

TO: City Council
FROM: Oakland Budget Advisory Commission
SUBJECT: Recommendations for FY 24-25 Mid-Cycle Budget
DATE: June 9, 2024

The Oakland Budget Advisory Commission (BAC) has prepared the attached presentation outlining our recommendations in response to the Mayor's proposed FY 24-25 Mid-Cycle Budget. We recognize that the City is still recovering from the economic effects of COVID-19 while federal pandemic relief funds are winding down.

The BAC offers three recommendations. We were heartened to hear during the May 28, 2024 Budget Town Hall that members of the City Council Finance and Management Committee and the City's Finance Department largely seem aligned with these recommendations.

Recommendation #1

The City and Council should spend the next year identifying evidence-based adjustments to structurally balance the budget by: 1) examining both revenue and expenditures; and 2) learning from experiences of other similar cities in California.

The Mayor intends to spend \$1M on the City's performance management and strategic planning efforts to create a structurally balanced budget that is equitable and mitigates impact of service changes. The BAC recommends using that investment and the additional 4-month budget preparation time to examine where cost reductions would have no to minimal service impact and tangible ways to grow revenue streams equitably. Oakland should seek to learn from the experiences of similar cities in California.

Recommendation #2

Structural budget adjustments should come with clear communication of estimated effect on public priorities: reducing homelessness and improving public safety.

The current Service Output Measures and Equitable Service Delivery Success Standards departments have for each service do not provide insight on the efficacy of the services. We recommend budget priorities made for the FY 25-27 cycle be grounded in evidence on outcome measures, as appropriate, to enable accountability in spending public funds wisely.

Recommendation #3

Oakland should break its habit of waiving limits in the Consolidated Fiscal Policy, establish more discipline in replenishing emergency funds, and be more transparent on the budget's effect on the City's fiscal health.

For example, the budget could come with a "nutrition facts" label that summarizes the budget's effect on the city's fiscal health, with clearly linked and accessible detail.