

# BUDGET BASICS

Fiscal Year 2021-23

Overview of the City Budget Process

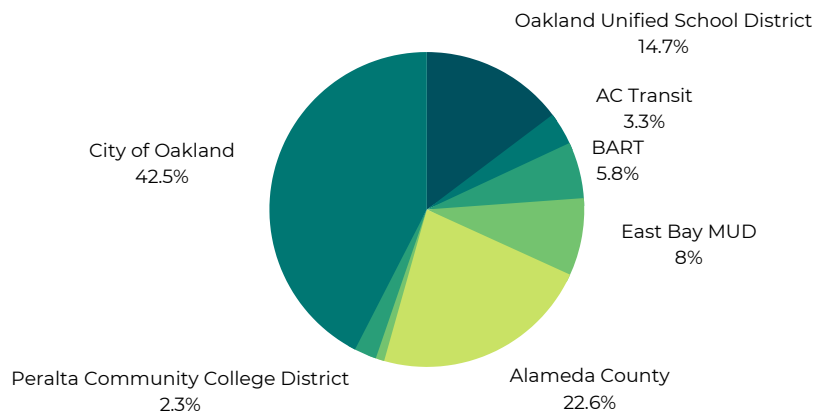


From February to June, every other year, City staff, the Mayor and City Council work together to create a balanced budget by June 30, as required by law. This year's budget process will be unlike any in recent memory. The challenges of the economic and health crises will require difficult choices to balance the budget.

## Many Government Agencies provide support for the Oakland community.

Together, we provide essential services and support to our community-- from maintaining roads, sewers, and parks to providing education, transit, and clean water. Many of the services that Oaklanders care about are not in the City's budget.

## SUPPORT FOR THE OAKLAND COMMUNITY BY PARTNER GOVERNMENT AGENCIES

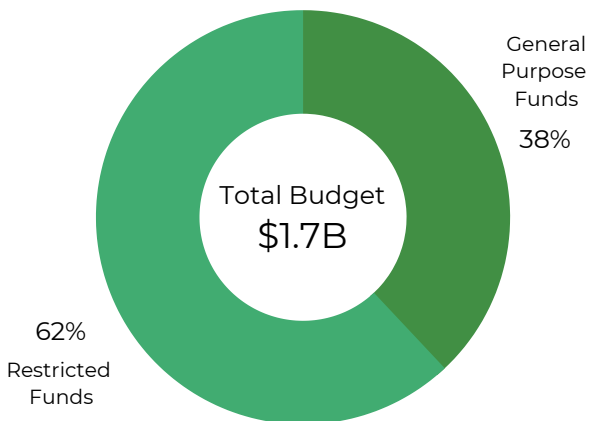


## Our total budget is approximately \$1.7B.

While over half of our revenue comes from taxes, we also earn revenue from service charges, fees, bonds, grants, and other sources. The source of the funds determines what the money can be spent on.

62% of our budget comes through grants and voter-approved bonds (like the Library or parks bond) and legally must be used for specific purposes; these are called Restricted Funds.

General Purpose Funds are generally supported by tax revenue and make up 38% of our budget. They are the most flexible with regards to what they can be spent on. Public safety (police and fire) are primarily funded through the General Purpose Fund, in part because we don't typically charge for these services.



## THE GOAL

# A BALANCED BUDGET

The budget is our plan for how we will spend City money on services that support our community.

A balanced budget ensures our "revenues" (the amount of money the City brings in) are equal to or greater than our "expenditures" (the amount of money the City spends). While other cities and government agencies have different cycles, Oakland approves a budget every two fiscal years. The budget currently under consideration runs from July 1, 2021 through June 30, 2023.

# THE BUDGET PROCESS

Community and Council priorities, public engagement, and input from City staff inform the proposed budget that the Mayor and City Administrator present to City Council. The Council then hosts public deliberations and ultimately adopts the final budget.



## BUDGET VALUES

- **Equity.**  
We seek to avoid reductions that would be felt disproportionately by low-income communities of color.
- **Preserve core services and staffing levels.**  
We seek to prevent cuts in service levels for residents and preserve staffing levels for City workers.
- **Fiscal responsibility and long-term financial health.**  
We seek to address our current fiscal health while preparing to rebound once the economy recovers.

### 2020/21 Budget Deficit

The COVID-19 pandemic has decimated our national and local economies. In June of 2020 we addressed a \$122M deficit in our mid-cycle budget update and by September's first quarter report, an additional \$62M deficit has been uncovered. This is one of the most serious financial challenges the City of Oakland has ever faced.

The economic slowdown associated with the county and state health orders and lockdowns have slashed our first quarter tax revenues in four main categories: sales tax, hotel tax, utility tax, and parking tax.

### How will we close the gap?

So far, a hiring freeze, curtailment of temporary employees, unrepresented employee wage reductions and reductions to police and fire overtime have helped close about \$26M of the projected \$62M deficit. A deficit of \$36M remains.

Absent immediate and significant action, the General Purpose Fund will be insolvent (meaning we can't pay our obligations) before the end of the fiscal year and the deficit will continue to grow.

## GET INVOLVED

Learn more about the budget, see frequently asked questions, attend upcoming budget town halls, ask budget questions, and share your ideas.

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