

# FY 2026 -27 Mayor's Proposed Midcycle Budget

## Presenters

*The Honorable Barbara Lee, Mayor  
Betsey Lake, Acting City Administrator  
Brad Johnson, Finance Director*

June 2026



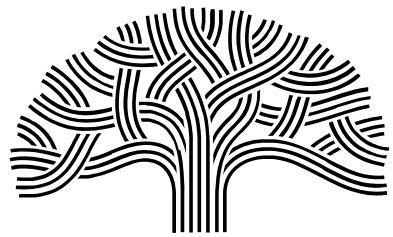
# AGENDA OVERVIEW

- Framing Remarks By Mayor Lee on the Mayor's Proposed Midcycle Budget
- Fiscal Context, Oakland's Four Deficits, and Roadmap to Fiscal Health
- FY 2026 -27 Proposed Budget Overview and Major Service Impacts



# A Fiscally Sound Budget Proposal

Mayor Barbara Lee

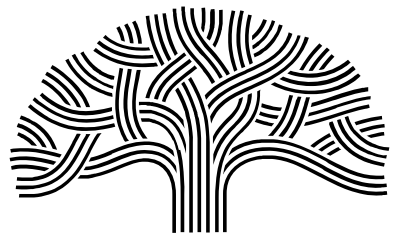


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# Oakland's Fiscal Context and Path Forward

Brad Johnson, Director of Finance



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# FINANCIAL CHALLENGES



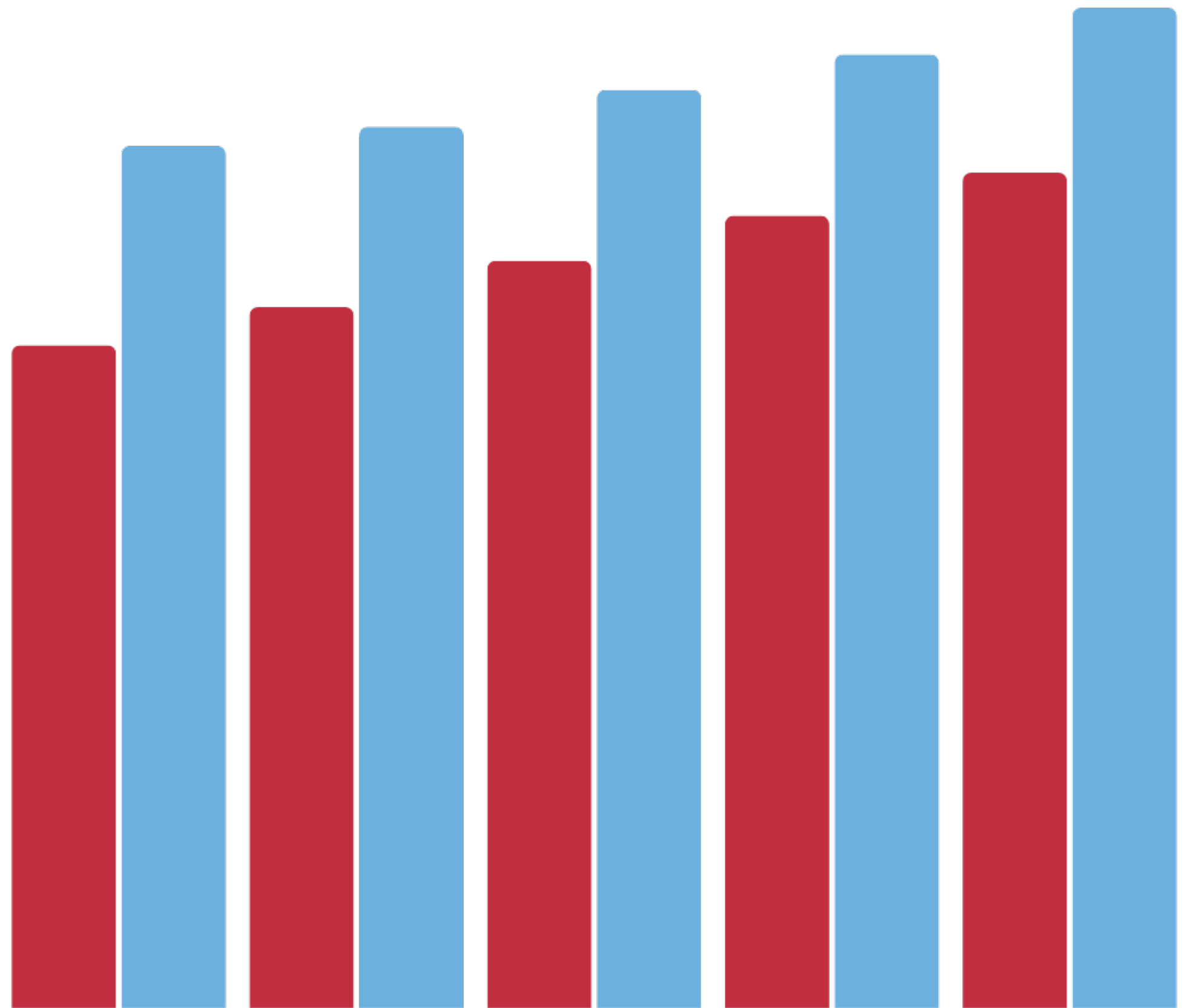
## Structural Deficit

For years, Oakland has carried a structural deficit, meaning that expenses have chronically grown much faster than revenues, even in good times. This is primarily driven by rising personnel costs like **benefits and pension contributions mandated** **medical** **by the** State.

● Revenues ● Expenditures

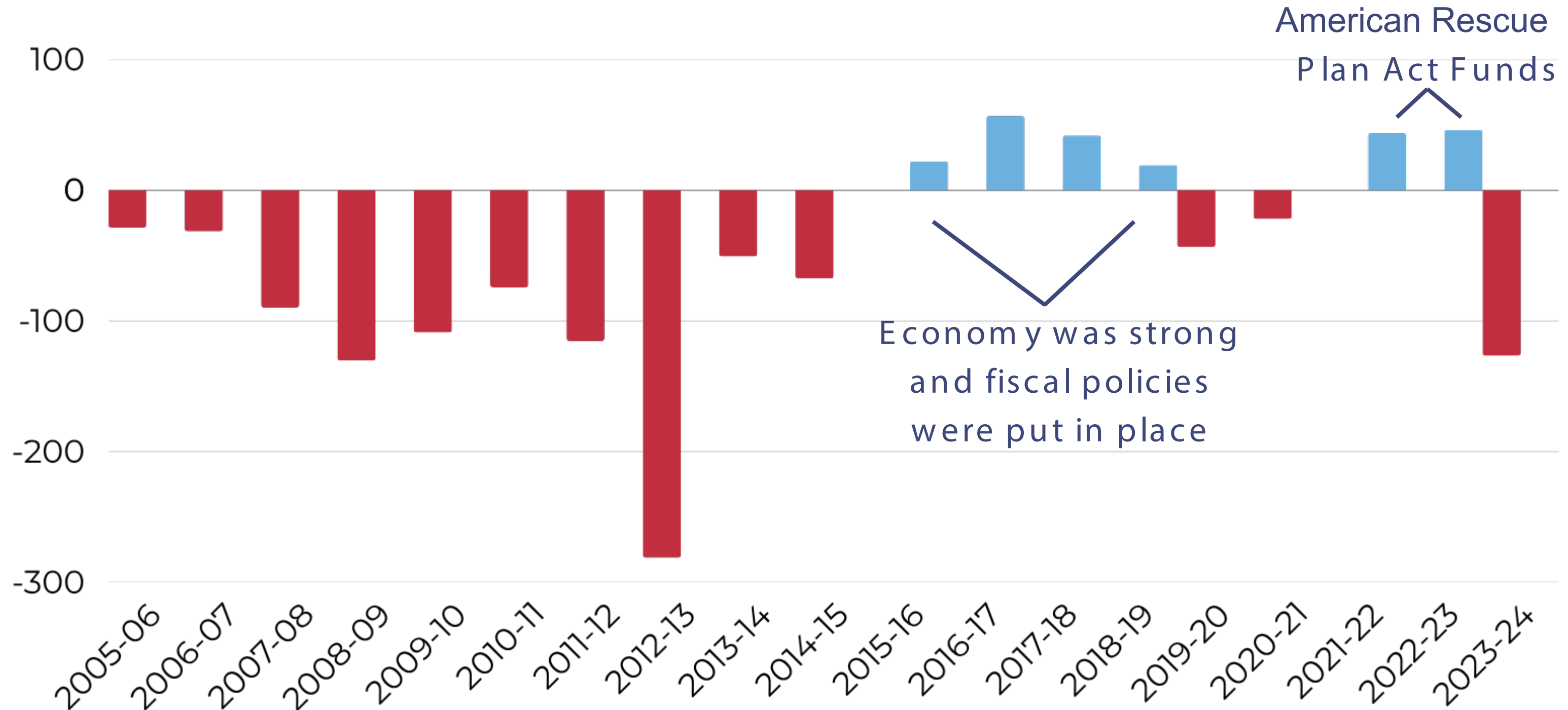
While revenues continue to grow, expenses are growing faster. This is what's known as a "structural deficit."

The City doesn't have enough money to pay for all of the things that it needs without reducing expenses or bringing in more revenue.



**Operating deficits were the norm in Oakland prior to 2016.**

Coming out of the recession, the City made significant strides in stabilizing its finances by developing strong fiscal controls and strengthened financial policies.



Source: SPUR analysis of "Excess (Deficiency) of Revenues Over (Under) Expenditures,"

[Oakland Annual Comprehensive Financial Reports](#)

Since FY19-20, Oakland has overridden Consolidated Fiscal Policy (CFP) limits on use of one time revenue or excess Real Estate Transfer Tax for ongoing expenses. -

The City has used excess Real Estate Transfer Tax, CARES, and American Rescue Plan Act one time funds to maintain services post -COVID. -

ADOPTED BUDGET	ADHERED TO SECTION 1, PART C? Excess RETT should be used for reserves, retiring debt, and funding unfunded long-term obligations	ADHERED TO SECTION 1, PART D? Unrestricted one-time revenues should be used for one-time expenses
FY 17-18	Replenished reserves, paid down liabilities	Funded one-time expenses, paid down liabilities
FY 18-19	Replenished reserves, paid down liabilities	Funded one-time expenses, paid down liabilities
FY 19-20	Replenished reserves, paid down liabilities	Waived for parks and paramedics
FY 20-21	N/A - no excess RETT	Waived for parks and paramedics
FY 21-22	Used for ongoing expenses	Waived for libraries, parks, fire, youth, other funds
FY 22-23	Used for ongoing expenses	Waived for libraries, parks, fire, youth, other funds
FY 23-24	N/A - no excess RETT	Waived for libraries, parks, fire, youth, other funds
FY 24-25* proposed	N/A - no excess RETT	Entire policy waived

Source: Budget Advisory Commission (BAC), Recommendations for FY 24

-25 Mid -Cycle Budget, June 9, 2024

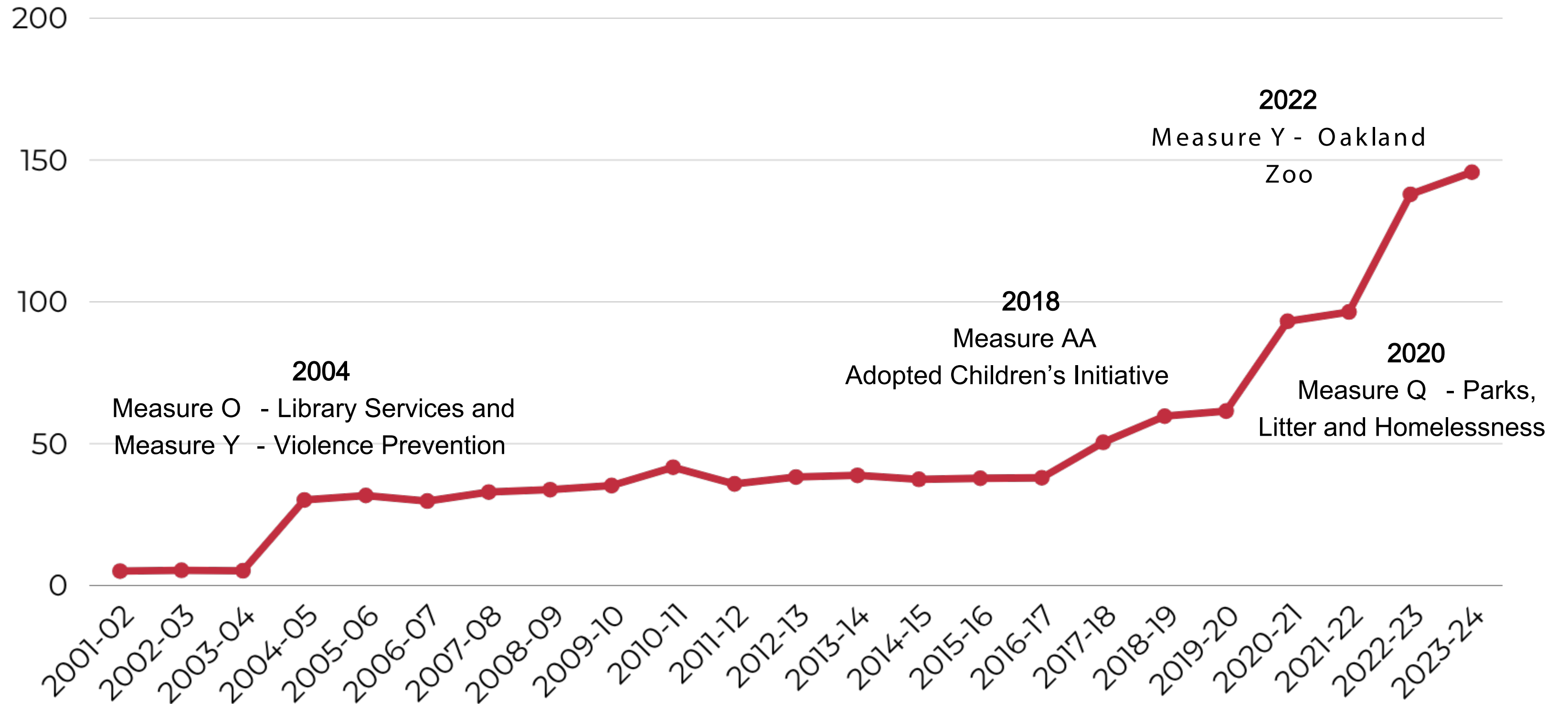
## Reductions have often come from staffing reductions and service cuts.

Fiscal Year	Reductions/Balancing Measures
2008 -2009	Cut elected officials' salaries, furloughed staff and closed city hall 1 day a month, froze overtime for non -sworn staff
2009 -2010	Raised the hourly parking fee, reduced police overtime spending, browned out two fire stations, employees contributed employees temporarily contributed 10% of their compensation as well as increased their retirement contribution, eliminated positions, reduced Library and Senior Center services.
2010-2011	Laid off 80 police officers
2011-2012	Eliminated the Oaklanders Assistance Center and staffing for the Public Ethics commission.

Fiscal Year	Reductions/Balancing Measures
2020 –2021	Used Rainy Day Fund, laid off temporary and part -time employees, froze positions, used ballot measure revenue, temporarily suspended financial policies
2021–2022	Used one -time ARPA funds
2022 –2023	Used one -time ARPA funds
2023 –2024	Used one -time ARPA funds and fund balance, froze positions, allowed for employee attrition/vacancies, delayed spending
2024 –2025 (proposed to date)	Eliminate 2 police academies, brown out 3 fire stations, reduce community grants and contracts, institute freezes on hiring, travel and training, laid off 42 employees

Source: SPUR analysis of budget memos

**To close the deficit and adopt a balanced budget the city must increase revenues or reduce expenditures.** Oakland voters have adopted a number of new taxes over the years.

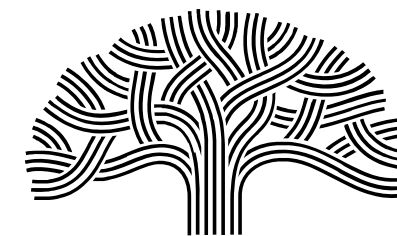


Source: SPUR analysis of "Tax Revenue by Source, Governmental Funds,"

[Oakland Annual Comprehensive Financial Reports](#)

# The fiscal landscape:

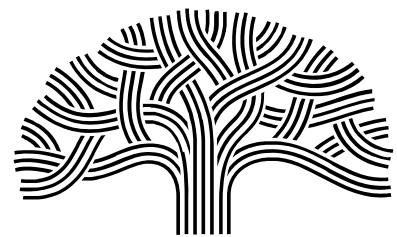
- Adjusting to financial challenges
- Sustaining core services and local control



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# Oakland's Four Deficits

- Ongoing Structural Deficit
- Service Deficit
- Deferred Maintenance Deficit
- Equipment and Technology Systems Deficit



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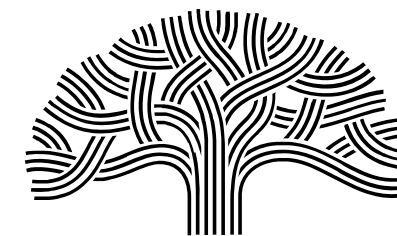


# Maintenance of Effort - Matching Funds

- Local measures have often contained maintenance of effort or other provisions that mandated matching spending from existing City resources
- With the City's Road Map to Fiscal Health staff presented a report to the Finance and Management Committees in February 2026 that outlined the multi-year process required to meet all of these provisions
- Providing the required GPF match for the Measures C and D which support the operation of the Oakland Public Library. The budget also achieves the minimum staffing for the City Auditor's office under Measure X.

# Building on Past Progress

- Sustaining the Fiscal Discipline from the FY 2024 -25 Balancing actions including expenditure controls and improved revenue collections
- Successful Bond Issuance including front loading 180M of Affordable Housing
- Current Year Fiscal Discipline and Resulting Balanced Projections



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# Roadmap to Fiscal Health

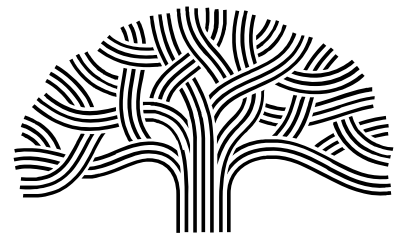
## Multi-Year Strategy to:

- **Achieve Structural Balance**
  - Establish a fiscal health executive team
  - Regular progress reporting to Mayor and Council
- **Restructure pension and other benefit costs**
- **Develop multi-year plans to:**
  - Meet voter-mandated staffing levels for city services
  - Invest to sustain the City's infrastructure, fleet, and technology
- **Implement fiscal reforms and improve financial policies**
- **Continue efforts to diversify the revenue base and strengthen accountability**

*The City's website has a page dedicated to the Roadmap to Fiscal Health.*

# FY 2026 -27 Mid -Cycle Budget Proposal and Spending Plan

Betsy Lake, Acting City Administrator



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# Budget Overview

- Totals \$2.27 billion across all funds, including restricted and capital funds.
- The planned General Purpose Fund (GPF) Expenditure of \$812.9 million in FY 2026-27 which is \$44.1 million less than the planned GPF expenditure from year 2 of the FY 2025-27 Adopted Biennial Policy Budget but larger than the current year.

	<b>FY 2025-26 Biennial Adopted</b>	<b>FY 2026-27 Midcycle Proposed</b>
<b>General Purpose Fund</b>	\$ 791,285,083	\$ 812,858,494
<b>Restricted Special Funds</b>	\$1,382,722,509	\$1,461,240,387
<b>Total – All Funds</b>	\$2,174,007,592	\$2,274,098,881
<b>Full-Time Equivalent Positions - GPF</b>	2,082.81	2,137.55
<b>Full-Time Equivalent Positions – All Funds</b>	2,400.95	2,432.69

# Core Emergency Services and Community Safety Operations



Preserve Sworn Police  
Staffing



Maintain Fire  
Engines



Establish Constitutional  
Policing Administrator



Maintain Violence Prevention and Cease -  
Fire Related Staffing/Coordination

# Homelessness & Neighborhood Cleanliness



Maintains homeless outreach efforts



Restore illegal dumping cleanup



Restore environmental enforcement

# Quality of Life



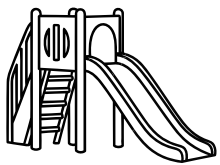
Special Activities Permitting Enforcement



Slightly Extend Senior Center Open Hours



Restore Mayor's Summer Jobs Program



Maintain Staffing at Rec Centers, Libraries, Housing & Rental Assistance Program



Restore Branch Staffing & Funding



Restore Staffing at Oakland Animal Services

# Capital Investments



Increase Measure U Capital Improvement Budget



Allocate Measure U Funding toward Street Surfacing Projects



Invest in Complete Streets projects



Maintain Existing KK-Funded Investments



Fund Facility Improvement Projects



Support Safety and Security Projects

# FY 2026-27 Midcycle Process

## Timeline:

May 15: Proposed Budget Released

## Special Council Budget Meetings :

- June 1
- June 12
- June 17

By June 30: Budget Adoption



# Thank you

## Ways to Stay Engaged

- Volunteer on a Commission/Board, such as the Budget Advisory Commission
- Tune into the Finance and Management Committee meetings
- Engage with your Councilmembers

[OAKLANDCA.GOV/BUDGET](https://oaklandca.gov/budget)