientation meeting	First day of fieldwork
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 four weeks of the conclusion of fieldwork and receipt of all documents and data requested.
Client comments on draft report	Within five 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, and 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.

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. If FCMAT terminates the Agreement, FCMAT will issue a management letter in lieu of the final report explaining the reasons why FCMAT terminated the Agreement and reporting on any elements for which data was collected and a conclusion could be reached.

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 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 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, final report or making 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.

For Client:

Signed by:

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8/13/2025

Alysse Castro
County Superintendent
Alameda County Office of Education

Date

For FCMAT:

Michael H. Fine Digitally signed by Michael H. Fine
Date: 2025.08.19 12:54:51 -07'00'

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

Date