

Oakland Unified School District

Assessment and Recovery Plan

First Six-Month Progress Report

March 30, 2004

Submitted by the

Fiscal Crisis & Management Assistance

Team

Executive Summary

Introduction

On May 30, 2003 the Governor signed Senate Bill 39 (Perata) into law. 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 appropriated \$100 million as an emergency loan to the Oakland Unified School District to cover cash flow needs, the ongoing structural budget deficit, and to mitigate the impact of future deficit spending. The emergency loan is amortized over a 20-year period.

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, and it is anticipated that the balance will be utilized.

Senate Bill 39 also required that by July 1, 2003 the Fiscal Crisis and Management Assistance Team (FCMAT) 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. 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 sub-set of the total array of professional and legal standards for the district to focus on in its recovery.

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

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.

Chronology of FCMAT's Involvement in the District

The information presented here 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. In Assembly Bill 1115, the Governor 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 multi-year 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 multi-year 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 at 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, 2004, one full-time equivalent staff member on loan from FCMAT, under the direction of the State Administrator, has 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 is expected to end by 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 sub-set 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 has 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 participates in regular status meetings with the district, Alameda County Office of Education, and the California Department of Education.

This report is the first of two six-month progress reports required by Senate Bill 39. The second six-month progress report is expected to be completed in September 2004.

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. 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 reflects the district's progress in addressing the legal and professional standards in the six month period since September 2003.

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 sustain-able. (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 report, and the ongoing six-month progress reports:

- 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 standard. 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 Martinez

For the California School Boards Association – Governance/Community Relations

Paul Richman

Holly Jacobson

Ben Bartos

Davis Campbell

Diane Green

Martin Gonzalez

James Morante

Samantha Dobbins Tran

For the Curriculum Management Systems, Inc. – Pupil Achievement

William Streshly

Eve Proffitt

Olive McArdle

Susan Burleson

Penny Gray

James Scott

For Schromm Associates – Personnel Management

Richard A. Schromm

Charles Diggs

Michael J. Keebler

Jack M. Weinstein

For MGT of America – Facilities Management

Janelle Kubinec

Rachel Ehlers

Ed Humble

Dave Teater

For School Services of California – Financial Management:

Jerry Twomey

John Gray

Summary of Principal Findings and Recommendations

Section Two of this report includes an in-depth review of the progress made by the district on the recommendations made in the identified sub-set of standards reported in the January 2000 Oakland Unified School District Assessment and Recovery Plan and the September 2003 Assessment and Recovery Plan Update. 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 March 2004 First Six-Month Progress Report represents data collection and analysis at a specific point in time. FCMAT review teams visited the district in late January and early February 2004. This report was presented to the Oakland Unified School District and Superintendent of Public Instruction on March 30, 2004 and formally presented to the advisory board at its regular board meeting in mid-April 2004.

GENERAL OVERVIEW

The district has made modest progress in addressing the recommendations of the Assessment and Recovery Plan. The average ratings in the five operational areas reflect minimal gains. However, the district has taken several actions that will assist the district toward recovery.

- In the past, the district operated with antiquated and ineffective non-integrated systems that contributed to the lack of timely and accurate financial information, and undermined budgetary controls. In order to improve monitoring and control of its budget, 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 between the first and second interim reporting periods by \$12 million.
- The district increased monitoring of special education expenditures and participation of budget staff in the monitoring process. A review of special education program services and delivery was also undertaken, and appropriate modifications made.
- The district is in the beginning phase of implementing a results-based budgeting system. Principals are receiving training for their expanded role and are developing their first results-based budget. 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. Training for managers and supervisors in this area has begun.
- The district placed a parcel tax on the March 2, 2004 ballot that was successfully passed. The parcel tax will renew and augment the existing parcel tax that provides supplementary funds for district programs.

Although the district has taken a number of necessary first steps, much still needs to be done. The district faces a difficult task attending to a myriad of problems that will take time to remedy.

- The size of the district deficit and previous deficit spending 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 district's student enrollment continues to decline, further decreasing the district's incoming revenues.
- The district has not aggressively sought to build a permanent, experienced fiscal management team. The assistant superintendent for finance position remains vacant as the district continues to reorganize and depend on external technical assistance to support day to day organizational and business functions. Key business staff will retire at the end of the 2003-04 fiscal year leaving another void in the fiscal division. The State Administrator and the CDE, with the assistance from ACOE, need to address the immediate hiring of capable replacement line and administrative staff, and support the creation of an ongoing structure for business functions to maintain the financial management gains made during the past year.
- Updating the Facilities Master Plan to provide long-range guidance for addressing the district's facilities needs is a top priority but will require time to do effectively.

Although a number of planning processes have been initiated in all operational areas, reporting processes remain weak, and developing staff capability will be a continuing challenge. The district also will need to assess the effectiveness of the first steps that have been initiated.

COMMUNITY RELATIONS AND GOVERNANCE

In the area of Community Relations and Governance, the Oakland Unified School District has demonstrated solid progress in its communications efforts, and modest progress in some standards related to parent-community relations. In the area of policy, the district appears to have made no progress in the last six months, and little to no progress was observed with respect to collaboratives and councils. While several positive steps have been demonstrated in the area of boardsmanship and board meetings, it is too soon to effectively assess progress on all of these standards.

Strengthening communications has been a high priority for the district during the past six months. The district has worked toward organizing, formalizing and institutionalizing many of the operations by updating and adopting a comprehensive district communications plan that contains strategies for both internal and external communications. This plan is now in the implementation stage.

The district has maintained its high level of parent/community outreach, and meetings with student groups are being conducted on a regular basis to solicit their input on district activities. Increasing the involvement of underrepresented and disenfranchised parents and community members remains a challenge for the district.

Little improvement is evident on some of the priority standards pertaining to district and school site councils. Confusion still appears to exist among some site councils regarding their roles. The effectiveness of district and site councils may be improved through additional training to council participants, feedback to site councils regarding implementation of school plans, and greater accountability of site councils relative to the progress of those plans.

Only two board policies were adopted during the past six months. There is no clearly defined policy development process that includes specific timelines and objectives. The district needs to formally establish and implement this process and establish accountability measures to ensure continual review and updating of the policy manual.

The state administrator has involved the board through regular meetings, as well as special meetings and study sessions. Many board members continue to be actively and constructively engaged in district matters, and relations among board members seem to have improved somewhat since September 2003. A governance training program is scheduled to commence in late February. Modest progress has been demonstrated in about half of the boardsmanship priority standards.

Board meetings appear to be running efficiently. Conduct at meetings among board members and among board members and staff is generally characterized as respectful. Board meetings also are beginning to focus more on issues related to student achievement. However, preparation for board meetings continues to vary among board members.

The review of Community Relations and Governance included the assessment of 26 selected professional and legal standards of performance. Of the 26 standards, 26 were partially implemented, with ratings between one and seven.

The average rating of the sub-set of 26 standards 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 is **4.54**.

PERSONNEL MANAGEMENT

The Human Resources Division has room for considerable improvement in the area of recruitment and selection of both certificated and classified employees. The number of vacancies in the district in February 2004 greatly exceeds what one would expect at this time of year. There were 37 certificated positions unfilled, 17 of which were special education vacancies. It was also reported that approximately 82 classified and management positions remained unfilled. The Human Resources Division must address the large number of district vacancies.

The Human Resources Division must reexamine how it delivers services, determining which services are appropriate and essential and reviewing the work flow process to streamline operations. Other than the accomplishment of implementing Bi-Tech to integrate a position control system in the district, the division has not made significant progress in implementing the standards. In some cases, the district has regressed.

The Human Resources Division has developed a directory of services that is in the process of being distributed to schools and offices and has been placed on the Human Resources web page. This directory will be of great assistance in determining who to contact in Human Resources for specific issues or services. The division now schedules weekly meetings with the leadership team to improve internal communications and problem solving within the division.

The HR Division needs to establish uniform guidelines and procedures for employee recruitment and selection that are consistently applied to ensure that the classified selection process operates in a fair, consistent and defensible way and results in the best hire. Administrators involved in selecting employees must be held accountable for adherence to the established process.

The Human Resources Division, in conjunction with the Business Services Division, has completed the first stage of converting to the Bi-Tech system for its business and personnel applications. The new software includes an integrated position control module that ties authorized budgeted positions with payroll and personnel. The division needs to continue its efforts to get the credentials, seniority and automated substitute calling system interface modules installed as soon as possible.

There is no system in place to review, revise and adopt job descriptions. Job descriptions form the bases for all hiring, promotion, discipline and other job-related functions. The Human Resources Division should immediately address this crucial area, with the support of the Legal Department.

Training has been provided for administrators in the areas of evaluation, employee discipline and due process. The HR Division needs to identify the specific areas of training that is the responsibility of the HR Division to provide to district staff.

The Human Resources Division provides sites and departments with an annual list of employees who need to be evaluated and the appropriate time lines. There are currently no procedures in place to follow up on sites that fail to complete the required evaluations or to report to the Superintendent's Cabinet those sites and departments that did not complete the required evaluations. There is also no process in place to monitor the timely completion of evaluations for probationary classified employees.

The district has an extensive employer-employee relations program and much of the work is very technical and often legal in nature. The district must develop and maintain staff with the proper skills to carry out the various aspects of this program. Experienced legal counsel must be available to assist the district staff.

The review of Personnel Management included the assessment of 25 selected professional and legal standards of performance. Of the 25 standards, 22 were partially implemented and 3 were not yet implemented.

The average rating of the sub-set of 25 standards 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 is **2.80**.

PUPIL ACHIEVEMENT

The district has made significant progress toward implementing the Pupil Achievement recommendations of the Assessment and Recovery Plan, January 31, 2000. Notable gains have been made toward establishing an organizational foundation for future growth and improvement. Consequently, the results in some instances won't be realized for years. However, much remains to be accomplished. Student achievement gains have been documented, but scores remain low. Major progress has been made toward the establishment of instructional program management based on the systematic use of data, and the budgeting of resources in the district promises to be curriculum-driven and results-based.

The Oakland Unified School District Instructional Framework has replaced the out-of-date and inadequate policy framework of the district. The Framework is designed to provide direction for district operations in the areas of Assessment, Professional Development, Results-based Budgeting, Equity, and Curriculum.

The 2002-2007 Strategic Alignment Plan establishes high expectations and Twelve Core Strategies, and sound planning is happening in key areas. The Board has adopted a policy that acknowledges long-range planning as an integral component of the growth and development of the district.

The study team was not presented with a comprehensive curriculum management plan; however, staff indicated it is currently being developed and purportedly includes the quality components of a curriculum management plan as recommended in the Assessment and Recovery Plan, January 2000.

In lieu of formal curriculum guides, the district administration decided to select and adopt several standards-based textbook series. The textbooks approved by the state are well aligned with the state's standards and the state's assessment instruments. The inherent lack of focus of a textbook curriculum has been addressed by the district staff by developing Pacing Guides to give teachers the necessary specificity for clear direction.

The study team visited the classrooms of 24 schools across the district and observed that the textbook curriculum strategy had apparent teacher support and was resulting in teaching directed at the California Standards. Adoption and subsequent district-wide implementation of the Open Court and High Point instructional programs, along with Harcourt Math and the comprehensive benchmark assessment systems, have at the elementary level notably addressed the lack of cohesion, feedback, and staff development described in the 2000 Assessment and Recovery Plan.

The study team found numerous potential compliance issues within the special education programs. Of special concern were the continuing high numbers of past-due yearly IEP reviews and triennial IEP reviews.

The district has developed a 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. Progress has been made enforcing the provisions of the Voluntary Resolution Plan; however, no evidence was provided to indicate personnel were being held accountable through timely evaluations.

The study team found continuing progress in the district's data systems for disaggregating data by race/ethnicity, gender, socioeconomic factors, and language. The district provides these data in useable form to gauge operational performance and to improve instructional programs and decision-making. All principals continue to be trained in the use of data and assessment with assistance from the executive directors. The study team was not provided with evidence that indicates that the training is effective in making a positive impact on classroom instruction.

Student achievement continues to be a major concern. None of the II/USP high schools met AYP targets, and twenty-four of thirty-four elementary schools did not meet their 2003 AYP targets.

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 sub-set of 30 standards 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 is **3.40**.

FINANCIAL MANAGEMENT

In the six months since the September 2003 report, the district has achieved some measure of stability. Since July 1, 2004, one full-time equivalent staff member on loan from FCMAT, under the direction of the State Administrator, has provided on-site technical assistance and training support for the finance department staff. A reorganization of the finance department has created an emerging role for district senior managers, bringing needed technical support and coordination to the organization. Structure and oversight have been provided for basic fiscal operations and reasonable expectations for staff competence and productivity have been established. Nevertheless, there are still issues of technical capacity at both the staff and first-line supervisory levels. FCMAT staff and at least one key Financial Services Officer of the district will exit the organization at the end of the fiscal year. As a result, stability and management oversight will once again be tested. Filling key management and staff positions must be among the highest priorities of the district in the near term.

The magnitude of the myriad of problems facing the district—the large size of the deficit, the ongoing decline in enrollment, continuing issues of special education compliance and maintenance of effort, and management information system needs—and the day-to-day operational needs make the establishment of a comprehensive and coordinated response to the findings and recommendations in the Recovery Plan difficult. The district has made some progress and is making a good faith effort to address its fiscal issues. However, the district has not yet developed a multi-year plan to resolve its fiscal problems.

The primary challenge the district faces is reducing its expenditures down to the level that revenues will support. That challenge is exacerbated by its steep and continuing decline in enrollment. In order to meet that challenge, accurate and timely financial information will be necessary. The district must:

- Project its finances over a longer, multi-year period in order to provide information to develop a long-range plan to eliminate its structural operating deficit and repay its state loan.
- Address pending issues related to documentation, training, controls, and data integrity and completeness for the newly implemented human resources/payroll system.
- Implement the position budgeting capabilities of the new human resources/payroll system in order to ensure the accuracy of budgeted personnel costs.
- Formally document all fiscal policies and procedures, particularly those related to budget development and monitoring and financial accounting to ensure the accurate projection of revenues and expenditures, and the correct recording and reporting of financial information.
- Continue to improve budget controls and monitoring to prevent budget overruns.

- Reduce special education encroachment, which is a significant drain on the unrestricted general fund, while still meeting federal maintenance-of-effort requirements.
- Implement internal control procedures that will prevent or detect financial irregularities.

The district's budget development process is now more actively managed by the Budget and Finance Departments. The oversight by fiscal administrators provides a greater level of critical review and evaluation of budget information and assumptions. As a result, the district appears to be budgeting more accurately. This issue will be more fully assessed in the next review period after the close of the fiscal year.

Complicating the budget process is the migration to "results-based budgeting," which decentralizes a significant portion of the budget development process. At least in this first year, this change will likely make the budget development process more difficult to manage and may increase the potential for errors.

The district has not established formal accounting policies and procedures. While staff technical skill and capacity is improving, additional staff training is warranted. In addition, the district does not consistently evaluate its employees.

The district has historically run 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 number of staff, recouping costs for LCI and charter school students, and improving the intervention and assessment processes. Nevertheless, the district continues to run a large deficit in the current fiscal year.

The review of Financial Management included the assessment of 30 selected professional and legal standards of performance. Of the 30 standards, 25 are partially implemented and 5 are not yet implemented.

The average rating of the sub-set of 30 standards 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 is **2.00**.

FACILITIES MANAGEMENT

The Facilities Management and Planning Division has made some progress since the last review in addressing the recommendations in the Assessment and Recovery Plan. Most of the progress has occurred with respect to planning for changes and documenting policies and procedures. The Facilities Division also has been actively involved in restructuring to address the district's budget shortfalls.

Among the major changes that have occurred since the September 2003 review was the elimination of approximately 70 custodial positions; identification of five school sites for potential closure at the end of the 2003-04 school year; reallocation of general fund resources from facilities to other district needs; and shifting to a results-based budgeting

approach, giving site administrators responsibility for allocating resources for maintenance and operations.

Although the Facilities Division is making important improvements, the condition of the district's facilities remains poor. For example, at more than one-half of the sites visited for this review, bathrooms were unclean and without toilet paper, exterior and interior spaces suffered from vandalism, and fire safety equipment was damaged or missing. Facilities Division staff continue to work in a reactive mode and appear unable to get ahead of the wear, tear, and damage that is inflicted on the buildings and grounds of the district's facilities.

Attention must be given to developing and implementing proactive measures to prevent vandalism and graffiti and to ensure that collective bargaining agreements permit staff to be held accountable for meeting meaningful job and performance standards.

The Facilities Division is working to develop custodial and inspection standards that site teams can use to guide their work; providing principals with control over site resources and holding them accountable for the appearance and cleanliness of their sites; and modifying staff evaluation criteria and procedures.

The district needs to develop a comprehensive Graffiti and Vandalism Abatement Plan and approach. The plan should be proactive and outline procedures, consequences, and specific responsibilities for all involved parties.

The district needs to update the Facilities Master Plan. In the absence of an up-to-date Facilities Master Plan, the district lacks a blueprint for guiding facility decisions. The plan must include priorities, timelines, costs, and suggested funding sources for all projects. Guidelines or "rules" for how projects are to be prioritized and approved must be developed. The plan should be coordinated with the district's deferred maintenance plan.

The district also needs to update evaluation instruments and implement maintenance and custodial standards. The district maintains custodial cleaning standards, but they are not currently followed or enforced. Staff must be trained on how to meet the standards and supervisors trained on how to use the standards to evaluate employees.

The district will need to acquire a more sophisticated Computerized Maintenance Management System (CMMS) to support results-based budgeting. The current system does not support the following functions: tying work orders to inventory and payroll (necessary for job costing); identification of areas in need of preventive maintenance; generating work orders based on a preventive maintenance schedule; allowing site administrators to track the status, time estimates, parts and materials linked to a particular work order; or integrating equipment inventory with equipment life expectancies, costs, and replacement schedules.

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 sub-set of 24 standards 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 is **2.96**.

Returning the District to Local Governance

It is important to note the conditions that must 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 certain conditions are met. The Superintendent of Public Instruction has sole authority to decide when the return of legal rights, duties and powers to the Governing Board occurs. This happens when the SPI determines that the conditions of subdivision (e) of SB 39 are satisfied.

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 sub-set of standards, for the district's recovery. FCMAT selected the sub-set 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 current 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 sub-set 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 can be measured over time.

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 sub-set 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 sub-set 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 sub-set of standards in each operational area was identified to assist the district in successfully achieving recovery and return to local governance. This sub-set 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 sub-set 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 sub-set 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 the Table of Standards displayed at the end of each operational area as the standards designated for review for the September 2004 progress report.

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 sub-set 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 sub-set 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.

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

Community Relations and 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.

The average of the sub-set of standards in each operational area as of this 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 and 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.

The district has made modest progress in all five operational areas.

Operational Area	Avg Rating Sept 2003	Avg Rating March 2004	Stnds < 4 Sept 2003	Stnds < 4 March 2004
Comm Rel/Gov	3.92	4.54	6	3
Personnel Mgt	2.64	2.80	15	15
Pupil Achievement	2.47	3.40	25	17
Financial Mgt	0.73	2.00	29	29
Facilities Mgt	1.46	2.96	23	17

Section Two

*Sub-Set of 135 Standards in the
Five Operational Areas*