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OAKLAND UNIFIED SCHOOL DISTRICT
Community Schools, Thriving Students

Board Cover Memorandum

To Board of Education

From Denise G. Saddler, EdD, Interim Superintendent
Tara Gard, Deputy Superintendent of Business and Operations
Ryan Nguyen, Chief Financial Officer
Troy Christmas, Sr. Director Strategic Projects

Meeting Date August 12, 2026

Subject 45-Day Budget Revision for Fiscal Year 2026-27

Action Requested Acceptance by the Board of Education of the Superintendent of Schools or designees 45-Day Budget Update Report, presented today, regarding the State of California's adopted, signed Fiscal Year 2026-2027 Budget's prospective with direction that the Superintendent incorporate revisions upon completion into the upcoming 2025-2026 Annual Statement of All Receipts and Expenditures - Unaudited Actuals (i..e, Closing of the Books) and the upcoming current fiscal year First Interim Report.

Background School districts in California must adopt their budgets by July 1 of each year. The State usually finalizes its own budget after districts have already adopted. Every adopted district budget is therefore built partly on assumptions about State funding. Education Code Section 42127(h) addresses this timing. It requires that, not later than 45 days after the Governor signs the annual Budget Act, a school district must make available for public review any revisions that it has made to its budget to reflect the funding made available by that Budget Act.

The Governing Board adopted the 2026-27 budget for all funds, together with the Local Control and Accountability Plan, on June 24, 2026. The District submitted the adopted budget to the Alameda County Office of Education on June 30, 2026. The Governor signed the Budget Act of 2026 on June 29, 2026. The 45-day period therefore ends on August 13, 2026.

Discussion

The 45-Day Revision is not a new budget, and it is not a re-adoption. It is a reconciliation. It updates revenue assumptions and any related changes so the public sees the budget as it truly stands. With the Budget Act now signed, the District has a clear picture of the revenue it will receive from the State. However significant elements of the budget remain open.

Federal revenue is not yet clear. The federal government operates on its own fiscal year, which begins October 1, and Congress has not completed appropriations for the year ahead. Proposed reductions to core federal education programs, including Title I, remain unresolved, and federal education programs are in the process of being transferred among federal agencies, which creates additional uncertainty about the timing and delivery of grant awards. Until final award notifications are received, the District treats federal revenue as an estimate and budgets it conservatively.

The District is also closing the books on Fiscal Year 2025-26. This process, reported as Unaudited Actuals, establishes the District's true expenditures for the year just ended and the true ending fund balance. That ending balance carries forward as the beginning balance for 2026-27, so it directly shapes every figure in this report. Until the close is complete, the fund balances presented here are projections, not actuals. We will return to the Board in September 2026 with the Unaudited Actuals, and remaining adjustments will be incorporated there and at the First Interim Report in December 2026.

The enacted State Budget. Compared with the May Revision, the enacted 2026-27 State Budget mostly confirmed the favorable education proposals rather than materially increasing them. The most important element for the District is the Local Control Funding Formula cost-of-living adjustment. The California Department of Education now identifies the 2026-27 funded COLA as 4.31 percent. That figure includes the statutory 2.87 percent plus an additional 1.44 percent authorized through Assembly Bill 126, the education trailer bill. The District adopted its budget conservatively at 2.87 percent and planned to update revenues at the 45-Day Revision once the State Budget was enacted. That approach was specifically contemplated in the adopted budget materials, and this revision carries it out.

The enacted State Budget produces the following estimated impacts for the District: approximately $8.0 million in additional LCFF revenue, raising budgeted LCFF sources from $504.6 million at adoption to $512.6 million; significant one-time block grant funding of up to $18.5 million; a confirmed $1,340 Assembly Bill 602 special education base rate, worth up to $12 million to the District, as part of the largest single-year special education investment in State history; restricted funding opportunities in the Expanded Learning Opportunities Program, facilities, and kitchen infrastructure; and new cost and compliance pressures arising from the software sales tax and new contracting rules. The State also delayed the paid pregnancy leave mandate to January 1, 2027. That delay reduces the District's 2026-27 exposure but increases planning pressure for 2027-28. The correct fiscal response to this news is disciplined: book the revenue, estimate the mandates, protect reserves, reduce the deficit, and continue stabilization.

Changes at the combined General Fund level. The 45-Day Revision is primarily a State Budget and technical implementation update. At the combined General Fund level, the revised budget is essentially consistent with budget adoption. The projected 2026-27 unrestricted ending balance is $53.5 million and the restricted ending balance is $86.5 million. The table below presents the revised 2026-27 General Fund summary.

Description (2026-27 Budget)	Unrestricted	Restricted	Combined
Total Revenues and Sources	$401,315,000	$483,425,817	$884,740,817
Total Expenses and Uses	$377,444,876	$521,046,095	$898,490,971
Difference (Net Change)	$23,870,124	($37,620,278)	($13,750,154)
Net Beginning Fund Balance	$29,623,667	$124,134,401	$153,758,068
Ending Fund Balance	**$53,493,791**	**$86,514,123**	**$140,007,914**

Table 1. FY 2026-27 General Fund summary as revised at the 45-Day Revision.

Multi-year outlook. Relative to adoption, the projected 2026-27 ending General Fund balance improves from $117.1 million to $140.0 million, an improvement of $22.9 million. The projected net change improves from $36.7 million at adoption to $13.8 million. The projected change is materially smaller, but it is still negative. The unrestricted reserve remains approximately $30 million. The multi-year projection notes funded LCFF average daily attendance of 30,468.48, enrollment of 33,890, and an unduplicated pupil count of 27,640.

The table below compares the adopted budget, the 45-Day Revision, and the two subsequent projection years.

General Fund	2026-27 Adopted	2026-27 45-Day	2027-28 Projected	2028-29 Projected
Total Revenues/Sources	$849,288,911	$884,740,817	$909,013,947	$931,551,446
Total Expenses/Uses	$885,949,092	$898,490,971	$955,466,090	$971,586,954
Difference (Net Change)	($36,660,181)	($13,750,154)	($46,452,144)	($40,035,508)
Beginning Balance	$153,758,068	$153,758,068	$140,007,914	$93,555,770
Ending Balance	**$117,097,887**	**$140,007,914**	**$93,555,770**	**$53,520,262**

Table 2. Multi-year General Fund projection at the 45-Day Revision.

The out-year pattern is clear. The District can remain solvent, but only if 2026-27 is treated as a stabilization year and not a restoration year. By 2028-29, the projected ending balance narrows sharply, to approximately $53.5 million. The District should not wait until 2028-29 to act. The stabilization plan and its strategies must continue. Out-year exposure remains concentrated in special education, labor costs, restricted carryover spend-down, services and contracts, and risk management liabilities.

Assessment. The 45-Day information supports a positive but disciplined fiscal narrative. Fiscal Year 2025-26 closes with an ending balance that supports continued local stabilization. The enacted State Budget helps the District and validates the conservative budget adoption strategy. The remaining multi-year budget-balancing gap appears smaller than at adoption, subject to reconciliation of expected costs, including special education and labor, and final verification at Unaudited Actuals. We view this update as evidence of progress, not completion. The District has stabilized enough to remain locally governed and county reviewable. The District must continue the fiscal stabilization plan without weakening controls and without treating one-time or State improvements as permanent discretionary capacity.

Fiscal Impact

The 45-Day Revision does not appropriate new funds and does not create new spending authority. It updates the adopted budget to reflect the enacted State Budget and reaffirms state funding revenues that can help reduce the extent of the stabilization needs. The projected 2026-27 combined General Fund ending balance improves by $22.9 million relative to adoption, from $117.1 million to $140.0 million. The projected 2026-27 net change improves from negative $36.7 million to negative $13.8 million. The unrestricted reserve remains approximately $30 million. Projected out-year deficits of $46.5 million in 2027-28 and $40.0 million in 2028-29 remain and require continued implementation of the Financial Stabilization Plan. There is no cost to the District associated with presenting or posting this report.

Recommendation

Acceptance by the Board of Education of the Superintendent of Schools or designee(s) 45-Day Budget Update Report, presented today, regarding the State of California's adopted, signed Fiscal Year 2026-2027 Budget's prospective with direction that the Superintendent incorporate revisions upon completion into the upcoming 2025-2026 Annual Statement of All Receipts and Expenditures - Unaudited Actuals (i..e, Closing of the Books) and the upcoming current fiscal year First Interim Report.

Attachments

2026-27 45-Day Budget Update Presentation