

## **Behind the Headlines of Public Education: Understanding the Challenges to Consolidation and the Process of State Takeover**

### **SUMMARY**

The 2010-2011 Sonoma County Civil Grand Jury (Grand Jury) recommended that the county determine the potential cost savings of consolidating some of its 40 school districts. While the county has not ignored the recommendation, meaningful progress has not been made. In the past fifteen years, the need for public school districts to look for cost savings has grown as the student population has decreased, while costs related to staff contracts, special education and safety have increased. At the same time, the path to consolidation has become so challenging that there are currently no plans for consolidation in the county.

This report outlines the main obstacles to district consolidation. The first obstacle is a multi-year legislative process that includes a study, voter approval, community reviews and the creation of a new district. The second is the resistance of communities, superintendents, and school boards to the loss of local control. School district governance at the state, county, and district level is a third obstacle to consolidation. The biggest obstacle, however, may be the funding formula that was introduced by the state in 2014. The formula, intended to give more control at the local level, also creates disincentives for districts to consolidate.

With fewer students, increased health and safety challenges, and no clear path to consolidation, several Sonoma County school districts are experiencing financial challenges. As these districts struggle to make cuts so that bills can be paid, there is a possibility that the state will take over the financial decision-making from some school boards. A state takeover is an event that has only occurred in nine California school

districts since the 1980's. The long process of resolution is the second part of this report.

## **BACKGROUND**

News reports have covered contentious school board meetings where staff cuts, school closures and other cost saving measures are announced. The challenges stem from declining enrollment, increases in teacher and staff compensation and state mandates. In addition, school administrations and elected school boards have made unrealistic decisions in addressing these issues. This report will address the financial circumstances of Sonoma County schools and what options exist for improvement. Statistics as of May 2026:

Number of School Districts in Sonoma County – 40

Number of districts that consist of a single school – 8

Number of students in Transitional Kindergarten (TK) through grade 12 in Sonoma County public schools – 64,800

Projected decline in student enrollment over the next 10 years – 8%

Number of schools generally needed for number of K-12 students in the Santa Rosa area – 38

Number of schools currently in Santa Rosa - 52

Number of schools closed or closing within the last three years - 9

Percentage of average annual increase in teacher salaries over the last 5 years - 8%

Average annual salary with benefits of School District Superintendent - \$230,009

School districts have attempted to mitigate budget shortfalls with internal solutions such as school closures, staff downsizing, and program elimination. Unification (the combining of elementary and high school districts) and Consolidation (combining two or more districts) are multi-district solutions that can be used to address the problems revealed by these statistics.

The 2010-2011 Sonoma County Civil Grand Jury issued a report on Sonoma County Schools that focused on the need for school district consolidation and unification for school districts in the county. ([View the full 2010/2011 CGJ Report here](#)) It cited several reasons for the growing need, including declining enrollment, teacher and staff layoffs, school closures, and lack of state funding. The 2010-2011 Grand Jury found that the current school configuration of 40 school districts was not sustainable. To address this, the Grand Jury recommended that:

1. Every district request a CCSDO (County Committee on School District Organization) study on school reorganization options.
2. Sonoma County's County Superintendent of Schools sponsor meetings with district school boards at least two times a year.
3. The County Board of Education be reconfigured to reduce the number of members from seven to five to align with the County Board of Supervisors.
4. A study be conducted to determine the potential cost saving of consolidating some of the districts in Sonoma County.
5. Districts respond to a survey about whether or not they would approve the Sonoma County Office of Education (SCOE) to conduct a study to look at options for reorganization of districts.

Recommendation No. 3 was readily implemented, reducing the number of County Board of Education Trustees from seven to five. For the remaining four recommendations, school district responses were mixed. The majority of districts stated that, although funding from the state had decreased, they were not in financial trouble and did not see the need for consolidation. Only 23 of the 40 districts responded that they would invite a study on school reorganization options. The Sonoma County Office of Education (SCOE) did commission three separate feasibility studies on the consolidation or unification of school districts. No action was taken in response to these studies.

In the fifteen years since the 2010-2011 Grand Jury report, most of these issues remain. District superintendents have changed, school board members have ended their terms, new members have started and students who started that year have graduated. Focusing on and blaming individuals for the current situation in Sonoma County schools is to ignore what is happening in the county and in the state.

## **METHODOLOGY**

- The Sonoma County Civil Grand Jury is composed of residents of Sonoma County, and as such, the Grand Jury is very aware of the media reports about the challenges the school systems in Sonoma County are encountering; primarily reporting on contentious meetings over school closures, staff cuts, etc. Most investigations by the Civil Grand Jury are initiated by a submitted Request for Investigation, or by issues brought up by media reports or experiences of members of the Civil Grand Jury. The Civil Grand Jury investigates the operations and structure of a county or city department or a special district, agency or other organization within the jurisdiction of the Civil Grand Jury. This report was originated in part by a Grand Jury meeting with the County

Superintendent of Schools and her staff, and it was motivated by the Grand Jury's concern over the current state of our schools.

The Grand Jury investigation focused on two areas – why consolidation of school districts, despite being strongly recommended, has not happened, and the process and consequences of a failing financial basis within a school district. Our investigation did not consider academic performance or other non-financial factors. We focused on the financial situation and alternatives.

The goal of this report is to inform the Sonoma County general public concerning:

- The general financial situation of the Sonoma County school systems and some of the reasons many school districts are in trouble financially;
- The governance structure of the schools in Sonoma County;
- How the county and the state fund and support the schools;
- The financial requirements of the school districts and what steps are involved when a school fails to meet minimum financial requirements set by the state;
- Clarification of steps, such as unification, consolidation, school closure, and state takeover;
- Some of the many reports and recommendations over the years for improvement in the governance structure for the school systems in California.

The Grand Jury believes that most of the public, including some school system employees, do not understand the regulations and financial requirements of school district management. The goal of this report is to inform, educate, alert and perhaps shock the leadership and the public about the dire financial situation in nearly half of the 40 public school districts in Sonoma County.

## **DISCUSSION**

## **How We Got Here**

There isn't any factor that stands out as the sole reason why school districts are financially struggling, but a few issues have emerged in the last 15 years.

### **1) Too Many Schools**

To identify why local school districts are in financial distress, it is helpful to start with some county and statewide trends. Birthrates have declined nationwide. According to an October 2025 report by California County News, birth rates in California are at historic lows. A report conducted by MGT (a social impact consulting company) for SCOE states that the population of students in the Santa Rosa City Schools district is projected to decline 8% over the next decade. In Sonoma County, there are additional reasons why the number of students is dropping. There is a lack of affordable housing which can cost as much as 50% of a family's income. The 2017 wildfires and COVID-19 pandemic still impact the number of students living in the county. As a result, Sonoma County has too many schools for both current and future student populations.

### **2) More Students Qualify for Special Education than the State Average**

California law requires school districts to assess students with identifiable learning disabilities. The schools then work with parents to create an individualized education plan (IEP) if needed. An IEP defines educational goals and the services that the district will provide to support those goals. One student, for example, may be directed to speech therapy, while another student may be supported with an in-classroom aide.

Each district in Sonoma County budgets for these services, which average about an additional \$26,000 per identified student each year. Sonoma County school districts may be identifying students who don't meet the standards of special needs or Sonoma County may have a greater number of students who qualify than the state average. If

we are over-identifying special needs students, there would be a negative financial impact on a district. In its report to the Santa Rosa City Schools School Board on January 28, 2026, the California Fiscal Crisis and Management Assistance Team (FCMAT) stated that an average of 14.25% of students statewide are receiving special education services. In Sonoma County, the average is 16.14%, and in the Santa Rosa City Schools district the percentages are even higher – nearly 18% of elementary students and more than 18% of high school students. [View FCMAT's full report here](#)

### 3) Cost of Teacher and Staff Contracts

Generally, 85-90% of district budgets are spent on salaries, benefits and training. Frequently, school districts respond to budget shortfalls by reducing staff. Reducing the number of employees in a school can result in less support in the classrooms, larger class sizes, increased risk of safety issues, and loss of learning opportunities. In Sonoma County, teachers and classified employees are represented by the California Teachers Association (CTA), California School Employees Association (CSEA), and Service Employees International Union (SEIU), all of which negotiate salaries and benefits for their members with each district. As districts look at ways to reduce costs, they recognize that reducing costs by eliminating positions has had the worst impact on schools.

### 4) Safety

Traditionally, schools have been safe places for students where they can focus on child issues instead of the overwhelming issues of adult life. Modern media influences a child's ability to make the best decisions. Drugs are increasingly available on and near school campuses. The COVID-19 pandemic and widespread coverage of school shootings brought real fear into schools. Students who don't feel safe are more likely to struggle with retaining what they learn.

In the last few years, there have been violent incidents on school campuses and, at the same time, the loss of school resource officers. School resource officers are employees of the local police or sheriff's departments whose main assignment is to be a positive presence on a school campus. Both Petaluma and Santa Rosa City Schools dropped the position in 2020, and Rohnert Park schools just this year. Teachers, unlike the officers, are not trained to handle situations that escalate to violence. There was an attempt to bring school resource officers back to the Santa Rosa City Schools district in 2023, but support for the funding fell short.

Funding for safety-related measures is necessary but comes at the expense of other programs. Schools have had to figure out how to pay for safety related items such as security cameras, perimeter fencing, and school lockdown training.

A bigger loss to districts is the student absences and student withdrawals, some of which could be associated with safety concerns. Santa Rosa City Schools has seen a jump in inter-district transfer requests and as many as 600 students have transferred out of the district. The district is currently restricting approvals of student requests to transfer out.

#### 5) Impact of COVID-19

The Elementary and Secondary School Emergency Relief Fund of 2020-2021 provided significant funding to address the impact of the pandemic. These federal funds were intended to be used for learning loss mitigation, facility improvements, personnel and operations, technology, and mental health services. This resulted in the schools having additional personnel and facility expenses. However, in many cases, these expenditures continued after the funding ended.

## **Challenges to Consolidating School Districts**

In 2026, the number of school districts in Sonoma County remains at 40, the same number that prompted the 2011 Civil Grand Jury to recommend consolidation of districts. However, the number of students has changed. Currently, the total student population of 64,500 students is about 5,500 students fewer than 15 years ago. As the student population continues to decrease and costs rise, combining school districts is still a logical solution for reducing costs and focusing back on academics. Unfortunately, there are significant obstacles to consolidating school districts. These obstacles are too complex to overcome without changes at all levels of state educational governance.

### 1) The Legal Process

The first step of any change in school district boundaries is an evaluation of options for district consolidation. In 2024, SCOE commissioned a study which identified the challenges of bringing together the nine Santa Rosa elementary school districts and the Santa Rosa City High School district. The study showed that consolidation would result in cost savings over time due to the need for only one superintendent, economies of scale in purchasing, and savings in other areas. However, consolidation is subject to the specific requirements set forth in the California Department of Education (CDE) School District Reorganization Handbook. These requirements take extensive time and effort. [\(View the CDE School Organization Handbook here\)](#)

Under current rules, the process of consolidation does not begin at the county level. Neither SCOE nor the County Committee on School District Organization can initiate the process. Rather, proposals for reorganization are initiated only in one the following ways:

- A 25 percent petition from voters or a governing board resolution approved by a majority of each affected district's board of trustees.
- A 10 percent petition or a resolution from certain local agencies (such as the Board of Supervisors).
- County committee plans and recommendations.

Each of these events has a complex path to approval and requires multiple time periods for public review and comments. At best, consolidation is a two-year plus process. Approval through one of these paths is only the first step to consolidation. After approval, all the districts involved must be closed out, the individual district school boards cease to exist, and all union contracts are decertified. A new district is then established.

The newly created district must hire a superintendent and hold school board elections. This district will determine which positions are redundant (including both teachers and classified staff) and then notify employees of any layoffs. After that, a new budget is created and approved so that new union contracts can be negotiated and curriculum decisions made. During this transition, the district continues to operate the schools and ensure the education of students continues.

It is also important to note that consolidation will not solve the problem of having too many schools. School closures, as noted in this report, are addressed separately from consolidation.

## 2) Community

The advantages of consolidation may not overcome a district's reluctance to consolidate. Any community losing its district is likely to oppose consolidation. Teachers, parents, and current students will feel the shift from their neighborhood

schools to being part of a bigger entity with new rules, new schedules and new budget priorities.

### 3) Governance

There is little doubt that California has a commitment to its schools. About 50% of the state's budgeted general fund goes to education, including TK through college. In the current academic year, grades K-12 account for approximately 35% of that budget. The large number of stakeholders makes management of this budget extremely difficult.

There are three levels of education management in California: state, county office of education, and local. All three levels operate with a commitment to ensure that:

- Educational resources are allocated in a fair and equitable way across the system.
- There is accountability for budgets, planning and spending.
- The public has an opportunity to review decisions and comment.
- There is local say in how, when, and where students are educated.

In short, education is intended to be a democratic process where all citizens can participate.

At the state level, there are currently two elected governing entities overseeing schools, with some direction and funding from the federal government. One is a State Superintendent of Public Instruction who is the executive officer for the California Department of Education. This department provides direction, assistance and resources to K-12 public schools. This office establishes standards for academic performance. The other entity is the State Board of Education. It consists of eleven members appointed by the governor. This board establishes standards, approves K-8 textbook options, and adopts policies and regulations required by state and federal laws.

In the December 2025 Policy Analysis for California Education (PACE) Report, it was noted that the State Superintendent of Instruction and the governor-selected State

Board of Education could have opposing views. [Link to the December 2025 PACE Report here](#). This makes changes at the state level even more difficult and politically fraught. As of this writing, Governor Newsom has proposed changes to the structure of state education leadership, which would shift the role of the State Superintendent of Instruction to report to the State Board of Education.

At the county level, all 58 California counties have a county office of education headed by a county superintendent of schools. In Sonoma County, the local Sonoma County Office of Education (SCOE) provides education resources, educator training, and county-wide student events such as an annual science fair. SCOE also provides special services, including special education, adult education and alternative schools. SCOE supports each school district, monitors student success, and approves each district's Local Control Accountability Plan. Although SCOE ensures that districts are accountable for sound school and fiscal practices, it does not have authority over individual districts unless problems are identified.

California has always had a strong commitment to the local governance of schools. The idea of neighborhood public schools goes back to the early years of the United States. It was believed that each community knows best how to prepare its youth for adult life. Even now, as students are connected to the world through a screen, the idea of local schools persists.

In California, even though the public school system is under the policy direction of the state, more responsibility is granted to school districts and county education officials than to any other government entity or official (*California Education Code sec. 35160*).

Despite the vast amount of state legislation guiding school districts in California, decision-making is often pushed down to the district level. Each district has a superintendent, though in the smaller districts the roles of superintendent and principal may be the same person. Each district has a board of trustees, who are community members elected for 4-year terms. Trustees are not required to have any specific skills

beyond the ability to campaign. School boards typically have three to five members. The major governing responsibilities include:

- 1) Setting the direction for schools in the community
- 2) Establishing an efficient and effective structure
- 3) Providing support
- 4) Ensuring accountability to the public
- 5) Demonstrating community leadership

In addition to hiring the district superintendent and the school principal, the board sets district policies, oversees the school budget and planning process, and manages the maintenance of school facilities. Almost all districts now have a chief budget officer to manage the district's finances.

Trustees are offered training once they have been elected. The California School Boards Association provides a one-day training on the foundations of governance and a two-day training called Foundations of Effective Governance: Setting Direction. These training courses are offered to all school board trustees but are not mandatory. As of October 2025, every school board member in office on January 1, 2027, (except those in their last year of office) are required to receive training in K–12 public education governance laws. The curriculum for this training is to be developed by FCMAT before October 2026. It will address public school finance laws and accountability laws.

Members of the community who serve on school boards provide a level of oversight that the California School Boards Association describes as “the cornerstone of democracy”. Board members take this commitment seriously.

As the Grand Jury members prepared this report, we were told that most decisions for individual school districts are pushed back down to the local district's board of trustees. The Jury found that far-reaching community decisions are being made by elected board members with very little training and four-year elected terms. Their commitment is to

their own districts which means, in the case of consolidations, they are being put in the difficult position of making decisions that have a broader impact outside of the district they serve. How can they vote for district consolidations that may negatively impact their district, but may work towards solving financial issues for combined districts?

#### 4) How Schools are Funded

In 2014, California introduced the Local Control Funding Formula (LCFF), the first major shift in 40 years in how schools are funded. The LCFF was designed to provide a more equitable distribution and transparency of state funding for schools. It also gives each district more authority for decision making. With the LCFF, state resources are allocated based on performance measures that each district provides. This new way of determining funding is seen as less effective than envisioned, but in general there is support for LCFF with recognition that it is a significant improvement over prior methods of school funding. The components of the Local Control Funding Formula include:

- A base grant calculated on Average Daily Attendance (ADA).
- Supplement grant: 20% of the adjusted base grant multiplied by ADA to help students in need.
- Concentration grant: 65% of the base grant multiplied by the ADA for schools with student populations including more than 55% of students with higher needs.
- Add-ons for such things as transportation, art, and music education.
- Cost of Living Adjustment.

For every district, the base grant is the most important source of funding. The amount of funding a school receives is based on the number of students enrolled in the school. This number is determined by the school's reporting of the average daily attendance (ADA), which is the number of days a student attended divided by the number of total school days. For example, a student attending every day would equal one ADA. This is

a factor where districts have the most local control by tracking student attendance and encouraging families to get their children to school. There is also an incentive for schools to maintain lower class sizes in grades K–3, and a grade span adjustment for other grades. This includes high school (to be used for career technical education).

The LCFF also recognizes that districts spend more when there are students with additional learning needs. The formula provides a supplemental grant of 20% for each student who is identified as low income, an English language learner, or as a foster/homeless youth. When at least 55% of a district's student population has one of these additional learning needs, the district receives funds in the form of a concentration grant. Although students may be recognized in more than one of the additional needs categories, funding for these students is based on counting each student only once under the LCFF. This is called the Unduplicated Pupil Count (UPC). It is important to note that this concentration grant is a formula to provide more funding to the district, not to individual students. It recognizes that additional funds are needed to increase and improve services for disadvantaged students. The transition to using LCFF means that school districts have more decision-making power in how state funding is spent. In exchange, school districts must show how they will use these funds by documenting student data, performance, needs and anticipated outcomes. Districts do this with a Local Control Accountability Plan (LCAP), which was developed to describe how the district will spend the funds to improve student outcomes.

There are also add-on grants to provide funding for transitional kindergarten, school transportation, and music and art.

In May of each year, the state determines whether there is need for a cost-of-living adjustment, tied to the National Price Index.

Two additional sources of funding for school districts are school bonds and money raised by private fundraising. Bond funds are restricted to capital projects. This spending can reduce the district's facility operating costs, which helps the district general budget. A district can also do private fundraising and use such funds within regulations. In both cases, these additional funding sources tend to benefit the wealthier districts and lead to inequalities.

School districts base their budgets on the LCFF funds, which are paid monthly. Locally, districts receive the amount of property taxes allotted to schools, which is received two times a year. One additional source of revenue is funding from the Education Protection Account, a special tax created by Proposition 30 in 2012 and extended by Proposition 55 in 2016. This funding supplements state aid.

A small percentage of school districts in the state receive enough money from local property taxes that the amount determined by the LCFF is covered. In this case, these districts (called Basic Aid or Community Funded) do not receive state income tax money. In Sonoma County, there are 17 school districts in this category. (See appendix) There are some advantages for Basic Aid districts. First, property taxes tend to be more stable than state income taxes, allowing for better budget forecasting. Second, they are allowed to keep any property tax funding above the amount determined by the LCFF. This could mean more money per pupil, higher teacher salaries, and additional classroom support. For Basic Aid districts, declining enrollment translates to more funds per pupil as the districts benefit from a higher level of property tax revenue. Average Daily Attendance requirements do not apply since the district does not get the state funding. As a result, these districts do not have incentives to consolidate with other districts.

Since 2000, no California school districts have been consolidated, mostly because of the Local Control Funding Formula. The current state funding system will reduce the

total funds received for a newly consolidated district. As an example, the 2024 feasibility study by Christy White, Inc., shows that consolidating the nine elementary districts with the Santa Rosa City High School District would result in cost savings. But it would also result in a loss of \$21 million annually in state funds because the student population would no longer qualify for additional need and concentration grant funds. Here are some more general examples:

- 1) A district that is receiving supplemental funding based on a high UPC (students who are identified as low income, English language learners, or foster/homeless youth) will see those funds go to the new, larger consolidated district. The funds should continue to benefit the students with need, but the control of those funds will be by the new district.
- 2) Districts that currently qualify for concentration funds (given when disadvantaged students represent more than 55% of the overall student population) have even more to lose. Consolidation will likely drop the new district demographics below this threshold, so the new district does not qualify for the funds at all.
- 3) School districts that are Basic Aid and not currently receiving LFCC might no longer qualify as Basic Aid if consolidated.
- 4) In Sonoma County, there are 53 charter schools, most of which are connected to one of the 40 school districts. Currently, these charter schools receive additional state funding for each student who is attending from outside the district. In the event of districts consolidating, those additional funds would no longer be available for the students who would now be considered in-district.

As noted, there are cost savings when districts are consolidated, but the loss of eligibility for these additional state funding sources means that it will be years before the cost savings would be realized.

Sonoma County, along with other counties in the state, is seeing the worst effects of declining enrollments and barriers to district consolidation. The truth is, if consolidation of districts had happened several years ago, a consolidated district could be seeing some benefit from reduction of costs. However, the issue of too many schools overall is still leading to financial problems. As this report is being written, there are daily reports of school cutbacks, closures and staff layoffs. It is difficult to measure the emotional impact on students, parents and staff and the loss to the community.

Part of the financial problems can be traced to the past assumptions that have been made about a district's potential revenues. For each school year, district management and school board trustees make assumptions about the number of students who will be enrolled, the average daily attendance of the students, the number of students who will need special education services, the cost of facility maintenance, and the cost of teacher and staff salaries after union contracts have been negotiated. It takes a strong, trained, diversified team to make accurate assumptions of how these multiple variables will behave. Failure to do so leads to inaccurate assumptions and inadequate budgeting.

When spending exceeds actual revenues, the district faces tough decisions on how to get the budget back in compliance. In the case of many districts, the answer is to reduce staff. In some districts, the answer has also been to close schools.

### **State Takeover**

Currently, there are school districts in Sonoma County that may not be able to meet their current and future financial obligations. If this happens, the State of California has an established takeover process for imposing oversight of school district budgets and operations. The state can also provide emergency state loans to keep a district solvent. This process was adopted in 1991 and altered by subsequent legislation in 2018. It

continues today. The state's formal oversight process is named after its initiating legislation—Chapter 1213 of 1991 (AB 1200). Under the AB 1200 process, all districts are subject to ongoing fiscal monitoring and districts experiencing fiscal distress are offered escalating tiers of assistance and intervention. [View a pdf of AB1200 here.](#)

### **Oversight of District Budgets and the County Office of Education**

Prior to 1991, the state had no formal process for overseeing district budgets so many school districts went years without resolving budget imbalances. Some ultimately faced major fiscal crises. Between 1979 and 1991, a total of 26 districts requested and received emergency state loans. One large district (Richmond Unified) declared bankruptcy. The Richmond bankruptcy spurred legal challenges and, in *Butt v. California*, the California Supreme Court ruled that the state is obligated to assist districts in fiscal distress.

Currently, all districts receive ongoing fiscal monitoring by county offices of education (COEs). Before the start of each fiscal year, all districts are required to submit their projected budgets to their COE for review. COEs are tasked with approving, disapproving, or conditionally approving these budgets. To do this, COEs examine several indicators of district fiscal health, such as district reserve levels and salary and benefit costs. Districts with disapproved budgets must revise and resubmit their budgets until they are approved by their COE. In rare circumstances, districts can appeal to an outside authority to resolve budget disputes with their COE. During the fiscal year, all districts are required to submit two budget updates to their COE - one in the fall and the other in the spring. For each of these budget updates, COEs assign a certification; either positive, qualified, or negative.

### **When a School is in Danger of Takeover**

County Offices of Education are required to assist districts struggling to balance their budgets.

First-Level Intervention for Qualified and Negative Districts:

- Review a third budget report, submitted by the district at the end of the school year.
- Review and comment on proposed district collective bargaining agreements.
- Approve issuance of certain types of district debt.
- COEs must do at least one of the following:
  1. Assign a fiscal expert to the district;
  2. Conduct a study of the district's financial condition;
  3. Require a report on the district's financial projections;
  4. Require an update of the district's cash flow and expenditure estimates;
  5. Require that the district submit a proposal to address its fiscal health;
  6. Assign FCMAT to review the district's management of its teacher workforce;
  7. Withhold compensation from the district superintendent or governing board members if they do not provide all requested information.

Second-Level Intervention for Negative Districts. COEs must do at least one of the following:

1. Assign a fiscal advisor to the district;
2. Develop and impose district budget revisions in consultation with the state Superintendent of Public Instruction and local governing board;
3. Overturn local governing board action;
4. Assist in developing a district budget or financial recovery plan;

Districts in exceptional distress may request an emergency state loan. In some cases, districts lack the cash necessary to pay their bills. Prior to requesting a state loan, a district's local governing board must invite FCMAT to make a presentation on associated trade-offs, including the loss of local control that accompanies a state loan. The board must then adopt a formal request for state assistance. The state legislature and governor will then consider whether to approve the loan with authorization given through a state appropriations bill.

### **The Role of the Financial Crisis & Management Assistance Team (FCMAT)**

The primary mission of FCMAT is to help California's local public schools, including grades TK through Junior College. FCMAT can identify, prevent and resolve financial, operational and data management challenges. They do this by providing management assistance and professional training opportunities. Training is important in the promotion of sound financial practices, the development of chief business officials and helping to create efficient organizational operations. When working with a district, a FCMAT team investigates the issues and provides a written report with findings and recommendations. These recommendations help identify and resolve the issues, overcome challenges, and plan for the future.

### **State Administration**

When a district receives an emergency loan, the state Superintendent of Public Instruction appoints and oversees an administrator who has full control over the district's budgets and policies. At the same time, the district superintendent is removed and the school board loses all decision-making authority and any compensation. A district receiving a particularly small state loan is exempted from these takeover conditions.

The authorized loan amount is intended to provide the district with sufficient funds to pay its regular bills and meet these special loan-related obligations. Unfortunately, there are significant costs to a district that receives a state emergency loan. Some of these costs include:

- Payback of principal and interest, typically over a 20-year period.
- Payment of salaries to fiscal experts, auditors, and others hired to provide assistance.
- Insurance and interest costs.

The local COE continues to provide oversight even after a district receives state loans. The district will submit projected budgets and budget updates to its COE for review. Retaining this review step ensures COEs remain aware of all fiscal developments within their districts.

To return to local control, districts need to show good management. After the district receives a state loan, FCMAT sets performance standards for that district in five key areas:

(1) financial management

(2) student achievement

(3) personnel management

(4) facilities management

(5) community relations

Once they have shown good management, control is given back to the local governing board. After the board regains control in all five areas and the administrator determines

the district is likely to comply with its recovery plan, the administrator leaves. This process of regaining local control typically takes several years.

After the administrator leaves, the state Superintendent of Public Instruction appoints a trustee to oversee the district. The trustee serves until the district has repaid its loan in full. During this period, the trustee has the power to overturn local governing board decisions that jeopardize the district's fiscal health. The power of the trustee, however, is weaker than that of a state administrator, as a trustee cannot make decisions proactively on the district's behalf.

For schools to keep their doors open, school districts must maintain good fiscal health. Local school boards are tasked with keeping their districts in good fiscal health. These boards are to balance their district budgets each year, even when - especially when - doing so requires difficult trade-offs and decisions. The state's historical process for overseeing district budgets - giving local boards early warning signs of fiscal problems and having COEs help local boards make fiscal corrections - has worked to date to keep most districts on positive fiscal footing.

The primary purpose of this Grand Jury report is to present to the Sonoma County public an overview of how school districts are managed. In addition, this report intends to provide a background understanding of conditions, options, and consequences of school district financial problems. We are forced to recognize that given current state laws, only the school boards themselves can reform how their individual school district is financially governed. The Grand Jury strongly recommends that each school district participate in FCMAT's newly created school governance accountability training. The intent of the training is to create better-informed and more effective advocates for sound financial management of limited resources. This outreach may also encourage and prepare future school board candidates.

Additionally, the Sonoma County Office of Education could do more to educate the public regarding school district budget management and encourage the public to be involved with their local school district. For more information on school policy changes at the state level, read the Policy Analysis for Education (PACE) Report.

**FINDING:**

F1. Complex policy and financial constraints that impact critical decisions by public school boards are poorly understood by the public. This limits the public's ability to provide meaningful oversight and advocate for sound decision making by local school boards.

**RECOMMENDATIONS:**

The Grand Jury recommends that:

R1. Commencing in 2027, the Sonoma County Superintendent of Education will direct SCOE staff to develop and implement a plan to educate the public concerning school district budget management to enable residents to provide meaningful input and act more effectively as advocates of sound financial planning by district school boards.

**Commendations**

The Grand Jury commends the leadership and staff of the County Superintendent of Schools and recommends the general public visit the Sonoma County Office of Education website for current information about school districts.

Similarly, the Grand Jury thanks and commends the leadership and staff of FCMAT for the highly informative, insightful and objective information regarding the financial situation for many of the Sonoma County school districts. Again, we encourage the

general public to visit the FCMAT website to inform themselves and to urge their local school board trustees to take advantage of FCMAT training opportunities and counsel.

## **REQUIRED RESPONSES**

Pursuant to Penal Code Section 933.05, the following response is required:

The Sonoma County Superintendent of Schools to respond to R1 and F1 within 60 days of receipt of this report.

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## **GLOSSARY**

**ADA:** Average daily attendance (calculated by dividing the number of student days of attendance by the total number of actual school days).

**CCSDO:** County Commission on School District Organization.

**CBOE:** County Board of Education.

**Charter Schools:** Primary or secondary schools that are established and operated under a charter for a fixed period of time and that receive public money (also, like other schools, may receive private donations), but are not subject to some of the rules, regulations, and statutes that apply to other public schools in exchange for some type of accountability for producing certain results, which are set forth in each school's charter. Student attendance in charter schools is based on parental choice.

**Community-funded (Basic Aid) district:** Any district that receives more funding from property taxes than it would receive from the local control funding formula. These schools are still responsible for completing an LCAP but operate separately from state aid.

**Consolidation:** An "action to reorganize districts," which could consist of either:

(a) an action to form a new school district, which is accomplished through any combination of the following:

1. dissolving two or more existing school districts of the same kind and forming one or more new school districts of that same kind from the entire territory of the original districts.
2. forming one or more new school districts of the same kind from all or parts of one or more existing school districts of that same kind.

3. unifying school districts, including the consolidation of all or part of one or more high school districts with all or part of one or more component school districts into one or more new unified school districts.
4. de-unifying a school district, including the conversion of all or part of a unified school district into one or more new high school districts, each with two or more new component districts.

(b) an action to transfer territory, including the transfer of all or part of an existing school district to another existing school district. (Cal. Education Code section 35511)

**Dependent Charter Schools:** Referred to as schools that are established, or remain as, a legal arm of the school district or the county office of education that granted their charter.

**Financial Crisis and Management Assistance Team (FCMAT):** A state organization that provides fiscal management services to school districts and intervenes when a district is not able to meet its near future financial obligations.

**IEP:** Individualized education plan.

**Independent Charter Schools:** Referred to as schools that function as independent legal entities and are usually governed by or as public benefit (“not-for-profit”) corporations. acceptance of students is at the discretion of the school’s administration.

**Local Control Funding Formula:** The method by which school districts receive the majority of their funding from the state based on average daily attendance and the number of students who are identified as higher needs.

**Local Control Accountability Plan:** A set of measures submitted by each school district to the state to show accountability and progress.

**PACE:** Policy Analysis for California Education - A consortium of colleges with academic programs for educators.

**SCOE:** Sonoma County Office of Education.

**State Takeover:** The process of the state providing a loan to a district in order to meet current financial obligations. the district is then managed by the state until the loans are repaid.

**Unduplicated Pupil Count:** The number of students in a district who are identified as higher needs because they qualify as low income, English language learner, or foster/homeless. For funding purposes, a student is only counted once, even though they may qualify for more than one of the needs.

**Unified School Districts:** School districts that include both elementary and secondary (middle and high schools) educational levels.

## APPENDIX

### Sonoma County School Districts

**2025**

District Name	Current Enrollment	Basic Aid District	School Closures
<b>Districts with both elementary and high school students</b>			
Cloverdale Unified	1248		
Geyserville Unified	181	Yes	
Cotati Rohnert Park Unified	6857		

<b>District Name</b>	<b>Current Enrollment</b>	<b>Basic Aid District</b>	<b>School Closures</b>
Healdsburg Unified	1227	Yes	
Santa Rosa City Schools	12,050		Santa Rosa Middle, Slater Middle, Comstock Middle, Steele Lane Elementary
Shoreline Unified (serves parts of Marin and Sonoma)	418		
Sonoma Valley Unified	3425	Yes	Adele Harrison Middle, Prestwood and Dunbar Elementary
Windsor Unified	4985		
<b>High School Districts</b>			
Petaluma Joint Union High	4961		
West Sonoma County Union High	1554		El Molino High
<b>Elementary School Districts (K-8/K-6)</b>			
Alexander Valley Union	116	Yes	
Bellevue Union	1668		
Bennett Valley Union	871		
Cinnabar	159	Yes	
Dunham	178	Yes	
Forestville Union	222	Yes	
Fort Ross	15	Yes	

<b>District Name</b>	<b>Current Enrollment</b>	<b>Basic Aid District</b>	<b>School Closures</b>
Gravenstein Union	829		
Guerneville	405	Yes	
Harmony Union	589	Yes	
Horicon	59	Yes	
Kashia	6		
Kenwood	129	Yes	
Liberty	2020		
Mark West Union	1417		
Monte Rio Union	58	Yes	
Montgomery	40	Yes	
Oak Grove Union	1213	Yes	
Old Adobe Union	1903	Yes	
Petaluma City (elementary)	2570		
Piner-Olivet Union	1298		
Rincon Valley Union	3143		Douglas Whited Elementary
Roseland	2826		
Santa Rosa Elementary	4826		
Sebastopol Union	782		
Twin Hill Union	1029		
Two Rock Union	149		

District Name	Current Enrollment	Basic Aid District	School Closures
Waugh	788		
West Side Union	128	Yes	
Wilmar	266		
Wright	1107		

Source: *California Department of Education School Directory* ([View School Directory Database here](#))

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code § 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.