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4 *Plaintiff School Districts’ Steering Committee Member*

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8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA

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11 IN RE: MCKINSEY & CO., INC.
NATIONAL PRESCRIPTION OPIATE
12 CONSULTANT LITIGATION

Case No. 21-md-02996-CRB (SK)

**CORRECTED STATUS REPORT BY
SCHOOL DISTRICTS, UPDATING
COURT REGARDING THE PUBLIC
SCHOOL DISTRICTS’ OPIOID
RECOVERY TRUST**

13 This Document Relates to:
14 ALL SCHOOL DISTRICT ACTIONS

Courtroom: 6, 17th Floor

Judge: The Honorable Charles R. Breyer

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17 The Public School Districts’ Opioid Recovery Trust (PSDORT) submits this status report
18 to update the Court about progress made by the Special Trustee, Dr. Andres Alonso, and Truist
19 Bank in soliciting and evaluating applications for grants.

20 **Outreach and the Application Period**

21 As reported in the September 27, 2024 status report, late last spring, Special Trustee Dr.
22 Alonso partnered with EAG Gulf Coast, LLC (“EAG”), an experienced claims administrator and
23 subsidiary of Eisner Advisory Group, LLC, to notify public school districts of the PSDORT grant
24 making initiative, build a Trust website and application portal, collect applications, and analyze and
25 evaluate applications.

26 In June, Dr. Alonso and EAG sent letters to more than 14,000 districts, which they identified
27 through data compiled from the 2020 United States Census’ list of public-school districts,
28

1 supplemented by data from the National Center of Education Statistics, and then further
2 supplemented through letters to the state secretaries of education in all 50 states and to the executive
3 directors of state school board and superintendents' associations. In addition, two half-page notices
4 were published in two widely read education publications, Education Week and School
5 Administrator.

6 All the notices contained a description of the grant program and provided links to the trust
7 website, <https://www.schooldistrictopioidrecoverygrants.com/>, where school districts can find a
8 description of the grant program, the Request for Proposals (“RFP”) form, a copy of the trust
9 charter, a FAQ section, and other relevant documents. Districts can register their intent to apply for
10 the program on the portal, and from the portal they can also email Dr. Alonso with any clarifying
11 questions or concerns. Many districts have done so, registering their intent to apply for a grant or
12 submitting clarifying questions, which mostly have centered on eligibility and evidence of need.

13 **New Outreach and Modification of Timeline**

14 By October, Dr. Alonso was receiving feedback that many districts needed more time to
15 prepare their applications. After consulting his Committee of District Representatives,¹ Dr. Alonso
16 extended the application deadline by 30 days, to December 15, 2024, and the grant announcement
17 date to April 15, 2025. Working with EAG, Dr. Alonso modified the website and RFP, the
18 notification document, the FAQ and portal, and reached out to 332 individuals from every district
19 that had already submitted an intent to apply or provided an email on the portal. He then followed
20 up individually by email, phone call, or text to every state superintendent and to the executive
21 directors of each state's association of school boards association of district superintendents to notify
22 them of the timeline change. To help these intermediaries target the districts in their states with the
23 greatest need, Dr. Alonso also gave them information about how many districts in their state had
24 submitted an intent to apply or an email address on the portal. After many of these intermediaries
25 forwarded the notices to school districts in their states, the PSDORT received a rush of new
26 registrations and communications.

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28 ¹ The Committee of District Representatives are school district leaders who serve as a resource for Dr. Alonso.

1 By December 10, less than a week before the application submission deadline, the portal
 2 had 218 live applications of intent from districts in forty-three states and American Samoa. The
 3 number of school districts engaging with the portal was higher, but Dr. Alonso requested districts
 4 to withdraw their interest if they already knew they wouldn't apply.

5 **Early Analysis of the Applications**

6 Dr. Alonso and EAG closed the application portal on December 15, 2024, as announced.
 7 When the portal closed, there were 165 completed proposals from districts in thirty-four states and
 8 American Samoa. Thirty-nine of those applications indicated that they were applications from
 9 districts applying as a consortium or in partnership with other civic and community entities. This
 10 is the first round of grant applications. We expect at least two more cycles of grant applications,
 11 thus providing more time and opportunities for school districts to become familiar with and
 12 participate in the grant making process in the future.

13 **The Content of the Applications**

14 The RFP identified three types of grants that would be awarded: grants for District
 15 Improvement, for Model Programs and Best Practices, and for Innovative Programs. The plurality
 16 of applicants checked a District Improvement approach (67), followed by Model Programs and
 17 Best Practices (46), and then Innovative Programs (28).

18 Twenty-four applicants chose approaches that combined the different types of grants. For
 19 example, sixteen of the applications checked all three types of approaches. Dr. Alonso is now
 20 reviewing the proposals and expects to comment on the substance of the proposals in the next
 21 quarterly update.

Types of Focus Checked	Number of Applications
District Improvement	67
Model Programs	46
Innovative Programs	28
Combination of all 3 types	16
Model Programs AND Innovative Programs	4

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Types of Focus Checked	Number of Applications
District Improvement and Model Programs	3
District Improvement and Innovative Programs	1
Total	165

Dr. Alonso is pleased with the wide range of application types.

Who Applied?

At the beginning of the process, Dr. Alonso, EAG, and the Committee of District Representatives were concerned about the capacity of many districts, especially small, poor, rural districts, to participate in this grant process given their scarce resources. Most districts who engage in competitive grant processes are large and wealthy districts with central office personnel and resources dedicated to applying for grants. This project, however, has bucked that trend: early analysis suggests that through its broad, persistent, and multipronged outreach, PSDORT has successfully attracted many grant applications from the type of smaller, needy districts we most wanted to engage, measured by district enrollment, the percentage of students in a district eligible for free or reduced-price lunch under the National School Lunch Program, and the percentage of students enrolled in special education programs or with accommodations.

By far the greatest number of applications have come from smaller districts, though there is representation from districts of all sizes, including from some of the largest school districts in the country, as shown in the table below:

Lead Districts by Student Enrollment	Number of Applications
100k plus	8
50k-100k	5
25k-50k	9
10k-25k	17
5k-10k	17
1k-5k	79
500-1k	18
0-500	12
Total	165

1 Of the school districts that have applied, 109 (out of 165) serve a student population of
 2 5,000 or less.

3 In addition, the greatest number of applications have come from districts that serve poor
 4 communities where more than half of the students are eligible for the USDA’s National School
 5 Lunch Program:

Lead Districts by % of Students Eligible for NSLP	Number of Applications
>90	33
>80	9
>70	23
>60	27
>50	30
>40	22
>30	5
>20	10
<20	6
Total	165

15 Finally, we note that nearly half of the applications have come from districts where more
 16 than 20% of the students receive special education services:

Lead Districts by % of students with disabilities (SWD)	Number of Applications
>50	2
>40	5
>30	14
>20	59
>15	54
>10	25
<10	6
Total	165

25 Dr. Alonso is extremely pleased with the number and the demographics of the districts that
 26 have applied and particularly by the participation of smaller and under-sourced districts that may
 27 most need and benefit from grants from PSDORT.

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1 In the coming weeks, Dr. Alonso will evaluate the substance of the applications received and
2 start selecting districts for grants, using the priorities and the evaluation rubric included in the RFP.
3 Dr. Alonso will work with EAG to design a workflow and fine tune the evaluation tools, and he will
4 continue to reach out to individual districts to clarify or supplement their applications as needed. A
5 team of neutral and external expert evaluators will look at the final applications in March.

6 **Financial Report**

7 For a detailed breakdown of the beginning and ending market values of the trust and of trust
8 expenses, see the Public-School Districts' Opioid Recovery Trust Quarterly Fund Accounting
9 Report in Exhibit A. The Trust's expenses are offset by interest income. Public School Plaintiffs
10 will continue to advise the Court of PSDORT's progress quarterly.

11 Dated: February 25, 2025

12 Respectfully submitted,

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29 Filed by Eric B. Fastiff with permission of Cyrus Mehri.

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CERTIFICATE OF SERVICE

I hereby certify that on February 25, 2025, I electronically filed the foregoing document with the Clerk of the Court using the CM/ECF system, which will automatically send notification of the filing to all counsel of record.

By: /s/Eric B. Fastiff
Eric B. Fastiff

EXHIBIT A

Public School Districts' Opioid Recovery Trust
Quarterly Fund Accounting Report
10/01/2024 - 12/31/2024



	10/01/2024							Change in	12/31/2024
	Beginning Total			Realized	Net Income	Current	Net Accrued	Unrealized	Ending Total
	Market Value	Additions	Distributions	Gain/(Loss)	Collected	Expenses	Income	Gain/(Loss)	Market Value
Endo	1,505,221.81	0.00	(0.00)	0.00	24,009.66	(7,400.00)	1,841.29	(8,438.62)	1,515,234.14
Mallinckrodt	3,291,484.61	0.00	(0.00)	0.00	52,470.07	(16,171.77)	4,023.90	(18,441.52)	3,313,365.29
McKinsey	20,812,111.64	0.00	(0.00)	0.00	331,847.70	(102,278.64)	25,449.28	(116,633.75)	20,950,496.23
Other	0.00	0.00	(0.00)	0.00	0.00	(0.00)	0.00	0.00	0.00
	25,608,818.06	0.00	(0.00)	0.00	408,327.43	(125,850.41)	31,314.47	(143,513.89)	25,779,095.66

Summary of Expenses Qtr Ending 12-31-24

10/10/2024	PUBLIC SCH DIST OPIOID RECOVERY TR	Cash Disbursement	PAID TO EAG GULF COAST, LLC	-94,833.00
12/26/2024	PUBLIC SCH DIST OPIOID RECOVERY TR	Cash Disbursement	PAID TO ANDRES A^ALONSO	-18,750.00
10/8/2024	PUBLIC SCH DIST OPIOID RECOVERY TR	Fee Collection	FE IA LIQUIDITY MGMT AVERAGE COLLECTE	-1,977.57
10/8/2024	PUBLIC SCH DIST OPIOID RECOVERY TR	Fee Collection	F&E TRUSTEE SERVICES COLLECTED	-2,111.57
11/8/2024	PUBLIC SCH DIST OPIOID RECOVERY TR	Fee Collection	FE IA LIQUIDITY MGMT AVERAGE COLLECTE	-1,978.11
11/8/2024	PUBLIC SCH DIST OPIOID RECOVERY TR	Fee Collection	F&E TRUSTEE SERVICES COLLECTED	-2,107.45
12/9/2024	PUBLIC SCH DIST OPIOID RECOVERY TR	Fee Collection	FE IA LIQUIDITY MGMT AVERAGE COLLECTE	-1,981.32
12/9/2024	PUBLIC SCH DIST OPIOID RECOVERY TR	Fee Collection	F&E TRUSTEE SERVICES COLLECTED	-2,111.39
				-125,850.41