

Oakland Unified School District

Assessment and Recovery Plan

Second Six-Month Progress Report

September 30, 2004

Submitted by

Fiscal Crisis & Management Assistance Team

Executive Summary

Introduction

This report, dated September 30, 2004, is the second of two six-month reports required by Senate Bill 39 (Perata) of the progress made by the Oakland Unified School District to address the recommendations of the Oakland Unified School District Assessment and Recovery Plan first developed for the district by the Fiscal Crisis and Management Assistance Team (FCMAT) in January 2000. This report provides data to the district, community and Legislature to assist the district in achieving fiscal solvency, to build the necessary capacity within the district to promote student learning, and to assist the district to work toward the return of local governance.

Senate Bill 39, signed into law on May 30, 2003, required the Superintendent of Public Instruction to assume all the legal rights, duties and powers of the Governing Board of the Oakland Unified School District and to appoint an administrator to act on his behalf in the school district. The bill appropriated \$100 million as an emergency loan to the Oakland Unified School District to cover cash flow needs, the district's structural budget deficit, and to mitigate the impact of future deficit spending.

The district requested \$65 million of the \$100 million on June 4, 2003 in order to make the June payroll and cover the severe negative cash position of the district. The remainder of the \$100 million authorized by the legislation is available to the district as a line of credit. The emergency loan is amortized over a 20-year period.

Senate Bill 39 also required that FCMAT prepare an improvement plan for the school district by July 1, 2003, by updating the Oakland USD Assessment and Recovery Plan developed by FCMAT for the district in January 2000. Senate Bill 39 required FCMAT to report on the implementation of the improvement plan beginning in September 2003 and continuing with six-month progress reports in March 2004 and September 2004.

On July 1, 2003, FCMAT reported to the Superintendent of Public Instruction that the January 2000 Oakland USD Assessment and Recovery Plan prepared for the district remained a viable improvement plan, but that the ratings for the professional and legal standards first reported in January 2000 needed to be updated in order to provide new baseline data to determine the progress made by the district over time.

On September 30, 2003, FCMAT issued the Oakland USD Assessment and Recovery Plan Update that provided updated ratings, based on an assessment of district operations in summer 2003, for each professional and legal standard first reported in January 2000. The Recovery Plan Update also included the assessment of several additional standards that reflected new laws or regulations that became effective subsequent to January 2000. The Recovery Plan Update also established criteria for the district's eventual return to local governance and identified a priority subset of the total array of professional and legal standards for the district to focus on in its recovery.

In March 2004 FCMAT provided the first six-month progress report of the Oakland Unified School District's efforts to address the recommendations in the identified priority subset of legal and professional standards. Ratings for the standards reflected the progress made by the district since the September 30, 2003 Recovery Plan Update was issued.

This September 2004 report continues to assess the district's progress in addressing the recommendations in the identified subset of 135 legal and professional standards. Ratings for the standards reflect the progress made by the district since the March 30, 2004 First Six-Month Progress Report was issued.

Although Senate Bill 39 required FCMAT to conduct ongoing monitoring reports only through September 2004, the California Department of Education plans for FCMAT to continue to monitor the district's progress for the district's eventual return to local governance. Funding for a subsequent annual assessment is proposed in Assembly Bill 2525, now enrolled for the Governor's consideration and anticipated signature.

The findings presented in this progress report represent a snapshot of the district at a specific period in time. Since the data-gathering for this report, the district has continued to address the recommendations in the Assessment and Recovery Plan.

Study Guidelines

FCMAT's approach to implementing the statutory requirements of SB 39 is based upon a commitment to a standards-based, independent and external review of the Oakland Unified School District's operations. FCMAT performed the initial assessment of the district in fall 1999 and developed the improvement plan in collaboration with five other external providers selected through a competitive process. Professionals from throughout California contributed their knowledge and applied the identified legal and professional standards to the specific local conditions found in the Oakland Unified School District. The initial assessment was reported to the district in a document entitled Oakland Unified School District Assessment and Recovery Plan, January 31, 2000.

The five provider agencies again contributed their expertise in assisting FCMAT to conduct the follow-up reviews of the district. The Assessment and Recovery Plan Update, September 30, 2003 provided updated ratings of the standards first reported in January 2000. The Assessment and Recovery Plan, First Six-Month Progress Report, March 2004 reflected the district's progress in addressing the legal and professional standards in the six month period since September 2003. The Assessment and Recovery Plan, Second Six-Month Progress Report, September 2004 reflects the district's progress since March 2004.

Prior to beginning work in the district in 1999, FCMAT adopted five basic tenets to be incorporated in the assessment and improvement plans. These tenets were based on previous assessments conducted by FCMAT in school districts throughout California and a review of data from other states implementing external reviews of troubled school districts. These tenets formed the basis of FCMAT's continued work in the district. The five basic tenets are:

1. Use of Professional and Legal Standards

FCMAT's experience indicates that for schools and school districts to be successful in program improvement, the evaluation, design and implementation of improvement plans must be standards-driven. FCMAT has noted positive differences between an objective standards-based approach versus a nonstandards-based approach. When standards are clearly defined, reachable, and communicated, there is a greater likelihood they will be measured and met.

In order to participate in the process of the Oakland Unified School District review, potential providers responded to a Request for Applications (RFA) that identified these standards as the basis of assessment and improvement. Moreover, the providers were required to demonstrate how the FCMAT-identified standards would be incorporated into their work. It is these standards on which the improvement plans for the Oakland district were based. The standards, while identified specifically for the Oakland Unified School District, are benchmarks that could be readily utilized as an indication of success for any school district in California.

Every standard was measured on a consistent rating format, and each standard was given a scaled score from zero to 10 as to its relative status of completeness. The following represents a definition of terms and scaled scores. The single purpose of the scaled score is to establish a baseline of information by which the district's future gains and achievements in each of the standard areas can be measured.

Not Implemented (Scaled Score of 0)

There is no significant evidence that the standard is implemented.

Partially Implemented (Scaled Score of 1 through 7)

A partially implemented standard lacks completeness, and it is met in a limited degree. The degree of completeness varies as defined:

1. Some design or research regarding the standard is in place that supports preliminary development. (Scaled Score of 1)
2. Implementation of the standard is well into the development stage. Appropriate staff is engaged and there is a plan for implementation. (Scaled Score of 2)
3. A plan to address the standard is fully developed, and the standard is in the beginning phase of implementation. (Scaled Score of 3)
4. Staff is engaged in the implementation of most elements of the standard. (Scaled Score of 4)
5. Staff is engaged in the implementation of the standard. All standard elements are developed and are in the implementation phase. (Scaled Score of 5)
6. Elements of the standard are implemented, monitored and becoming systematic. (Scaled Score of 6)
7. All elements of the standard are fully implemented, are being monitored, and appropriate adjustments are taking place. (Scaled Score of 7)

Fully Implemented (Scaled Score of 8-10)

A fully implemented standard is complete relative to the following criteria.

8. All elements of the standard are fully and substantially implemented and are sustainable. (Scaled Score of 8)
9. All elements of the standard are fully and substantially implemented and have been sustained for a full school year. (Scaled Score of 9)
10. All elements of the standard are fully implemented, are being sustained with high quality, are being refined, and have a process for ongoing evaluation. (Scaled Score of 10)

2. Conduct an External and Independent Assessment

FCMAT employed an external and independent assessment process in the development of the Oakland Unified School District assessment and improvement plans. FCMAT's reports represent findings and improvement plans based on the external and independent assessments from various professional agencies. The following five agencies assisted in the initial January 31, 2000 report, the subsequent September 30, 2003 update report, and the six-month progress reports of March 2004 and September 2004:

- California School Boards Association (CSBA) – Community Relations and Governance
- Schromm and Associates – Personnel Management
- Curriculum Management Systems, Inc. (formerly CA Curriculum Management Audit Center) – Pupil Achievement
- MGT of America – Facilities Management
- School Services of California – Financial Management

Collectively, the five professional agencies that assisted FCMAT constitute FCMAT's providers in the assessment process. Their external and independent assessments serve as the primary basis for the reliability, integrity and credibility of the review.

3. Utilize Multiple Measures of Assessment

For a finding to be considered legitimate, multiple sources need to be utilized to provide the same or consistent information. The assessments and improvement plans were based on multiple measures. Testing, personal interviews, group meetings, public hearings, observations, review and analysis of data all provide added value to the assessment process. The providers were required to utilize multiple measurements as they assessed the standards. This process allowed for a variety of ways of determining whether the standards were met. All school district operations with an impact on student achievement, including governance, fiscal, personnel, and facilities were reviewed and included in the improvement plan.

4. Empower Staff and Community

The development of a strong professional development plan for the board and staff is a critical component of an effective school district. All FCMAT reports include the importance of a comprehensive professional development plan. The success of the improvement plans and their implementation are dependent upon an effective professional and community development process. For this reason, the empowerment of staff and community is one of the highest priorities, and emphasizing this priority with each of the five partners was critical. As a result, a strong training component for board, staff and administration is called for consistently throughout the report.

Of paramount importance is the community's role of local governance. The absence of parental involvement in education is a growing concern nationally. A key to success in any school district is the re-engagement of parents, teachers, and support staff. Parents care deeply about their children's future and most want to participate in improving the school district and enhancing student learning. The community relations section of the reports provide necessary recommendations for the community to have a more active and meaningful role in the education of its children.

5. Engage Local, State and National Agencies

It is critical to involve various local, state and national agencies in the recovery of the district. This was emphasized through the Request for Applications (RFA) process, whereby state-recognized agencies were selected as partners to assist with the assessment and improvement process. The California Department of Education, city and county interests, professional organizations, and community-based organizations all have expressed and shown a desire to assist and participate in the improvement of the Oakland Unified School District.

Study Team

The study team was composed of the following members:

For FCMAT

Roberta Mayor
Leonel Martínez

For the California School Boards Association – Governance/Community Relations

Paul Richman	Holly Jacobson
Ben Bartos	Davis Campbell
Diane Green	Martin Gonzalez
Bode Odewele	

For the Curriculum Management Systems, Inc. – Pupil Achievement

William Streshly	Eve Proffitt
Olive McArdle	Susan Burleson
Penny Gray	James Scott

For Schrom Associates – Personnel Management

Richard A. Schromm
Jack M. Weinstein

For MGT of America – Facilities Management

Janelle Kubinec
Rachel Ehlers
Dave Teater

For School Services of California – Financial Management:

Jerry Twomey
John Gray

Summary of Principal Findings and Recommendations

Section Two of this report provides an in-depth review of the progress made by the district on the recommendations made in the identified subset of standards reported in the January 2000 Oakland Unified School District Assessment and Recovery Plan, the September 2003 Assessment and Recovery Plan Update, and the March 2004 Assessment and Recovery Plan, First Six-Month Progress Report. The following is a summary of the general findings and recommendations that are presented in greater detail by operational area in Section Two of this report.

This September 2004 Assessment and Recovery Plan, Second Six-Month Progress Report represents data collection and analysis at a specific point in time. FCMAT review teams visited the district in May, August and September 2004. This report was presented to the Oakland Unified School District and Superintendent of Public Instruction on September 30, 2004 and will be formally presented to the district advisory board at its regular board meeting in mid-October 2004.

GENERAL OVERVIEW

In the year since state receivership began, the district has continued to make modest progress in addressing the recommendations of the Assessment and Recovery Plan. The average ratings in the five operational areas reflect reasonable and positive gains.

- The district implemented a new human resources/payroll module in January 2004, which integrates personnel, payroll, and position control.
- The district implemented budget blocking to prevent overrides of the encumbrance system, which precludes expenditures if sufficient funds are not available.
- Increased fiscal scrutiny enabled the district to successfully reduce the size of the district's deficit.
- The district increased monitoring of special education expenditures, made appropriate program modifications and reduced slightly the size of the special education program encroachment to the general fund.
- The district has implemented a results-based budgeting process. This process will assist site administrators to better understand effective utilization of limited resources.
- The district has initiated a standards-based performance emphasis in evaluation of district employees.
- The district successfully passed a parcel tax on March 2, 2004 that provides supplementary funds for district programs.
- The staffing process for the opening of the 2004-05 school year was greatly improved with few classroom vacancies occurring.
- Many board policies have been updated and approved and are available for viewing on the district web site.

The district has taken a number of necessary actions to move the district toward recovery, but continues to face a myriad of problems that will take time to remedy. Many of these same problems were noted in the March 2004 report, and continue to challenge the district.

- The size of the district deficit and previous deficit spending patterns will require time for the district to redress. Expenditures continue to surpass revenues and will continue to do so in the 2004-05 budget year.
- The completion of the district's Fiscal Recovery Plan is an urgent priority, necessary to address and remedy the district's deficit spending in the future.
- The district's student enrollment continues to decline, further decreasing the district's incoming revenues.
- The district has filled many of the senior fiscal management vacancies. The new staff members face a learning curve that may affect the district's efforts to achieve a speedy fiscal recovery.
- Updating the Facilities Master Plan to provide long-range guidance for addressing the district's facilities needs remains a top priority but will require time to do effectively.
- Developing staff capability in all operational areas remains a continuing challenge.
- Although administrative technology systems have greatly improved, the level of utilization is not sufficient. In addition, an appropriate student information system is needed to replace the inadequate SASI system.
- Student academic performance has improved slightly but scores are still lower than the state average at every grade level.

The district should also assess the effectiveness of the initiatives that have been implemented in the last year. The speed with which results-based budgeting was initiated and the ongoing creation of small schools in the district have caused some initial operational difficulties. Although board members and many staff support the new directions, many have indicated discontent with, and lack of input to, the process. Some staff members lack a clear understanding of the initiatives or lack appropriate training for successfully implementing them.

COMMUNITY RELATIONS AND GOVERNANCE

In the area of Governance and Community Relations, the Oakland Unified School District has demonstrated progress on many of the priority standards during the past six months, most notably those related to policy development. The district also continues to make efforts to strengthen overall communications, parent-community relations and the effectiveness of district and school advisory councils, although not all of these efforts have produced the desired results. A number of significant, positive steps have also been taken relative to boardsmanship, although the board continues to seek to clarify its appropriate role and level of engagement during this time when the state maintains authority over the district's affairs.

Communications

The district continues to pursue a range of strategies to strengthen both internal and external communications. Most elements of the communications and marketing plan adopted in February 2004 are being effectively implemented, although there is a need for ongoing strengthening of the district's media relations. In addition to continuing many of its previous activities (e.g., a weekly e-mail bulletin, site visits by the State Administrator), the district has expanded its activities to include a new staff and department directory, more effective use of electronic communications, an update of the district's Web site to provide more pertinent information, and launching of a cable television show by the State Administrator. Much of the recent communications work has focused on using multiple avenues to explain the district's new results-based budgeting system.

Parent-Community Relations

Outreach to involve parents and community members in the schools is ongoing. Within the past six months, the district strongly encouraged parents to be informed about the results-based budgeting initiative by holding a summer institute with information geared specifically towards parents. Parents are also encouraged to be involved in programs aimed at improving campus safety and increasing student attendance. The administration's cable television show added another avenue for increased communications with parents and community members. The greatest challenge continues to be increasing the involvement of underrepresented and disenfranchised parents and community members.

Collaboratives/District Advisory Councils/School Site Councils

The most notable improvement in this area was the district's clearer delineation of the statutory objectives of the site and district councils. However, the extent to which parent members understand the council's goals is inconsistent. Trainings are scheduled to begin this fall to ensure that all members clearly understand the purpose and goals of the councils. The membership of these groups continues to lack sufficient diversity, despite the district's additional outreach efforts to encourage greater participation of parents of ethnically varied backgrounds. The overall effectiveness of district and site councils varies and is largely determined by the leadership of the principal at each site.

Policy

In the past six months, a large number of district policies were reviewed and adopted, and updating the policy manual has been nearly completed. Most district policies are now up to date and reflect current law. The updated policy manual is now on-line and accessible in the district office lobby via public access computers. As the district works to maintain its policy manual with periodic reviews, it will be important to formalize the policy development process in order to effectively utilize available resources and ensure adequate staff and public input.

Board Roles/Boardsmanship

In May, the board returned to being a seven-member, all-elected body, with the elimination of three mayoral-appointed positions. At that time, a new board majority elected new officers who have articulated a more public willingness to work cooperatively with the State Administrator in the district's recovery. The board has also worked to clarify when individual board members are presenting personal views and when they are representing the board or the district. Relationships among individual board members remain functional, courteous and respectful. Collectively, board members do not feel they have a cohesive sense of what their appropriate oversight role should be, either during state administration or after local governance is restored. The board and administration have participated in governance training and are committed to a series of additional governance workshops in the future.

Board Meetings

Meetings are run efficiently and presentations on important student-related matters have been provided by the staff at these meetings. The district also holds board study sessions and public forums as ways to facilitate further discussion of important issues and solicit feedback. Regular board meetings have not been well attended by board members in the past six months. There is frustration among most board members who feel that, because of their advisory status, they are not truly involved in the decision-making process and do not have meaningful input into decisions. It is critical that board members consistently attend board meetings and workshops and continue to enhance their understanding of, and commitment to, effective governance roles.

In Summary

The review of Community Relations and Governance included the assessment of 26 selected professional and legal standards of performance. Of the 26 standards, 25 were partially implemented, with ratings between one and seven, and one standard was fully implemented with a rating of 8.

The average rating of the subset of 26 standards in this operational area in September 2003 was **3.92** on a scale of 1 to 10 with 10 the highest score possible. The average rating in March 2004 was **4.54** and the average rating in September 2004 is **5.73**.

PERSONNEL MANAGEMENT

There has been little stability or consistency within the Human Resources Division in the past year. Constant change has created morale problems and some degree of poor service delivery. There also is a need for considerable training and retraining for employees.

Other significant events within the division include the implementation of the Results Based Budgeting process, which allows site administrators to determine their certificated and classified staffing by the amount of their available budget. This concept is a significant change for the financial and human resources staff dealing with staffing and position control.

The division's efforts during the past six months in recruitment and selection of employees have greatly improved, resulting in fewer vacancies. It was reported that approximately 56 classified positions were unfilled in the first week of August. Last year at the same time there were 171 vacancies. The return to work program has 34 individuals returned to modified work status, which is a very positive development.

Organization, Planning and Communications

The Human Resources Division presented the Governing Board in February 2004 with informational documents identifying the division's planned priorities and tasks to address the FCMAT recommendations. A major endeavor in planning was the reorganization of the division and the reduction of personnel staff.

The HR Division leadership conducts weekly informational meetings. The five division units conduct scheduled meetings for internal communications. Communication among the five division units could be improved.

Employee Recruitment, Selection and Orientation

Recruitment training was provided to all division staff members who have responsibility for teacher recruitment. The training included application review, interview techniques, reference checks and other recruitment requirements. Training for site and district administrators who are involved in teacher selection is expected to be completed prior to the 2005 recruitment season.

The HR Division developed a written recruitment calendar of 2004-05 recruitment activities identifying recruitment dates, locations, recruiters and costs. There is no formalized process or district form for district reference checking. Some administrators informally do reference checks of candidates they wish to hire. All reference check forms should be retained in the Human Resources Division.

Classified position vacancies are posted on the district Web page and on the Classified Hot Line. These postings should be updated on a weekly basis. A status report of all classified and certificated vacancies is compiled daily. A written recruitment and selection process and procedures for classified staffing should be developed and distributed to district- and site-level administrative staff. Handbooks should be developed for new classified employees.

The Bi-Tech installation and the Results Based Budgeting (RBB) process have not provided a fully operative position control system for the HR Division.

Human Resources Operational Procedures and Use of Technology

The division needs to develop an operational procedures manual that standardizes all procedures used in the division.

The Bi-Tech software conversion has been extremely difficult. The Payroll and Personnel departments must establish a more cooperative relationship in order to eliminate mistakes that result in some employees not receiving their paychecks. There were 120 employees who did not receive paychecks for August. Regularly scheduled meetings must be held to ensure the timeliness and accuracy of employee pay processing.

All job descriptions must be reviewed, updated and submitted to the State Administrator/ Governing Board for approval. The appropriate unions must be involved to ensure that contractual provisions are in agreement.

Staff Training and Evaluation, Due Process Assistance

The Human Resources Division must provide the training to site and district staff to make them aware of the Americans with Disabilities Act (ADA) requirements. The district also must guarantee employees their rights under the federal Family and Medical Leave Act (FMLA). A procedure and forms must be developed and followed.

Division staff will be provided training this fall by the Legal Services Staff Attorney on certificated and classified evaluation and dismissal. Staff will be expected to provide the same training to their principals' network.

The HR Division plans to provide sites and departments with a list this fall of individuals in need of evaluation. This task may be more difficult to accomplish as a result of the discovery that performance review data from Human Resources was lost during the conversion to the Integrated Financial Accounting System (IFAS).

Employer/Employee Relations and Benefits

The responsibility for negotiating the contract with the Oakland Teachers Association has been turned over to Legal Services. The negotiations team will include the Deputy Superintendent of Business Services and the Assistant Superintendent of Human Resources. The district has proposed 60 contract changes and the Oakland Teachers Association has proposed 99 changes.

Workers' compensation administration is now handled by a Risk Management Officer in the Business Services Division. During the past six months, a return to work program has been implemented, which has returned a number of employees to modified work status.

In Summary

The review of Personnel Management included the assessment of 25 selected professional and legal standards of performance. Of the 25 standards, 24 were partially implemented with ratings between one and seven, and one standard was not yet implemented.

The average rating of the subset of 25 standards in this operational area in September 2003 was **2.64** on a scale of 1 to 10 with 10 the highest score possible. The average rating in March 2004 was **2.80** and the average rating in September 2004 is **3.96**.

PUPIL ACHIEVEMENT

The Oakland Unified School District continues to make progress toward implementing the Pupil Achievement recommendations of the Assessment and Recovery Plan of January 31, 2000. The 2004 scores on the California Standardized Testing and Reporting (STAR) tests reveal some student achievement gains; however, overall scores remain very low. The district continues to make gains in the establishment of instructional program management based on the systematic use of data. A draft budget planning manual has been developed to guide district administrators through the results-based budgeting process.

Control of Resources, Programs, and Personnel

The board has adopted new policies that provide general direction to guide curriculum design and delivery. A policy that adequately directs curriculum management has not been developed. Instead, curriculum management is guided by the district Instructional Framework. The framework is designed to provide direction for district operations in separate plans — assessment, professional development, results-based budgeting, equity, and curriculum. It stipulates that the state standards are the core of the district's written curriculum.

The board has adopted an assessment policy that calls for student and program assessment, but not for assessment of the organization. District formative assessments are identified within textbook adoptions for reading (K-5), mathematics (K-high school), English Language Development and Intervention (grade 6-high school), and science (grades 6 and 8). A time line is provided for further testing in science at the middle schools and social science at the high schools. The plan does not address comprehensive assessment of all subjects at all grade levels, nor does it require ongoing evaluation of the assessment plan or organizational structures linked to student achievement. The plan calls for assessment to be aligned with textbook adoptions in the core areas.

The Governing Board has adopted a policy that acknowledges long-range planning as an integral component of the district's growth and development.

Clear and Valid Objectives for Students

The district lacks a comprehensive curriculum management plan, however, policies linked to the elements of a curriculum management plan were presented to the Governing Board in August and include many of the quality components of a curriculum management plan as recommended by FCMAT.

The district has abandoned the development of traditional curriculum guides. Instead, the administration decided to select and adopt several standards-based textbook series and supplement them with district-designed pacing guides to give teachers the necessary specificity for clear direction.

A cross-section sample of district schools was again visited by the study team. The textbook curriculum strategy had gained general teacher support and was resulting in teaching directed at the California Standards. However, when the textbook teacher editions and pacing guides were reviewed and rated for adequacy as guides for instruction, they rated slightly lower than the minimum required by the Assessment and Recovery Plan of 2000. Administrators plan to work with teacher leaders during summer 2004 to revise the pacing guides based on identified student learning needs.

Internal Consistency and Rational Equity in Program Development and Implementation

Progress has been made with the compliance issues within the special education programs. The backlog of IEP reviews had been reduced by nearly 75 percent by mid-August 2004. Expensive nonpublic school placements have been reduced, and staff development with principals to reduce referrals is planned. The team noted deficiencies with the monitoring of revised IEPs, a lack of school site accountability for special programs, and a lack of special education performance standards for teachers.

Faculty continue working to implement the Master English Language Learner Plan which has been accepted by the Comité with the California Department of Education. In addition, aspects of the ELL program have been incorporated in the Professional Development Plan adopted by the board. However, actual classroom implementation of the California Department of Education criteria is still inadequate. Progress has been made enforcing the provisions of the Voluntary Resolution Plan; however, personnel are not being held accountable through timely evaluations. No further progress is being made in developing a data system to assess the effectiveness of EL programs in improving student achievement.

Use of Assessments to Improve Programs

Substantial progress has been made in developing assessment tools. Assessments for core subjects through grade 12 have been completed. As noted in the March 2004 review, the staff has a multiyear plan to develop a full range of assessments across grades. Full implementation of the assessment system is scheduled for the upcoming school year. All principals continue to be trained in the use of data and assessment with assistance from the executive directors.

The district's Web site and data portal are providing useful benchmark data for Open Court, Harcourt Brace, and High Point. Assessment data continue to be used by some principals and teachers to help teachers find patterns of strengths and weaknesses in their teaching. The district's data coaches are assisting 34 schools in using the district's database tools more effectively. However, there is no indication that the training is improving classroom instruction.

Continued progress is being made in the district's systems for disaggregating data by race/ethnicity, gender, socioeconomic factors, and language. The district provides these data in usable form to gauge operational performance and to improve instructional programs and decision-making. However, no progress has been made to expand the scope of local assessments to include all required subjects at all grade levels. The present focus is on reading/language arts and math.

Student achievement continues to be a major concern. The district's 2004 scores on the California Standardized Testing and Reporting (STAR) test released this summer reported the percentage of Oakland students scoring "proficient" or "advanced" was lower than the state average at every grade level. Moreover, the percentage of Oakland students scoring "below basic" and "far below basic" was higher than the state average at every grade level.

Improved Organizational Productivity

The staff is implementing results-based budgeting. This is a multiyear process designed to provide a more consistent, transparent, and equitable allocation of funds than in the past. The budget planning manual is still in draft form. The system has the potential to increase the district's educational productivity. However, the system does not establish processes and criteria for evaluating the consequences of funding a program, nor does it direct the staff to routinely

gather and present data describing the cost and benefits of various programs. Progress has been made regarding instructions for using budget worksheets. Instructions were included in the draft budget manual and principals reported that they were adequate.

In Summary

The review of Pupil Achievement included the assessment of 30 selected professional and legal standards of performance. Of the 30 standards, 30 were partially implemented with ratings between one and seven.

The average rating of the subset of 30 standards in this operational area in September 2003 was 2.47 on a scale of 1 to 10 with 10 the highest score possible. The average rating in March 2004 was 3.40 and the average rating in September 2004 is 4.20.

FINANCIAL MANAGEMENT

The district continues to face several issues that make fiscal recovery challenging. Overall progress in implementing the recommendations of the Assessment and Improvement Plan is mixed. Some areas, such as the development of policies and procedures, are beginning to show progress. However, in other areas such as the establishment of a fully implemented, integrated, and accurate position control system that provides the district with tight control over personnel costs, the district has not made substantial progress.

The issues of greatest concern for the district are the structural deficit and reducing expenditures to the level that revenues will support. The district appears to have reduced but not eliminated the operating deficit. A significant portion of the reduction results from the shifting of general fund expenditures to categorical programs. While the effective utilization of categorical funds would constitute significant progress for the district, the district needs to exercise caution that those categorical funds are being used appropriately and supported by adequate documentation. Also, to the extent that general fund expenditures were covered by categorical carryover/fund balances, those were one-time funds that will not be available to support the expenditures in future years.

The deficit continues to be exacerbated by the district's decrease in enrollment, which shows no evidence of abating. The enrollment decline by itself requires the district to reduce expenditures every year in order to prevent the structural deficit from increasing.

Other questions related to the operating deficit that have not yet been resolved include the following:

- Can the district afford to continue to operate the large number of school sites, given its declining enrollment?
- Has the district reduced staffing to a level that its revenues can support?
- Will the district be granted a waiver for special education maintenance of effort (MOE)?
- Can the district successfully implement results-based budgeting, which poses significant challenges in the areas of budget development and monitoring?

The district's pending fiscal recovery plan will be integral to addressing the underlying issues and bringing fiscal stability. Ultimately, the district should develop a realistic multiyear plan to eliminate its structural operating deficit and repay its state loan.

Since the FCMAT review in September 2003, the district has achieved some measure of stability in daily operations, but turnover in senior fiscal management and supervisory staff and the loss of the FCMAT on-site advisors has slowed further progress. The district recently filled the vacant supervisory and management positions. However, while the new managers appear capable and knowledgeable about school finance, the mere transition imparts a learning curve for both the remaining staff as well as the new management employees. This hampers the district's efforts to address the assessment plan and recommendations aggressively.

Improvement was noted in several areas:

- The district has been revising its board policies and administrative regulations. While this process is not complete, significant progress has been made.
- The district has completed drafts of policies and procedural manuals for the business and accounting staff. These items have not been implemented yet, but the writing of these items is essentially completed. Once reviewed, the district will need to distribute the manuals and provide staff training.
- The district is implementing a new student attendance and information system, which is scheduled to be in place for the 2005-06 year.
- The district has reduced nonpublic school costs for the special education program.

Budget Development and Monitoring

The district's budget development process is now more actively managed by the Budget and Finance departments. The oversight provided by the management staff provides for some level of critical review and evaluation of budget information and assumptions. Therefore, the district's budget should be more accurate. A comparison of budget to actual revenues and expenditures could not be made because the district had not closed its books at the time of the review. However, the district's third interim report did show a significant level of variance between the original budget and projected amounts. After the books are closed, the district should evaluate the differences in order to identify opportunities to more accurately determine budget revenues and expenditures.

The district is in the process of formally establishing policies and procedures. Nevertheless, the quality of the budget and budget process is still heavily dependent on the knowledge and involvement of the senior administrators. Further complicating this process is the transition to results-based budgeting, which decentralizes a significant portion of the budget development process. This change makes the budget development process more difficult to manage as the necessary infrastructure and systems have not been put into place. Site budgeting, particularly for positions, is currently performed outside of the financial, human resources, and position control systems. This increases the workload for budget analysts and also increases the potential for errors. Therefore, the district needs strong policies, procedures, and systems to ensure that the budget is accurate, meets standards, and sustains any progress made.

The district still has not fully implemented position control, which compromises its ability to monitor and control personnel expenditures. The district is also precluded from utilizing many system functions, such as position budgeting, for budget development. The new human resources/payroll module needs to have documentation developed, additional staff training provided, seniority and credential information loaded, and the automated substitute calling system established.

In the area of special education, the district is still trying to accurately identify all special education FTEs/staff, the appropriate location of those positions, and the related costs. While the district is making efforts to reduce its special education encroachment, it nevertheless is still a significant burden on the unrestricted general fund.

Accounting Policies, Procedures, and Controls

The district has made some progress in improving its accounting processes by:

- Eliminating the accounts payable backlog
- Completing monthly cash reconciliations
- Reviewing cash flow monthly
- Completing draft policies and procedures for most business functions

However, the implementation of the human resources/payroll system seems to have resulted in more payroll errors. Further, errors related to yearend payroll have affected the district's ability to close its books.

While the staff's technical skill and capacity appears to be improving, there is still a clear need for capacity building and additional training. However, the district does not consistently evaluate its employees to identify and address capacity and training issues.

Supervisory and management staff members still appear to be consumed with dealing with various issues and emergencies that frequently arise. As a result, accounting staff are not closely supervised, and their work is not reviewed on any meaningful basis. Until policies and procedures are in place, training has been provided, systems improved, and staff's technical capacity increased, close monitoring, supervision, and review by the accounting supervisors and managers is critical in order to ensure the timely and accurate recording and reporting of financial transactions. Such supervision, review, and oversight are not occurring. In addition, the district still has not established an internal audit function, which would provide an additional source of review and monitoring.

Management Information Systems

The district has made some progress in the area of management information systems, having previously converted to a new financial management system. In addition, in January 2004, the district implemented the human resources/payroll module of its information management system. However, the district is not utilizing all of the system capabilities, and in some instances, controls have not been implemented or are being overridden.

The district has not fully implemented and does not consistently utilize position control, has not developed documentation and implemented security controls, has not yet loaded critical information related to seniority and credentialing onto the system, nor has it implemented the automated substitute calling system. While some progress has been made, the district needs to significantly improve in the areas of budget development and control over personnel expenditures.

With regard to the student attendance and information system, the district is moving forward with plans to implement a new system for the 2005-06 year. However, for 2004-05, the district will continue to operate with an outdated version of the SASI system. The older version is not able to accommodate the recording and reporting of information for more than 99 school sites,

but the district operates more than 112 sites. As a result, the district must combine the data of some sites and then separate it again to be able to report accurately. The need to manipulate the data increases the likelihood of errors in recording and reporting attendance data.

Special Education

The district has historically operated with a significant deficit in its special education program. Currently, the district is attempting to better control costs through measures such as reducing NPS/NPA placements, controlling staffing ratios and the number of staff, recouping costs for LCI and charter school students, and improving the intervention and assessment processes. Nevertheless, the district continues to operate with a large deficit in the current fiscal year.

The district is in the difficult position of reducing its special education general fund encroachment, without violating federal maintenance-of-effort requirements which could result in the district losing federal funds and further increasing the general fund encroachment.

In Summary

The review of Financial Management included the assessment of 30 selected professional and legal standards of performance. Of the 30 standards, 29 are partially implemented and one standard is not yet implemented.

The average rating of the subset of 30 standards in this operational area in September 2003 was **0.73** on a scale of 1 to 10 with 10 the highest score possible. The average rating in March 2004 was **2.00** and the average rating in September 2004 is **2.83**.

FACILITIES MANAGEMENT

The Facilities Management and Planning Division continues to take steps to address the recovery plan's recommendations. The division has made steady progress since the last review period. The division is implementing most of the FCMAT facilities standards, but has not yet reached the stage in which the recommended practices are fully implemented, monitored, and becoming systematic. In several areas, including preventative and planned program maintenance, standardization of procedures is delayed by the lack of a documented approach and plan.

The Oakland Unified School District is implementing several new and innovative districtwide initiatives, including a transition to small autonomous schools and a site-based budgeting approach known as results-based budgeting. Because these two projects are relatively new, it remains difficult to fully understand how they will affect the work of the Facilities Division in the future. Converting the district's large schools to smaller campus units is a multiyear effort that will affect the prioritization and workload of the Facilities Department's construction projects. Under results-based budgeting, custodians are managed by site administrators, and there is some discussion of moving toward a similar site charge-back system for maintenance work. The leadership and staff of the Facilities Division will have to continue to adjust its traditional approach under these new conditions.

Graffiti and Vandalism

Graffiti and vandalism continue to be significant, costly, and demoralizing problems for the district. The district has made little progress in addressing this issue in the year since these reviews began. While some steps have been taken, including making graffiti removal a priority for painting crews and custodians, the district continues to emphasize reactive measures rather than preventative strategies. A large percentage of the graffiti and vandalism incidents take place inside district buildings during school hours, and could therefore be prevented by improved supervision. The Department of Buildings and Grounds estimates that more than 50 percent of its routine work orders are directly related to vandalism and/or misuse of the district's facilities.

Maintenance

The Facilities Division is doing reasonably well at keeping up with most of the district's maintenance needs, but it is unreasonable to expect that the Facilities Division staff alone can make the district's buildings clean, safe, and productive learning environments. Combating the challenge of graffiti and vandalism must become a districtwide responsibility and requires leadership from those with the authority to elicit active participation from principals, custodians, teachers, students, parents, and community members. The district staff must work together to develop a comprehensive graffiti and vandalism abatement plan that outlines procedures, consequences, and specific responsibilities for all involved parties.

Comprehensive Facilities Master Plan

The district has made some efforts to update its Facilities Master Plan, but it needs to accelerate action in this area. In the absence of an up-to-date plan, the district lacks a blueprint for guiding facilities-related decisions. The district has contracted with a consultant who is close to completing a needs assessment of all the district's sites. The final scope of the plan is still in question, however, and different factions within the district and community have varying ideas as to what the plan should contain. Regardless of the outcome of these discussions, it is vital that the plan

encompass guidelines for prioritizing and approving projects. This plan component is essential to ensuring that future projects are scheduled and undertaken in an appropriate and equitable manner. Determining and documenting these prioritization criteria should be of primary importance to the master planning team. Furthermore, the district must reestablish an active citizen's oversight committee to provide input on bond expenditures and the master planning process.

Custodial Services

The Facilities Division has made the most notable improvements in the area of custodial services. At the time of the last review, the Custodial Services Department had just undergone a severe reduction in staffing levels, morale was extremely low, and unacceptable conditions were observed in many of the district's buildings. The department has responded proactively. Several new activities are planned for this fall. These include piloting a team cleaning approach; distributing and utilizing newly purchased equipment; starting a comprehensive training program; improving monitoring procedures and increasing consequences for poor attendance; emphasizing expectations for restroom inspections and cleanliness; and reinforcing custodial cleaning standards. It remains to be seen how successful these efforts will be at improving school cleanliness, but the plans are well developed and focused on improvement. The Custodial Services Department and Facilities Division are optimistic that they will allow custodians to be more effective and efficient at maintaining clean facilities, even as they undertake their work with fewer resources than in previous years.

School Grounds

In addition to the efforts relating to custodial services, the Facilities Division has targeted improvement of school grounds as a primary area of focus. It purchased approximately \$300,000 of new equipment and supplies, reorganized the gardener shop, and restructured its approach to grounds maintenance. Grounds crews will visit schools as a coordinated team to address a particular site's mowing and gardening needs on the same day. The review team observed improved grounds' conditions at many schools across the district.

While the division has yet to implement a systematic process for conducting regular, comprehensive building inspections, the Department of Buildings and Grounds has addressed most of the issues raised by the Oakland Fire Department in its spring 2004 inspections. The division has acquired the services of an external consultant and is working site-by-site to ensure that every school has a functioning fire alarm system. Fire safety remains a significant issue at campuses where vandalism has disabled or caused the removal of fire alarm pulls and extinguishers.

In Summary

The review of Facilities Management included the assessment of 24 selected professional and legal standards of performance. Of the 24 standards, 24 are partially implemented with ratings between one and seven.

The average rating of the subset of 24 standards in this operational area in September 2003 was **1.46** on a scale of 1 to 10 with 10 the highest score possible. The average rating in March 2004 was **2.96** and the average rating in September 2004 is **3.58**.

Returning the District to Local Governance

Several conditions need to be met for the district's eventual return to local governance. Senate Bill 39, Perata, Statutes of 2003, provides clarity, conditions and intent regarding the return of the designated legal rights, duties and powers to the Governing Board. The authority of the Superintendent of Public Instruction (SPI) and his administrator designee shall continue until the SPI determines that the conditions of subdivision (e) of SB 39 are satisfied. The Superintendent of Public Instruction has sole authority to decide when the return of legal rights, duties and powers to the Governing Board occurs.

SB 39 provides specific and direct responsibilities to FCMAT in assisting the Superintendent of Public Instruction and the Oakland Unified School District with recovery. These duties include the following:

1. FCMAT shall prepare an improvement plan for the Oakland Unified School District by updating the January 2000 comprehensive assessments and recovery plans of the district.
2. Based upon the progress reports, FCMAT shall recommend to the Superintendent of Public Instruction those designated functional areas of school district operation that it determines are appropriate for the Governing Board of the school district to assume.
3. FCMAT shall file written status reports that reflect the progress the district is making in meeting the recommendations of the improvement plans.
4. FCMAT, after consultation with the state administrator, determines that for at least the immediately previous six months the district made substantial and sustained progress in the following functional areas:
 1. Community Relations and Governance
 2. Pupil Achievement
 3. Financial Management
 4. Personnel Procedures
 5. Facilities Management

As required by SB 39, FCMAT updated the ratings of all of the standards assessed in the Oakland Unified School District Assessment and Recovery Plan developed for the district in January 2000. The Assessment and Recovery Plan Update completed in September 2003 provided the updated ratings for all of the standards and also included the assessment of several additional standards that became applicable subsequent to the initial assessment conducted in 2000.

The September 2003 Recovery Plan Update also identified criteria and provided an implementation plan, based upon a smaller subset of standards, for the district's recovery. FCMAT selected the subset of standards to be targeted for the ongoing six-month progress reports in consultation with the California Department of Education (CDE) and the appointed State Administrator. The standards were selected as having the most probability to assist the district with recovery. The selected standards are identified in the Tables of Standards in Section Two of this report. A descriptive narrative of the progress made in addressing the recommendations of each of the selected standards is also provided in Section Two of this report.

The September 2003 Recovery Plan Update reported updated scaled scores for all of the standards to provide an accurate measure of the district's status regarding recovery at that time. Each standard was measured for completeness and a relative scaled score from zero (not met) to ten (fully met) was applied. An average of the scores of the selected subset of standards in each

operational area was determined. The averages of the scaled scores reported in September 2003 became the baseline of data against which the district's progress could be measured over time. Six-month progress reports issued in March 2004 and September 2004 indicated the district's progress in addressing recommendations to successfully implement the identified subset of standards. New ratings of the district's progress in the six-month intervals were provided.

The Oakland Unified School District is not required to reach a scaled score of 10 in every selected standard, but the district is expected to make steady progress that can be sustained, as substantial and sustained progress is a requirement of SB 39. It is reasonable to expect that the district can reach an average rating of at least a six in each of the five operational areas identified in SB 39. In collaboration with the California Department of Education, FCMAT established the following criteria to measure the district's progress. When the average score of the subset of standards in a functional area reaches a level of six, and it is considered to be substantial and sustainable, and no individual standard in the subset is below a four, FCMAT will recommend to the Superintendent of Public Instruction that this particular condition of SB 39 has been met and that this operational area could be returned to the Governing Board. The final authority to return governance authority to the district board lies with the Superintendent of Public Instruction.

Senate Bill 39 suggests an incremental return of powers to the district. Subject to progress, recommendations every six months will address the functional areas of school district operations that could be returned to the Governing Board of the school district by the SPI. The ultimate return of legal rights, duties and powers is based upon the SPI's concurrence with the assessment of his administrator designee and FCMAT that the future compliance by the district with the improvement plans and the multiyear financial recovery plan is probable.

Implementation Plan

FCMAT updated and assessed 416 professional and legal standards for the September 30, 2003 Recovery Plan Update, providing an in-depth review of 138 of these standards in five operational areas. Based on this work, a subset of standards in each operational area was identified to assist the district in successfully achieving recovery and return to local governance. This subset of standards has become the focus of the ongoing six-month progress reviews conducted in the district. Although all professional and legal standards utilized in the comprehensive assessment process are important to any district's success, focusing on this identified subset of standards will enable the Oakland Unified School District to more quickly achieve a return to local governance.

FCMAT, with the collaboration of the California Department of Education and the State Administrator, identified the following subset of 135 standards in the five operational areas that will be reviewed during each six-month progress review.

26 standards in Community Relations and Governance
25 standards in Personnel Management
30 standards in Pupil Achievement
30 standards in Financial Management
24 standards in Facilities Management

These standards are addressed in-depth in each of the five operational areas in Section Two of this report. They are also identified in bold print in the Table of Standards displayed at the end of each operational area section.

In collaboration with the California Department of Education, FCMAT established the following criteria to measure the district's progress. When the average score of the subset of standards in an operational area reaches a level of six and it is considered to be substantial and sustainable, and no individual standard in the subset is below a four, FCMAT will recommend to the Superintendent of Public Instruction (SPI) that this particular condition of SB 39 has been met and that this operational area could be returned to the Governing Board.

Subject to progress, recommendations every six months will address the functional areas of school district operations that could be returned to the Governing Board of the school district on an incremental basis. The ultimate return of legal rights, duties and powers will be based upon the SPI's concurrence with the assessment of his administrator designee and FCMAT that the future compliance by the district with the improvement plans and the multiyear financial recovery plan is probable.

September 30, 2003 Report:

The average of the subset of standards in each operational area as of the September 30, 2003 report is indicated below. These ratings provided a base line of data against which the district's progress could be measured over each six-month period of review.

Community Relations/Governance: average rating **3.92**, with **6** standards under a 4.
Personnel Management: average rating **2.64**, with **15** standards under a 4.
Pupil Achievement: average rating **2.47**, with **25** standards under a 4.
Financial Management: average rating **0.73**, with **29** standards under a 4.
Facilities Management: average rating **1.46**, with **23** standards under a 4.

March 30, 2004 Report:

The average of the subset of standards in each operational area as of the March 30, 2004 report is indicated below. These averages can be compared to the baseline averages reported in the September 30, 2003 report to determine the progress made by the district in the six months since the previous report.

Community Relations/Governance: average rating **4.54**, with **3** standards under a 4.

Personnel Management: average rating **2.80**, with **15** standards under a 4.

Pupil Achievement: average rating **3.40**, with **17** standards under a 4.

Financial Management: average rating **2.00**, with **29** standards under a 4.

Facilities Management: average rating **2.96**, with **17** standards under a 4.

September 30, 2004 Report:

The average of the subset of standards in each operational area as of this September 30, 2004 report is indicated below. These averages can be compared to the averages reported in the previous reports to determine the progress made by the district in the six-month intervals.

Community Relations/Governance: average rating **5.73**, with **1** standard under a 4.

Personnel Management: average rating **3.96**, with **9** standards under a 4.

Pupil Achievement: average rating **4.20**, with **6** standards under a 4.

Financial Management: average rating **2.83**, with **25** standards under a 4.

Facilities Management: average rating **3.58**, with **10** standards under a 4.

The district continues to make modest progress in all five operational areas.

Operational Area	Average Rating Sept. 2003	Average Rating March 2004	Average Rating Sept. 2004	Stnds < 4 Sept. 2003	Stnds < 4 March 2004	Stnds < 4 Sept. 2004
Community Relations and Governance	3.92	4.54	5.73	6	3	1
Personnel Management	2.64	2.80	3.96	15	15	9
Pupil Achievement	2.47	3.40	4.20	25	17	6
Financial Management	0.73	2.00	2.83	29	29	25
Facilities Management	1.46	2.96	3.58	23	17	10

Continuing Assessment Reports

Although Senate Bill 39 required FCMAT to conduct ongoing monitoring reports only through September 2004, the California Department of Education plans for FCMAT to continue to monitor the district's progress for the district's eventual return to local governance. Funding for a subsequent annual assessment is proposed in Assembly Bill 2525, now enrolled for the Governor's consideration and anticipated signature.

Background of FCMAT's Involvement in the District

The information presented here chronologically summarizes FCMAT's involvement with the Oakland Unified School District beginning in spring 1999.

Oakland USD Assessment and Recovery Plan, January 31, 2000

On April 14, 1999 the Oakland Unified School District Board of Directors voted unanimously to ask for a comprehensive audit from the Fiscal Crisis and Management Assistance Team. The vote was contingent upon Senator Don Perata acquiring funds from the state legislature to conduct the study. Assembly Bill 1115 allocated \$750,000 to FCMAT to conduct the comprehensive assessment for the district in five major operational areas.

FCMAT utilized a Request for Applications (RFA) process to identify competent agencies in California to assist with the comprehensive assessment. The agencies selected to assist in the process were:

- California School Boards Association (CSBA) – Community Relations and Governance
- Schromm and Associates – Personnel Management
- California Curriculum Management Audit Center (CCMAC), an affiliate of the Association of California School Administrators (ACSA) – Pupil Achievement (CCMAC is now Curriculum Management Systems, Inc.)
- School Services of California – Financial Management
- MGT of America – Facilities Management

After months of field work in the district, the FCMAT comprehensive assessment was presented to the district on January 31, 2000 under title Oakland Unified School District Assessment and Recovery Plans. The report provided an assessment of 379 professional and legal standards in five operational areas, and rated each standard on a scale of 1 (not implemented) to 10 (fully implemented, sustained) as to their relative status of completeness.

Neither the Oakland Board of Directors nor Assembly Bill 1115 requested or required any subsequent monitoring of the district's work to implement the recommendations contained in the Assessment and Recovery Plan. However, in the report FCMAT identified several key standards in each operational area that the district should focus on during the first six months following the presentation of the report.

Follow-Up Report for Oakland Unified School District, March 9, 2000

On March 9, 2000 FCMAT provided the Oakland Unified Superintendent with a follow-up report on several areas of district operations. This report, in the form of a management letter, was sent as FCMAT was concerned about the district's ability to fund multiyear agreements. This follow-up report addressed several fiscal and operational issues and made several recommendations for improvement, including the following: the need for the district to decrease staff when enrollment decreases; reconcile payroll records to position control records; begin to address the 2000-01 budget shortfall that would occur if reductions were not made; prepare multiyear financial projections relative to any district negotiated bargaining agreements; adopt a consistent method of reporting charter school enrollment; monitor student attendance systems; monitor the budget to actual expenditures on a regular basis.

Oakland Unified SELPA Review, September 13, 2000

In March 2000 FCMAT was invited by the Oakland Unified School District Superintendent to conduct a review and analysis of the district's special education programs, services and administrative support structure. The review included the areas of the budget, staffing levels, programs offered, student population, student performance and achievement, program compliance, student discipline, and facilities. The district further requested that FCMAT focus on the additional areas of the management information systems, transportation, non-public school placement (NPS), student assessment and student study teams, teacher recruitment and support, certificated staff credential status, class size and caseload, 504 accommodation, revenue maximization, service delivery structure, and administrative support structure.

The Management Assistance SELPA Review for the Oakland USD was provided to the district on September 13, 2000. The report noted that the district had numerous unresolved compliance issues and that 30 percent of students had overdue IEPs or triennial assessments. The special education program encroached significantly on the district's general operating fund, far exceeding the statewide average, and strategies to contain costs had not been implemented. The district was making significant expenditures in the area of nonpublic school placements.

FCMAT was not requested to provide additional assistance or to conduct any follow-up reviews of the district's efforts to implement the recommendations in the special education SELPA review.

Alameda COE Appointed Fiscal Advisor

In October 2002, the Alameda County Superintendent of Schools requested FCMAT to provide management assistance to the Oakland Unified School District. On October 11, 2002, the county office disapproved the district's 2002-03 budget, declared a "lack of going concern" and appointed FCMAT as the county office's fiscal advisor to the district.

The County Superintendent also requested the FCMAT Board of Directors to declare that a fiscal emergency existed in the district under Education Code Section 42127.8(e). On October 20, 2002, the FCMAT Board, after hearing testimony on the district's fiscal condition took action declaring that a fiscal emergency existed in the Oakland Unified School District. This action by the FCMAT board allowed FCMAT to direct its resources to assist the district and enabled FCMAT to assign fiscal and technology staff to provide hands-on assistance to district personnel in the business office and with the district's data-management systems. The district was unable to close its books for the 2001-02 fiscal year. Working daily in the district, FCMAT ultimately assisted the district in closing the 2001-02 fiscal books and developing the budget for fiscal year 2002-03. FCMAT also subsequently assisted the district in developing the 2003-04 budget.

The district's ending fund balance for 2001-02 was a negative \$31 million. FCMAT initially projected a negative ending fund balance for 2002-03 of more than \$70 million including all of the components of fund balance. The 2 percent reserve requirement for 2002-03 of approximately \$8 million was not budgeted. FCMAT concluded that the district would require an emergency loan to address the budget issues accumulated in the 2001-02 and 2002-03 fiscal years and expected to continue into the 2003-04 fiscal year. FCMAT, the Alameda COE and the Oakland USD ultimately determined that the district may need an emergency loan in the amount of \$100 million.

At a special board meeting on January 22, 2003, the Oakland Unified Board of Directors considered Board Resolution No. 0203-0143 requesting a state emergency loan in an amount to be determined by FCMAT as the county appointed Fiscal Advisor. That resolution failed. Board Resolution No. 0203-0140 providing for a state loan, the appointment of a State Trustee, and other provisions, was subsequently passed by the board. On February 20, 2003 Senator Don Perata requested the Oakland Unified Board of Directors to submit a formal request for a specific loan amount by April 2, 2003 for inclusion in a bill that he would carry to the legislature. On March 27, 2003 the Oakland Unified Board of Directors approved Board Resolution No. 0203-0226 requesting a state emergency loan in the amount of \$100 million.

State Administration of the Oakland USD

On May 30, 2003 the Governor signed Senate Bill 39 (Perata) into law. The bill appropriated \$100 million as an emergency loan to the Oakland Unified School District. The bill required the Superintendent of Public Instruction to assume all the legal rights, duties and powers of the Governing Board of the Oakland Unified School District and to appoint an administrator to act on his behalf in the school district.

The bill further required FCMAT to prepare an improvement plan for the school district by updating the comprehensive Oakland Unified School District Assessment and Recovery Plan developed by FCMAT for the district in January 2000, and to report on the implementation of the improvement plan beginning in September 2003 and continuing with six-month progress reports in March 2004 and September 2004.

A state administrator was appointed to the district effective June 16, 2004. The state administrator requested fiscal assistance from FCMAT for the district's finance department. Beginning July 1, 2003, one full-time equivalent staff member on loan from FCMAT, under the direction of the State Administrator, provided on-site assistance and training for the finance department staff and served as a senior fiscal manager for the district. This FCMAT on-site assistance ended on June 30, 2004.

July 1, 2003 Report to the Superintendent of Public Instruction

FCMAT prepared a report for the Superintendent of Public Instruction (SPI) on July 1, 2003 indicating that the January 2000 Assessment and Recovery Plan developed for Oakland Unified remained a viable plan of improvement, but that the professional and legal standards first assessed in January 2000 needed to be "re-benched" in order to provide the new baseline data needed to determine progress made by the district over time.

FCMAT's general review of the Assessment and Recovery Plan indicated that the findings and recommendations identified in January 2000 were still applicable to the district's recovery. However, new standards, not developed or included in January 2000, were now applicable to the district's recovery and needed to be included and assessed. Scaled scores assigned to standards in January 2000 were not indicative of progress that may have occurred in the intervening years and were in need of revision.

FCMAT's July 1, 2003 report to the SPI described the process FCMAT would employ to update the January 2000 Assessment and Recovery Plan in the two months remaining before the September 2003 deadline in the legislation. FCMAT successfully reconvened the study team members who participated in the initial Assessment and Recovery Plan to assist with the ongoing assessment of the district's progress since that time. FCMAT study teams conducted their work in the district during August and September 2003.

Assessment and Recovery Plan Update, September 2003

Senate Bill 39 required that FCMAT prepare an improvement plan for the school district by updating the comprehensive Oakland Unified School District Assessment and Recovery Plan developed in January 2000. FCMAT was required to report on the implementation of the improvement plan beginning in September 2003 and continuing with six-month progress reports in March 2004 and September 2004.

The Oakland USD Assessment and Recovery Plan Update, provided on September 30, 2003, provided the Oakland Unified School District with the results of FCMAT's systemic, comprehensive assessment in five areas of district operations:

1. Community Relations and Governance
2. Personnel Management
3. Pupil Achievement
4. Financial Management
5. Facilities Management

The report reviewed all of the original standards assessed in the January 2000 report, added new standards that had since become applicable, and provided current rating scores for each of the standards. Several selected standards were reviewed in-depth and findings and recommendations developed to provide guidance to the district for implementing the standards.

In collaboration with the California Department of Education and the State Administrator, FCMAT identified a subset of the professional and legal standards to address in follow-up six-month progress reviews. These standards were identified to assist the district to focus on a fewer number of standards with the most probability that, if addressed successfully, would lead to the district's recovery.

FCMAT's updated assessment of the Oakland Unified School District indicated that the district continued having difficulty meeting many of the basic legal and professional standards. The report noted that many of the issues identified in the updated report could not be remedied in a short period of time, and many of them would require collaboration with community and employee groups.

First Six-Month Progress Report, March 2004

In January and February 2004, FCMAT study teams conducted several visitations to the district office and various school sites, reviewed documents, and interviewed district staff, advisory board members, parents, students and community members to assess the district's progress in addressing the recommendations of the Assessment and Recovery Plan.

A FCMAT representative also attended several community forums to solicit community input first hand and to further explain FCMAT's role in the district's recovery process. A FCMAT representative also participated in regular status meetings with the district, Alameda County Office of Education, and the California Department of Education.

Second Six-Month Progress Report, March 2004

In May, August and September 2004, FCMAT study teams visited the district and various school sites, reviewed documents prepared by the district staff, interviewed district staff, advisory board members, parents, students and community members to assess the district's progress in addressing the recommendations of the identified subset of standards in the Assessment and Recovery Plan in the six-month period since the March 2004 report.

This report is the second of the two six-month progress reports required by Senate Bill 39.

Section Two

*Subset of 135 Standards in the
Five Operational Areas*

