

Board Office Use: <b>Legislative File Info.</b>	
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### Board Cover Memorandum

**To** Board of Education

**From** Mike Hutchinson

**Meeting Date** October 8, 2025

**Subject** Amendments, Resolution No. 2526-0177 Directing the Preparation of Budget Scenarios to Address OUSD's Structural Deficit. Adding Clauses to Resolve the District's 2025-2026 LCAP and District Conditional Budget Approval By the Alameda County Superintendent of Schools – Letter of September 12, 2025

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**Board Action** Adoption by the Board of Education of Amendments, Resolution No. 2526-0177 Directing the Preparation of Budget Scenarios to Address OUSD's Structural Deficit. Adding Clauses to Resolve the District's 2025-2026 LCAP and District Conditional Budget Approval By the Alameda County Superintendent of Schools – Letter of September 12, 2025.

**Background & Discussion** On September 12, 2025, the Board received a letter from the Alameda County Superintendent notifying OUSD that the 2025-26 Adopted Budget had received conditional approval. As a result of the conditional approval the Board must review and respond to the concerns cited in the letter and approve a Board Resolution that outlines the timeline and plan to implement budget balancing solutions that address any budgetary shortfall in 2025-26 and 2026-27. The Alameda County Office of Education will then conduct a review to ensure that OUSD's budget meets the standard for approval by the statutory deadline of November 8, 2025. If OUSD does not meet the conditions laid out by the County Superintendent, it will almost certainly mean that the County will again assume authority over the management of the District's budget and finances based on section 42127 of the California Education Code.

Resolution No. 2526-0177, inadvertently, in its current form, must be amended as proposed to address, as first order, the 2025-26 Fiscal Year

Conditional Budget Approval by the Alameda County Superintendent of Schools.

<b>Fiscal Impact</b>	Unless corrective action is taken to address the 2025-26 Fiscal Issues raised in the September 12, 2025 letter from the Alameda County Superintendent of Schools the District will be insolvent before the end of the current fiscal year. The proposed amendments to the pending Resolution will ensure that the District remains solvent this Fiscal Year. If not, the District will require a state loan to pay its bills and as a condition of the loan, local control of the District will be surrendered to the county and remain under county control until the state loan is repaid over several years.
<b>Attachment(s)</b>	Amendments, Resolution No. 2526-0177 Directing the Preparation of Budget Scenarios to Address OUSD's Structural Deficit. Adding Clauses to Resolve the District's 2025-2026 LCAP and District Conditional Budget Approval By the Alameda County Superintendent of Schools – Letter of September 12, 2025 (Hutchinson Amendments)

**BOARD OF EDUCATION  
OF THE  
OAKLAND UNIFIED SCHOOL DISTRICT**

**Amendments, Resolution No. 2526-0177**

**Directing the Preparation of Budget Scenarios to Address OUSD's Structural Deficit. Adding Clauses to  
Resolve the District's 2025-2026 LCAP and District Conditional Budget Approval By the Alameda  
County Superintendent of Schools – Letter of September 12, 2025**

**WHEREAS**, the Oakland School Board has the sole fiduciary responsibility of the Oakland Unified School District and has a statutory requirement under the California Education Code to pass a balanced budget that includes maintaining a 2% reserve for economic uncertainty,

**WHEREAS**, mid-year spending cuts are the most disruptive way to achieve budget balancing solutions,

**WHEREAS**, at the adoption of the 45-Day Budget Update on August 27, 2025 OUSD had a reserve of \$19,283,419,.

**WHEREAS**, CBO Lisa Grant-Dawson stated in her September 11, 2025 letter "the District is currently deficit spending about \$4 million per month, that is, spending \$4 million more every month than it's receiving in revenues. The more we do that moving forward, the more we diminish our reserves, until eventually, we run out of money",

**WHEREAS**, if OUSD keeps spending at the current rate the District will deplete the reserves and run out of money before the end of the 2025-26 school year, making it necessary for the Board to make cuts to the projected spending in the 2025-26 school year,

**WHEREAS**, at the adoption of the 2025-26 budget on June 25, 2025 OUSD projected a budget deficit in the Unrestricted Fund Balance in 2026-27 of \$78,099,900 and in 2027-28 of \$150,716,025 on the MYP (Multi Year Projections),

**WHEREAS**, the Board was notified on September 30, 2025 that the projected deficit in the 2026-27 Unrestricted Fund Balance has grown to \$94M-\$97M, making it necessary for the Board to approve a package of spending cuts to be adopted in the 2026-27 budget of at least \$100M,

**WHEREAS**, the school Board was first directed by Superintendent Saddler in her August 15, 2025 letter to the Board "staff will need clear direction by the October 8 Board Meeting regarding the Board's desired strategy for 2026-27 budget adjustments",

**WHEREAS**, Alameda County Superintendent Castro informed the Board in her letter on September 12, 2025 that OUSD had received a conditional budget approval and thus must take specific actions stating, "the Adopted Budget are[is] conditionally approved. A conditional

approval means that the district must take further actions, listed below, to formally obtain approval of the LCAP and Budget,”

And, “Actions needed to address Conditional Approval (EC 42127):

1. On or before October 1, 2025, OUSD will provide ACOE with a target amount for budget reductions, or alternative solutions, for 2025-26 that reflects the updated fund balance as a result of the 2024-25 Unaudited Actuals, and any other new or planned commitments not factored into the Adopted Budget; and

2. By October 8, 2025,

a. Review and respond to these concerns at a regular meeting of the Board. That response shall include any revisions to the 2025-26 Adopted Budget, updated fund balances as a result of 2024-25 Unaudited Actuals, and other proposed actions to be taken to resolve these concerns in the current year; and

b. Approve a Board resolution that outlines the timeline and plan to implement budget-balancing solutions that address any budgetary shortfall in 2025-26 and 2026-27.”

And, “ACOE will conduct a review of all the items listed above to ensure that the district’s budget meets the standard for approval by the statutory deadline of November 8, 2025.”.

**WHEREAS**, due to the current and projected budget deficits OUSD currently has no funding available to negotiate new contracts with our labor partners with CBA’s that expire on June 30 2025 or later.

**WHEREAS**, all approved budget balancing solutions must be fully evaluated and pursued while maintaining contractual and statutory requirements.

**NOW, THEREFORE, BE IT RESOLVED** that the superintendent is directed to develop a plan, to be brought for Board approval by November 8, 2025, to cut budgeted unrestricted spending in 2025-26 by at least \$15M using the following eight strategies:

1. Reduce TSA’s and STIP Subs to contractual levels.
2. Hiring freeze.
3. Freeze on new contracts.
4. Furlough days for non school site staff.
5. Reduce assistant principals and eliminate co-principals.
6. Reduce the additional supports for Small Schools, Newcomers, ELL, Literacy, and Special Education.
7. Rescind the roll back of the budget adjustments approved in attachment C.
8. Any additional strategies proposed by the Superintendent.

**BE IT FURTHER RESOLVE** that the superintendent and staff develop a plan, to be brought forward for Board approval by December 10, 2025, to address the projected \$100M budget deficit in 2026-27 using the following six strategies:

1. Further evaluating the eight strategies used in the 2025-26 spending cuts listed above.
2. Reduce spending and staffing to statutory requirements and contractual levels.
3. Fully implement the approved budget solutions in attachments A,B, and C.
4. Fully evaluate any unused strategies from the development of attachment C during the 2024-25 budget development process.
5. Vote on recommendations required under the 3 R's and the Fiscal Sustainability Plan, so that the recommendations can be implemented in 2026-27.
6. Any additional strategies proposed by the Superintendent.

**BE IT FURTHER RESOLVED** that the school Board must approve additional spending cuts before authorizing additional funding to any labor partners in bargaining.

Passed by the following vote:

PREFERENTIAL AYE:

PREFERENTIAL NOE:

PREFERENTIAL ABSTENTION:

PREFERENTIAL RECUSED:

AYES:

NOES:

ABSTAINED:

RECUSED:

ABSENT:

### **CERTIFICATION**

We hereby certify that the foregoing is a full, true and correct copy of a Resolution passed at a Regular Meeting of the Board of Education of the Oakland Unified School District held on October 8, 2025.

<b>Legislative File</b>	
File ID Number:	25-2351
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By:	

### **OAKLAND UNIFIED SCHOOL DISTRICT**

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Jennifer Brouhard  
President, Board of Education

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Denise G. Saddler, EdD, Interim Superintendent and  
Secretary, Board of Education