**California Department of Education**

# Report to the Legislature and the Department of Finance: School Districts Without an Approved Adopted Budget, Fiscal Year 2024–25



**Prepared by:**

**School Fiscal Services Division,**

**Operations and Administration Branch**

**January 2025**

*Description: The report is to identify if any school district budget was not adopted by the statutory deadline, reasons not adopted, steps being taken to finalize budget adoption, date the adopted budget is anticipated, and whether the Superintendent has exercised or will exercise his authority to adopt a budget for the school district.*

*Authority: Education Code sections 42127(f) and 42127.1(a)*

*Recipient: Legislature and Department of Finance*

*Due Date: January 10, 2025*

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## **Executive Summary**

The State Superintendent of Public Instruction (SSPI) is required to ensure that all school districts have a balanced adopted budget by December 31 and to report to the Legislature and the Department of Finance if any school district does not have an adopted budget. The SSPI is required to include in the report the reasons why a budget was not adopted by the deadline, the steps being taken to finalize budget adoption, the date the adopted budget is anticipated, and whether the SSPI has exercised or will exercise his authority to adopt a budget for the school district. This report satisfies this reporting requirement, as established in *Education Code* sections 42127(f) and 42127.1(a).

This report provides information about the 2024–25 budget review process for Weed Union Elementary School District in Siskiyou County and the subsequent budget disapproval.

If you have any questions regarding this report, please contact Elizabeth Dearstyne, Director, School Fiscal Services Division, at 916-322-3024 or by email at edearstyne@cde.ca.gov.

You can find this report at the California Department of Education Disapproved Local Educational Agency Budgets web page at <http://www.cde.ca.gov/fg/fi/ir/disapprovedbdgts.asp>. If you need a copy of this report, please contact John Miles, Administrator, School Fiscal Services Division, by phone at 916-322-1770 or by email at jmiles@cde.ca.gov.

## **School Districts Without an Approved Adopted Budget, Fiscal Year 2024–25**

### **Introduction**

The State Superintendent of Public Instruction (SSPI) is required to ensure that all school districts have a balanced adopted budget by December 31 and to report to the Legislature and the Department of Finance if any school district does not have an adopted budget. The SSPI is required to include in the report the reasons why a budget was not adopted by the deadline, the steps being taken to finalize budget adoption, the date the adopted budget is anticipated, and whether the Superintendent has exercised or will exercise his authority to adopt a budget for the school district. This report satisfies this reporting requirement, as established in *Education Code* (*EC*) sections 42127(f) and 42127.1(a).

For the 2024–25 fiscal year, the Weed Union Elementary School District (WUESD) in Siskiyou County did not have an adopted budget that was approved by the Siskiyou County Superintendent of Schools by December 31, 2024.

### **Background**

The County Superintendent disapproved WUESD’s adopted budget on August 23, 2024, citing concerns that the budget contained $7.1 million in unsubstantiated revenue in the School Facilities Fund (Fund 35) for an ongoing school facility construction project. WUESD submitted a revised budget on October 8, 2024, which reduced Fund 35 revenues. The County Superintendent subsequently disapproved WUESD’s revised budget on November 7, 2024, citing concerns that the school district was not able to meet certain contractual construction commitments and that cash would be negative.

On November 8, 2024, the County Superintendent called for the formation of a Budget Review Committee (BRC) pursuant to *EC* Section 42127(f) to review the WUESD budget. In accordance with *EC* sections 42127.1 and 42127.2, the SSPI provided WUESD with a list of potential BRC candidates with expertise in the management of a school district or county office of education from which to select three candidates. On November 21, 2024, WUESD notified the SSPI of the individuals selected for the committee, and in early December 2024, the BRC began their review of WUESD’s proposed budget.

The BRC released their report on December 20, 2024, and concluded that the County Superintendent’s denial of the WUESD budget was substantiated. The WUESD Superintendent submitted a response to the BRC report to the SSPI on December 27, 2024.

As required by *EC* Section 42131, WUESD submitted their first interim report to the Siskiyou County Superintendent of Schools on December 12, 2024, which included revisions to contractual construction commitments. The County Superintendent is currently reviewing the first interim report and will certify whether the school district can meet its current and multiyear financial obligations by January 14, 2025.

On January 10, 2025, the SSPI disapproved WUESD’s budget based on the BRC’s recommendation and the following reasons:

* Regarding the school district’s school facility construction project, the BRC stated: “A complete examination needs to be conducted of existing construction contracts, schedules, and budgets, which will align phasing and financing to develop a workable, fiscally prudent multiyear budget for their schoolhouse completion. Currently, the BRC cannot determine the viability of the school district's current plans to complete a project of this size and scope.”
	+ Without a plan for financing the existing school construction project, the California Department of Education (CDE) could not determine the project’s financial impact on the WUESD’s multiyear financial commitments.
* The BRC found that cash reserves will be inadequate if the WUESD does not receive the Office of Public School Construction (OPSC) California State Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program funding before June 30, 2025.
	+ The CDE confirmed that the OPSC received the WUESD’s Fund Release Authorization request for the California State Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program,but OPSC has not yet acted on it. Therefore, the CDE is not able to evaluate the impact on WUESD’s cash reserves.

### **Steps Being Taken**

As a result of the WUESD budget disapproval, the Siskiyou County Superintendent, in consultation with the SSPI and the governing board of the school district, will develop a fiscal plan that will allow the school district to meet its financial commitments in the current year and its multiyear financial commitments. The County Superintendent is working actively with the district to ensure that the school district meets its financial commitments. Therefore, the SSPI is not likely to exercise his authority to adopt a budget for the WUESD.