

Financial Stabilization Implementation Plan: ***Protecting Equity, Maintaining Local Control, and*** ***Prioritizing Students***

4th Progress Report to the Board of Education and Community

February 25, 2026



**OAKLAND UNIFIED
SCHOOL DISTRICT**

Community Schools, Thriving Students



Overview & Outcomes

1. Recap Fiscal Landscape & Challenges
2. Our Proposed Solutions
3. Next Steps

The Challenge - RECAP



The Challenge



REVENUES ARE DOWN

- ADA and attendance rates are below historical averages impacting district revenue.
- Declining enrollment (34,000 students vs. 37,000+ historically)
- Federal COVID relief funds expired creating a funding cliff
- State One-time funding
- Federal uncertainties and shifts in federal policy.



COSTS ARE RISING

- Health insurance premiums increasing 8-10% annually
- Pension contributions (CalSTRS/CalPERS) mandated increases
- Aging facilities requiring emergency repairs
- Education costs in California are growing faster than enrollment (costs outpacing state provided COLA)
- Rising Special Education costs based on shifting needs of our students we serve

⚠️ THE RESULT: STRUCTURAL DEFICIT

- **\$100M+ gap between ongoing revenues and ongoing expenses**
- This isn't a one-year problem we can "wait out"—it's a structural mismatch requiring comprehensive action.

The Board's Mandate

Resolution No 2526-0177A - Dec. 10, 2025 ” [Board Resolution](#)

It is the Board's duty to approve a fiscally responsible budget preserves local control.

Financial Goals

- ◆ **2025-26.** Ensure the Board-required 3% Reserve for Economic Uncertainty is maintained beginning 2025-26 (~\$27M total)
- ◆ **2026-27+.** Address projected Unrestricted General Fund deficits over \$70M in each of 2026-27 and 2027-28

Operational Goals

- ◆ No school closures
- ◆ Prioritize reductions in Central, furthest from students
- ◆ Enhance efforts to improve student attendance and enrollment
- ◆ Reduce reliance on one-time funds
- ◆ Improve fiscal controls, monitoring, and transparency

* The [Board Resolution](#) (as amended November 19, 2025 contained other directives regarding the Board's intent and methods to be considered in building budget scenarios).

Our Response (Solutions)



Implementation Plan Overview 2026-27

<i>Summarized Actions for 26-27</i>	Target	Status
Central Office Reductions	\$21,000,000	On Track
School Site Budget Reduction between 7.5-10%	\$32,000,000	Pending
Central Office Reductions 15-20% reduction above 21M	\$11,000,000	On Track
Reduce school site access to unutilized spaces	\$1,600,000	On Track
After budget development second tier contract review	TBD	On Track
Decreased RRMA expenditures	\$1,000,000	On Track
Increased attendance by 2%	\$10,000,000	Under Review
TK Hub Launch for 2-3 Hubs	\$1,500,000	On Track
Centralized Procurement of Materials and Services	TBD	On Track
Fleet Management System (Future Savings)	TBD	On Track
Shift Attendance Specialist & Noon Supervisors to S&C	\$3,860,000	Completed
Shift costs of small schools into S&C	\$8,500,000	Completed
10% reduction of contribution to Special Education	\$12,000,000	Under Review
Feasibility Study for NPS in OUSD Properties	TBD	On Track
Grand Total	\$102,460,000	

Implementation: Reductions to Date



Key Takeaways

- **Resource Maximization:** By shifting **\$50.1M** (combined shifts) to restricted funds, OUSD is preserving essential student services while "freeing up" the Unrestricted General Fund to address the structural deficit.
- **Lean Central Office:** The 20% reduction in central supplies and services signals a "lean" administrative approach.
- **Sustainability:** The focus on FY 26-27 ongoing shifts demonstrates a transition from emergency "one-time" fixes to a sustainable multi-year financial model.

Analysis and Detail Report - Deficit Abatement			
OUSD - Fiscal Shifts & Reductions			
Reductions		FY 25-26	
	Central 20% - Labor & Supplies/Materials/Services	1,964,199	3.01%
	Schools 10% - Labor - Certif/Classif/Benefits	29,011	0.04%
	Schools 10% - Supplies/Materials/Services	74,390	0.11%
	Deferred Maintenance	2,000,000	3.07%
Shifts			
	Central - 20% Suppl & Conc - Certif/Classif/Benefits	1,430,239	2.19%
	Central - 20% Suppl & Conc- Supplies/Matls/Svcs	3,026,293	4.64%
	Schools - Suppl & Conc- Certif/Classif/Benefits	1,488,945	2.28%
	Schools - Suppl & Conc - Supplies/Matls/Svcs	72,905	0.11%
	Central - Labor and Non-Labor costs to Suppl & Conc	500,000	0.77%
	Costs Alt Ed / Suppl & Conc carryover	10,000,000	15.33%
	To restricted - Attendance clerks / Noon Supvs	1,400,000	2.15%
	To Discretionary Block Grant - Labor and Non-Labor	4,600,000	7.05%
	Custodial costs transfer	2,100,000	3.22%
Reductions		FY 26-27	
	<i>Central / Schools - Certif/Classif/Benefits</i>	<i>11,000,000</i>	<i>16.86%</i>
Shifts			
	Ongoing shift Noon Supvs to S&C	640,000	0.98%
	Ongoing shift Alt Ed to S&C	11,000,000	16.86%
	Ongoing shift Small Schools to S&C	9,000,000	13.80%
	Labor & Non-Labor to Resource 6019	4,900,000	7.51%
Total - Fiscal Shifts and Reductions			
		65,225,982	
TBD:	PARS savings, Grant FTEs, Balances		
		<i>Aggregate: Central</i>	<i>10.61%</i>
		<i>Aggregate: Schools</i>	<i>2.55%</i>
	Feb. 2026 - Source: OUSD staff data		

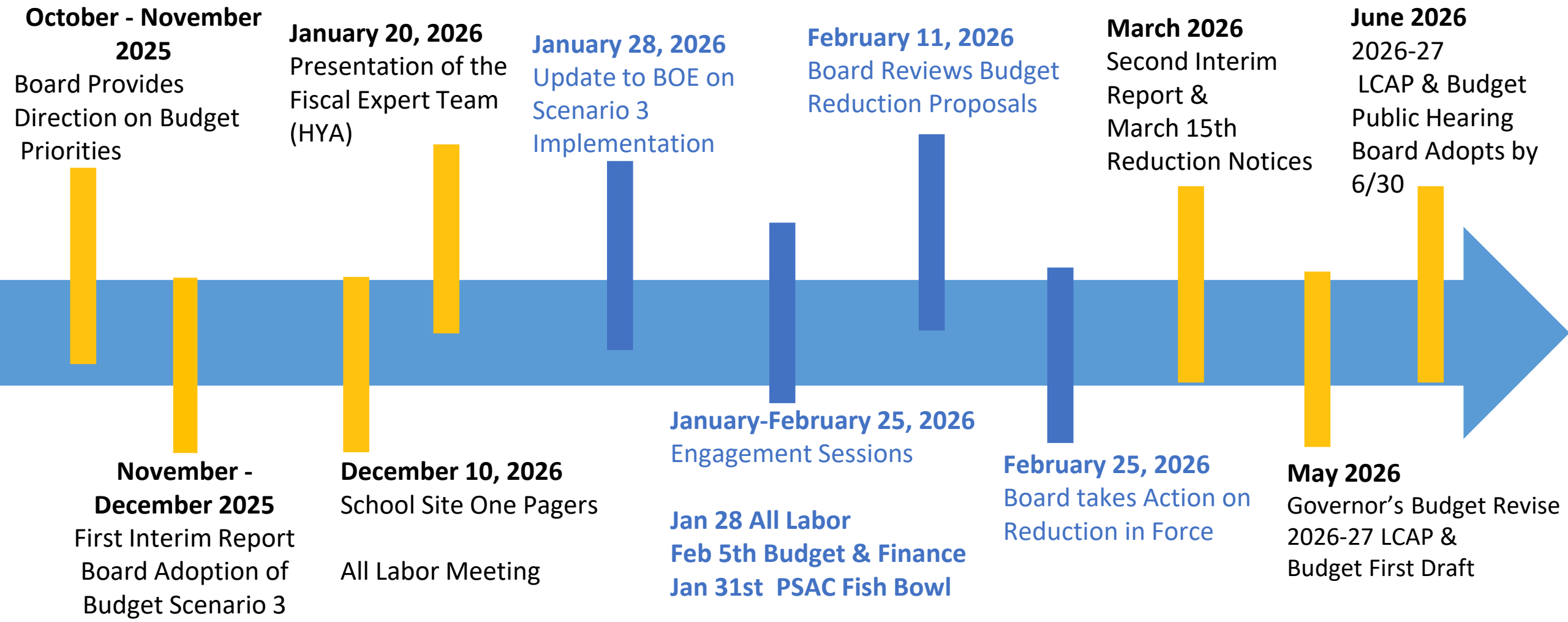
OUSD Budget Certification Status



Next Steps



2025-26 Budget Development and Prioritization Timeline



A Strategic, Four-Phase Approach

Proactive and Systematic Stewardship

✓ **Phase 1: Immediate Stabilization (Winter 2025 - Spring 2026)**

Board-initiated third-party verification • Restored reserves • Qualified First Interim

► **Phase 2: Workforce Realignment (February/March 2026)**

Strategic staffing adjustments protecting student-facing services while right-sizing to enrollment reality; Implementing immediate reductions while protecting key programs, maintaining neighborhood schools, and sustaining educational quality.

See Workforce Realignment Items on Today's Agenda:

- 26-0448 Reduction in Force: Classified
- 26-0449 Reduction in Force: Certification
- 25-2712B PARS Retirement Incentive

► **Phase 3: Budget Adoption for FY 26/27 (April-June 2026)**

Continued refinement of assumptions, may revise, adopting a balanced budget by June 30

► **Phase 4: Long-Term Sustainability and Growth (FY 27/28 - FY 28/29)**

Implementing fiscal expert recommendations • Building operational excellence • Positioning Oakland for enrollment growth and academic achievement gains

THANK YOU

Questions?



**OAKLAND UNIFIED
SCHOOL DISTRICT**
Community Schools, Thriving Students

Appendix

(Link in Slide 13)



Implementation: Proposed Reduction



A) Central Office Reductions

Summarized Actions for 26-27	Target	Status
Central Office Reductions	\$21,000,000	On Track

To stabilize our District's finances while protecting classroom resources, SLT conducted a thorough review of central office and operational departments.

This comprehensive analysis identified opportunities to eliminate duplication, consolidate administrative functions, and operate more efficiently.

We prioritized voluntary separations through early retirement incentives to minimize involuntary layoffs and honor staff contributions.

Result: Reduction of approximately 201 FTE central office funded positions—including voluntary early retirements—redirecting resources toward direct student services and reducing General Fund impacts.

B) Reduce school site access to unutilized spaces

Summarized Actions for 26-27	Target	Status
Reduce school site access to unutilized spaces	\$1,600,000	On Track

- Declining enrollment means empty classrooms and unused facilities across our school sites.
- We are consolidating operations within buildings—closing underutilized spaces to reduce utility, maintenance, custodial, and security costs.
- Site leaders and facilities staff are partnering to identify which areas to close without impacting classroom instruction or student programs.

Result: \$1.6 million in operational savings, concentrating resources where students learn every day.

C) Decrease RRMA Expenditures

Summarized Actions for 26-27	Target	Status
Decreased RRMA expenditures	\$1,000,000	On Track

We are prioritizing Routine Restricted Maintenance Account (RRMA) spending on essential health, safety, and compliance needs only.

By deferring non-critical projects and coordinating maintenance more strategically across sites, we reduce discretionary spending while protecting safe, functional learning environments.

Result: \$1 million in maintenance cost reductions without compromising student or staff safety.

D) TK Hub Launch for 2 – 3 Hubs

Summarized Actions for 26-27	Target	Status
TK Hub Launch for 2 – 3 Hubs	\$1,500,000	On Track

- **Consolidate Transitional Kindergarten** classrooms into 2-3 regional hubs rather than operating small, under-enrolled sections across multiple campuses.
- **Reduce duplicate staffing and operational costs** while maximizing state early learning funding tied to full enrollment.
- **Improve program quality** through shared specialized staff, consistent scheduling, and stronger support systems.

Result: \$1.5 million in savings while strengthening TK programming for our youngest learners.

E) 10% REDUCTION TO SPECIAL EDUCATION

Summarized Actions for 26-27	Target	Status
10% Reduction to Special Education	\$12,000,000	UNDER REVIEW

- **Proposed** \$12 million savings
- **Currently under review** to [ensure full compliance](#) with federal and state special education law while maintaining **all** mandated services for students with disabilities.
- **Analyzing cost drivers** across placements, related services, transportation, and third-party contracts—identifying opportunities to shift toward in-district supports and improved service coordination without reducing legally required services.
- **Joint leadership effort:** Special Education leadership, fiscal services, and labor partners are conducting this review.
- [Once the legal and educational analysis is complete, staff will bring back options.](#)

F) Feasibility of Non Public School in OUSD

Summarized Actions for 26-27	Target	Status
Feasibility of NPS (Spring 26)	TBD	On Track

RFP for NPS

The District is developing a Request for Proposals (RFP) to determine the feasibility of operating a Non-Public School on an OUSD campus allowing us to serve disabled students currently placed in costly external programs within our own facilities.

Anticipated release: Feb/March 2026

Building Sustainable Educational Excellence for Oakland

What Our Students Deserve

When we achieve fiscal stability, Oakland students gain:

- Teachers who build careers here, not just survive year to year
- Schools focused on learning, not lurching from crisis to crisis
- Programs that exist next year and the year after—predictability matters
- A district that works for them

Excellence is their birthright. Sustainability makes it possible.

Our Approach

- **Protect students first:** All neighborhood schools remain open, core academic programs protected
- **Shared sacrifice:** Reductions across all divisions and employee groups, leadership takes cuts first
- **Transparency and partnership:** Clear communication, stakeholder engagement, dignified support for affected employees

Our Core Commitments

- **Fiscal sustainability that enables educational excellence**
When finances are stable, schools focus on teaching and learning
- **Competitive compensation grounded in fiscal reality**
Fair pay and sustainable budgets that honor commitments year after year
- **Operational stability that earns family confidence**
Strong financial management demonstrates Oakland is well-governed and worthy of trust
- **Partnership that solves problems together**
Labor, Students, Community, Board, and County working as allies
- **Excellence as the standard, not the exception**
Every Oakland student deserves outstanding education - we accept nothing less

LABOR PARTNERSHIP

Shared Challenge, Shared Solutions

Our Commitment to Our Team

- OUSD aspires to be an employer of choice:
 - Competitive compensation that attracts and retains excellent educators
 - Quality working conditions that support professional success
 - Professional respect and partnership in problem-solving
 - Career development opportunities and pathways for growth
- Dignified treatment during transitions

Support for Affected Employees

OUSD CARES:

- Comprehensive transition support services
- Career counseling, job search assistance, job fair and connections to other opportunities
- Clear, timely communication about status and resources
- Recognition and appreciation for years of service to Oakland students