



Luz T. Cázares, Interim CBO
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September 30, 2025

Amie Carter, Ed.D., Sonoma County Superintendent of Schools
Sonoma County Office of Education
5340 Skylane Boulevard
Santa Rosa, CA 95403

Dear Sonoma County Superintendent of Schools,

As required by EC Section 42127.5 and requested in your letter dated September 15, 2025, we identified three notable areas that caused the General Fund negative unrestricted fund balance at FY24/25 Unaudited Actuals and FY25/26 Adopted Budget: Special Education, Enrollment, and Compensation Increases. Below we describe the causes and the corrective actions we are taking to address them, including our monitoring efforts.

Special Education

On February 3, 2025, the Superintendent's Council of the Sonoma County SELPA voted to revise the SELPA Funding Distribution Model. This change resulted in a significant and ongoing loss of revenue approximating 1.1M in FY25/26 and 3.4M every year thereafter. In other words, the multi-year projection (MYP) reflected a revenue loss of 4.5M as of FY24/25 Third Interim and 7.9M as of FY25/26 Adopted Budget. In consideration of this loss in revenue, the district notified the Sonoma County SELPA on June 29, 2025 that we may exit the SELPA. To inform our decision-making, we have contracted with School Services of California to provide consultation and facilitation support for the potential formation of a new multi-district SELPA. We expect to receive their report and determine our next steps in November 2025 and call for Board action (if any) in December 2025. We have informed the Board of our best thinking, progress, and timeline to support our accountability.

Similarly to school districts across the nation, our special education expenditures have increased disproportionately over the past few years. In FY24/25, our special education expenditures increased from 66.0M at Adopted Budget to 72.0M at Unaudited Actuals. Going forward, we will revisit our practice of assuming Consumer Price Index (CPI) increases for supplies and services in the MYP; no later than our FY25/26 First Interim Report, we will identify a factor better aligned to our actual experience. In addition, we will explore options to negotiate cost-effective rates with providers. Finally, we have convened a Special Education Task Force to support our efforts to review our service levels, as well as identify opportunities for efficiencies. As always, we will share changes in

assumptions and practices with the Board at each reporting period. The Special Education Task Force will also share the results of their work with the Board.

Enrollment

In preparation for the FY24/25 Third Interim Report, the district worked with FCMAT to update enrollment projections to incorporate the implementation of the Board-approved school consolidations and closures. The updated projections reflected a further decline in enrollment and corresponding reduction in average daily attendance as illustrated in our Third Interim MYP Assumptions listed below.

2024-25 Third Interim Assumptions

District Enrollment and Average Daily Attendance (ADA) Data Assumptions used in Third Interim
(Does not include Charter Schools):

	2024-25 CALPADs	2025-26 Projection	2026-27 Projection
District Enrollment 3rd Interim	12,559	11,970	11,696
District Enrollment 2nd Interim	12,559	12,297	12,166
Difference	0	-327	-470
District ADA 3rd Interim - P2	11,499.59	11,069.06	10,818.39
District ADA 2nd Interim - P1	11,567.47	11,405.91	11,406.15
Difference	-68	-337	-588
ADA to Enrollment Ratio % 3rd Interim	91.56%	92.47%	92.50%
ADA to Enrollment Ratio % 2nd Interim	92.11%	92.75%	93.75%
Difference	-0.54%	-0.28%	-1.26%



These District/FCMAT collaborative enrollment projections were used to prepare the FY25/26 Adopted Budget and MYP as well. Please note that the district’s actual ten-day enrollment count aligns closely with the FY25/26 enrollment projection. We will continue to use the cohort survival analysis to update projections for subsequent years and hire a demographer, as needed. We are tracking enrollment and attendance closely, updating the Board regularly, and will update the MYP at First Interim, as appropriate.

Compensation increases


Our declining enrollment described above has a direct and immediate impact on our primary source of funding, Local Control Funding Formula (LCFF) Sources. As demonstrated in the table below, our actual increase in LCFF Sources is well under the LCFF Funded COLA.

	UNAUDITED ACTUALS			ADOPTED BUDGET
	FY22/23	FY23/24	FY24/25	FY25/26
LCFF Funded COLA %	13.26%	8.22%	1.07%	2.30%
LCFF Revenue	160,772,797	166,088,546	166,390,047	169,839,192
Actual Change in LCFF %		3.31%	0.18%	2.07%

Despite this, we have agreed to compensation increases in excess of both the Funded COLA and Actual COLA. In FY24/25 alone, the district approved salary schedule increases of 2.7% for CSEA and \$4,750 per cell for SRTA, representing a 7.9% raise for teachers at the bottom of the salary schedule and a 4.2% increase for those at top. Going forward, we will follow the principle of negotiating with dollars instead of percentages and intentionally aim to identify the budget adjustments necessary (if any) to fund future agreements.

Finally, please be advised that we are preparing a pre-First Interim MYP to incorporate the results of the FY24/25 Unaudited Actuals, the FY25/26 45-Day Budget Revision, Census Day enrollment-related adjustments to staffing and ADA, and any other refinements to the budget we identify as necessary as we solidify our Fiscal Stabilization Plan. We are happy to share the results with you upon request. Please do not hesitate to reach out with questions or thoughts.

Best wishes,



Luz T. Cázares
Interim CBO

Cc:

Lisa August, Interim Superintendent, Santa Rosa City Schools
Joel Dontas, Executive Director, Santa Rosa City Schools
Tony Thurmond, State Superintendent of Public Instruction
Dr. Linda Darling-Hammond, President, State Board of Education
Michael H. Fine, Chief Executive Officer, Fiscal Crisis and Management Assistance Team
Leisa Maestretti, Director, California Department of Education
Sarah Lampenfeld, Assistant Superintendent, Business Services, Sonoma County Office of Education
Greg Medici, Deputy Superintendent, Sonoma County Office of Education
Felicia Aguirre, District Fiscal Management Advisor, Sonoma County Office of Education