



OAKLAND UNIFIED SCHOOL DISTRICT

1025 SECOND AVENUE, OAKLAND, CALIFORNIA 94606

March 31, 2003

Dear Members of the Oakland School Community,

We want to update you – parents, students, staff and community members – on our efforts to stabilize the district’s finances. The situation we face remains difficult, but we can report that we are making progress.

Our actions are guided by our basic principles – to balance the budget while maintaining the district’s core educational reforms that are breathing academic achievement and enthusiasm back into our schools and our school community. As much as possible, we want to limit layoffs, which would deprive our community of the skilled and dedicated staff who are in the process of transforming our schools.

We are aware of the impact of the decisions we are making and fully realize that even more sacrifices will be demanded of all of us in this school community this year and in coming years as the district returns to financial stability. We believe that the concept that applies in this situation is “triage” – to use our declining and limited resources to save educational programs and as many of our employees as possible, enabling us to continue our academic progress in the future for Oakland’s children.

The Board of Education last Thursday evening passed a resolution requesting a \$100 million line of credit from the state. If the California Legislature approves legislation that embodies the line of credit, rather than a standard loan, we can borrow and repay only what we need. We know we must borrow at least \$64 million to pay off the deficit for this year and last year. Next year’s revenue is declining, so even as we balance next year’s budget, based on current budget projection, there could still be a shortfall.

A decision last week from Attorney General Bill Lockyer closed off our hope that we could immediately reduce our debt by using nearly \$40 million that we received from the state to reimburse our construction projects.

Nonetheless, we want to emphasize that based on our conversations with the state and county, no matter what happens our employees will continue to receive their pay.

In addition to a loan that will pay off past debts, we must also cut \$63 million from our expenses in order to adopt a balanced budget for 2003 - 2004. This \$63 million is not something that can be cured with a loan. If we were to reduce cuts next year by borrowing an extra \$35 million dollars, for example, then the following year, 2004 – 2005, we would be in a worse situation. In 2004 – 2005, we still would have to cut \$35 million from our budget and on top of that make a payment on the money we borrowed. Furthermore, the cuts will be more difficult in future years; we are a declining enrollment district and consequently will have less income from the state.

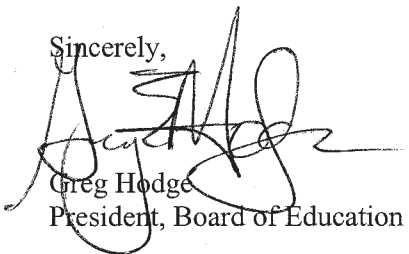
Besides requesting the line of credit, the board's resolution also asks the state for legislation that would send Oakland a trustee rather than an administrator. The difference is crucial. A trustee oversees a district's budget and has veto power over the board's financial decisions. An administrator assumes the powers of the elected Board of Education and the Superintendent.

We believe that the track record of state administrators in other districts (e.g. Compton and Richmond) show that such an approach is an academic failure. We are relying on our local representatives in Sacramento to work with the State Legislature to create a new model to help Oakland – one that allows us to build on our academic strengths and overcome our financial weaknesses. We know that our request to the state is unprecedented. But in this case we have no choice but to ask for what our children and our schools need rather than settle for something that we know is do-able.

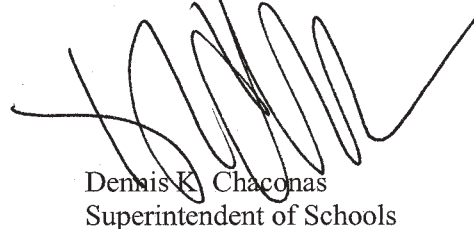
We also want to explain why the district had to send 1,056 "March 15" notices of possible layoff to teachers and other certificated employees. We know that the staff members who will lose their jobs will be significantly less than the number of letters that are sent out. However, employees have seniority rights, and under the State Education Code and union contract, we must send these notices to anyone who may be laid off or be reassigned. Already, the district has been able to send 411 letters to affected staff to let them know that, although they may not remain in their current position, they will not be laid off.

We pledge to keep you informed as the district's situation changes. Times are hard, but with the continued positive energies of our employees, our families and community, as well as our elected representatives, we will persevere. We will move ahead on behalf of our children.

Sincerely,



Greg Hodge
President, Board of Education



Dennis K. Chaconas
Superintendent of Schools