

SRCS 2025-26 45 Day Budget Update

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Presentation Items

- Overview
- State Budget and the Economy
- Proposition 98
- Federal Education Funding
- Santa Rosa City Schools 45-Day Budget Updates
- Estimated update to our 2025-26 Adopted Budget General Fund 01 with the impacts of the 2025-26 45-Day Revision
- Summary
- Next Steps
- Questions

The Annual Budget Reporting Cycle



Overview

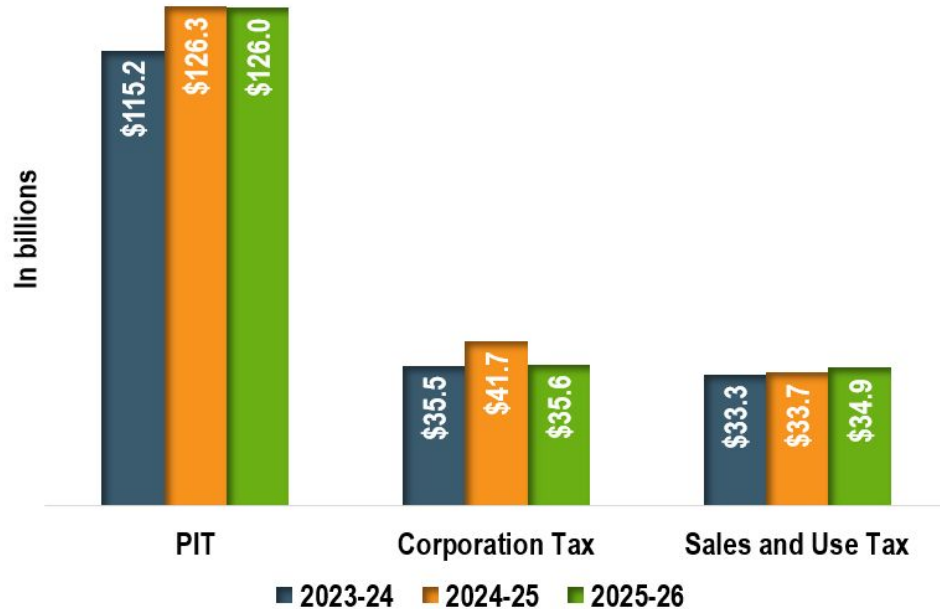
- The State Constitution requires the Governor to submit a budget proposal to the Legislature by January 10 of each year for the following fiscal year beginning July 1.
- By May 14, the Governor must announce an updated revenue forecast, accounting for revenue changes since January. The update is known as the "May Revise" or "May Revision."
- After its introduction, the Legislature has until June 15 to pass the budget.
- The Governor then has 12 working days to sign the budget bill into law after its passing by the Legislature.
- Education Code Section 42127(h) specifies that “Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to reflect the funding made available by the “Budget Act.”

State Budget and the Economy

- The budget maintained the majority of the proposals that were included in the May Revision; however, some additional changes were incorporated. The final budget agreement solves an \$11.8 billion General Fund deficit and provides a balanced fiscal plan with reductions in growth in state spending while maintaining key programs.
- In order to address the state's budget challenges, there are a range of solutions including necessary actions to reduce ongoing expenditures, mandatory reserve drawdowns, new revenue proposals, internal borrowing, fund shifts, and deferrals.
- Risks to the State Budget include state structural deficits through 2028-29. Tariffs can reduce state revenue by over \$15 billion. Sensitive to federal fiscal and monetary policy changes, and cost shifts from Washington D.C. to states will pressurize the budget.

State Budget and the Economy

Big Three Taxes



- Personal Income Tax (PIT) is projected to remain relatively flat
- Los Angeles County taxpayers' filing deadline is extended to October, making 2025-26 PIT projections more challenging
- Corporation tax is projected to decline significantly from 2024-25 to 2025-26

Proposition 98

Key Features of the 2025-26 Education Budget

Proposition 98

Better-than-expected revenues from Wall Street's rebound and a required Maintenance Factor payment buoys 2024-25

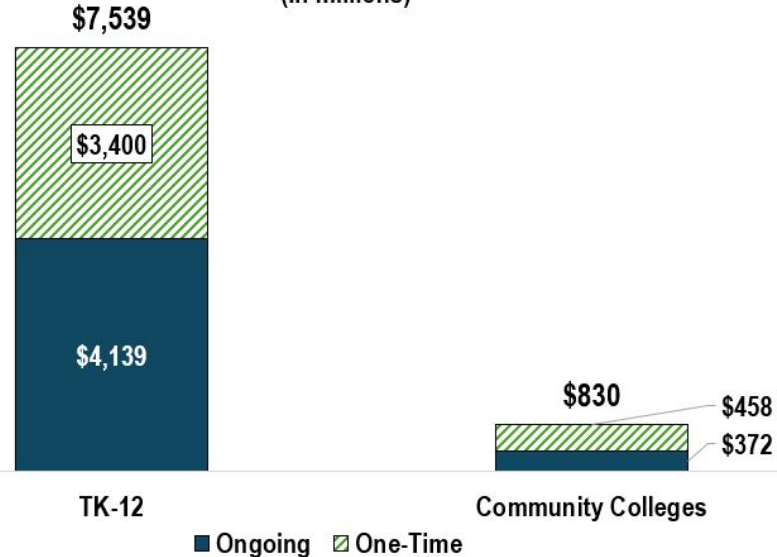
Test 1 mutes education funding in 2025-26, reducing revenue by \$5.4 billion below 2024-25 level

Enacted Budget relies on deferrals and reserves

Enacted Budget uses novel Settle Up

No cuts! Increased funding for programs!

Proposition 98 Major Spending
(In millions)



Federal Education Funding

- House Resolution (H.R.) 1, the “One Big Beautiful Bill Act”
- Federal Fiscal Year (FY) 2025 & 2026 Budgets
- Trump Administration freezing and unfreezing of FY 2025 federal K-12 funds
- How H.R. 1 could impact TK-12 education in California

Santa Rosa City Schools 45-Day Budget Updates

Student Support and Professional Development Discretionary Block Grant

	2024-25 P2 - ADA	~\$315 per ADA	Estimated Proceeds
Santa Rosa City Schools	11,500	\$315	\$3,622,371
Santa Rosa Charter School for the Arts	353	\$315	\$111,182
Santa Rosa French-American Charter	498	\$315	\$156,851
Cesar Chavez Language Academy	725	\$315	\$228,504
Santa Rosa Accelerated Charter	124	\$315	\$38,934

Santa Rosa City Schools 45-Day Budget Updates

Learning Recovery Emergency Block Grant (LREBG)

	2021-22 P2 - ADA	~\$114 per ADA	Estimated Proceeds
Santa Rosa City Schools	11,941	\$114	\$1,361,274
Santa Rosa Charter School for the Arts	361	\$114	\$41,154
Santa Rosa French-American Charter	371	\$114	\$42,294
Cesar Chavez Language Academy	841	\$114	\$95,874
Santa Rosa Accelerated Charter	121	\$114	\$13,794

Santa Rosa City Schools 45-Day Budget Updates

Universal Transitional Kindergarten additional investment

	2025-26 TK projected count	~\$2,397 per TK	Estimated Proceeds
Santa Rosa City Schools	169	\$2,397	\$405,093
Santa Rosa Charter School for the Arts	11	\$2,397	\$26,367
Santa Rosa French-American Charter	45	\$2,397	\$107,865
Cesar Chavez Language Academy	43	\$2,397	\$103,071

Santa Rosa City Schools 45-Day Budget Updates

Expanded Learning Opportunities Program

- Lowered the unduplicated pupil percentage (UPP) for Rate 1 eligibility to 55% from 75%. Rate 1 must offer and provide access to all students in grades TK-6. Rate 1 in 2024-25 is \$2,750 and continues to be \$2,750 in 2025-26.
- Rate 2 is for districts with a UPP under 55%. Rate 2 must offer and provide access to all unduplicated students in grades TK-6. Rate 2 is \$2,000 in 2024-25 and in 2025-26 it is still TBD but includes intent language that it is to be no less than \$1,575.
- Santa Rosa City Schools elementary district, ELOP is TK-6, is projected to be funded under rate 1.
- Starting in 2025-26, when LEAs transition from Rate 2 to Rate 1, for one year only, they will be audited for compliance based on their prior-year requirements.
- This is accounted for in our district Fund 12 and the total financial impact will be included in the 2025-26 First Interim Financial Report in December 2025.

Estimated update to our 2025-26 Adopted Budget General Fund 01 with the impacts of the 2025-26 45-Day Revision

Assuming the above-mentioned estimated increased proceeds of approximately \$5,388,738 from this 45-day revision are used to take on existing programs and prevent cuts in lieu of new programs, the result of this 45-day revision could be:

- The deficit in 2025-26 going from **-\$10,847,764** in the Adopted Budget to **-\$5,459,026**
- The Unrestricted Ending Balance going from **-\$11,031,466** in the Adopted Budget to **-\$5,642,728**
- The total amount we are below the required minimum 3% reserve for economic uncertainty going from **-\$17,596,219** in the Adopted Budget to **-\$12,207,481**.

Summary

The true financial outlook will evolve over the next few weeks with the following:

- Financial records for 2024-25 are finalized
- Actual student enrollments for 2025-26 are known after school has opened
- Staffing assignments are completed
- More information comes in on the Federal FY 2026 education funding.

The next financial report, the 2025-26 First Interim, will be presented to the board in December 2025 with complete updated financial projections through October 31, 2025, including all the items included in this 2025-26 45-Day Budget Update.

Next Steps

September 2025

- 2024-25 Unaudited Actuals Financial Report
- Fiscal Stabilization Advisory Committee (FSAC)

October 2025

- CALPADS 2025-26 Student Data Census Day
- Update Enrollment Projections
- FSAC

November 2025

- FSAC/Superintendent Recommendations submitted to the Board of Education

December 2025

- 2025-26 First Interim Financial Report

Board Member Questions

