

Santa Monica-Malibu USD

Territory Separation Analysis Update

April 2021



BACKGROUND



Background

- The City of Malibu (City) put forward a Petition to divide Santa Monica-Malibu Unified School District (SMMUSD) into two discrete unified school districts, which was put on ‘pause’ to allow for a mutually agreeable negotiated division of the District
- SMMUSD and the City were engaged in negotiations seeking agreement on an equitable allocation of revenues and addressing technical questions – with significant progress toward such an agreement in early 2020
- To SMMUSD’s surprise, the City, without informing SMMUSD, opted to reach out to the Los Angeles County Committee on School District Organization (County Committee), requesting that its original Petition be considered without modification
- The City’s Petition would allocate the largest revenue source, property taxes, on the basis of tax base values in each territory, disproportionately allocating such revenues to the proposed Malibu USD
- SMMUSD is not in agreement with the Petition’s proposed method of revenue allocation, which leaves proposed Santa Monica USD students with less funding than they would otherwise have in a combined SMMUSD



**City of Malibu Best & Final Proposal
Received March 12, 2021**



City of Malibu Best & Final Proposal

- During the negotiations process, agreement on many aspects of reorganization were agreed upon
- The primary issue which remained unsettled was the allocation of operational revenues between entities
- Unlike many school districts, SMMUSD not only receives sufficient property taxes to meet and exceed State LCFF minimum funding targets, it also receives significant local revenues by virtue of voter-approved initiatives, philanthropic donations and lease revenues
- Certain local revenues are also geographically constrained such as Redevelopment-related funding and Sales Taxes, only being generated within the City of Santa Monica
- Despite those constraints, sufficient revenues exist to allow each proposed school district to meet projected expenditures – however, the mix of revenues for each entity would differ
- The City of Malibu, after initially agreeing to the SMMUSD proposed method of allocation, rejected the proposal, requested immediate consideration of its petition by the County and on March 12, 2021, sent a “best and final” offer to SMMUSD for consideration
- The details of this best and final are provided in the following pages



ANALYSIS OF CITY OF MALIBU BEST & FINAL PROPOSAL

<u>ALLOCATION OF OPERATING REVENUES</u>	<u>SMMUSD POSITION</u>	<u>SMMUSD RATIONALE AND NOTES</u>
1) Property taxes to be allocated to the school district directly serving the Tax Rate Area (TRA) where the property taxes were generated. There are an estimated 106 TRAs within the current SMMUSD boundaries: an estimated 60 in the Santa Monica area and an estimated 46 in the Malibu area.	DISAGREE	Based upon consultation with the LA County Auditor-Controller's Office, SMMUSD does not believe that there is a TRA specific revenue amount for school districts generated at the TRA level. As written, SMMUSD believes that this proposed allocation methodology would align to a split on the basis of assessed valuation in each territory - which has been rejected by the District.
2) Redevelopment pass-through, redevelopment residual, City of Santa Monica sales taxes, and City of Santa Monica joint use funding sources to be distributed to Santa Monica USD.	AGREED	Geographical restrictions exist on many of these revenues which preclude allocation to an entity outside of the City of Santa Monica.
3) Parcel tax revenues to be allocated to the school district directly serving the TRA where the parcel taxes were generated.	AGREED	SMMUSD does not believe the distinction of TRA is required. Parcel Taxes collected from a property will remain with the school district serving that property.
4) Local donations to remain in the school district where contributed.	AGREED	SMMUSD believes each entity will have it's own philanthropic entity benefiting its respective school district.
5) Any other local revenues that remain from SMMUSD to be distributed to each district on a per student basis. New local revenues, such as interest revenue, would be generated by and remain with each new district.	UNCLEAR	With the exception of site leases and items specifically addressed in other provisions, SMMUSD believes most Other Local Revenues reflect reimbursement for direct services and the entity providing such services would retain such revenues. SMMUSD is not sure how the Malibu proposal would address site leases, which the District believes should be retained by the entity in possession of the site.



ANALYSIS OF CITY OF MALIBU BEST & FINAL PROPOSAL

<u>ALLOCATION OF OPERATING REVENUES</u>	<u>SMMUSD POSITION</u>	<u>SMMUSD RATIONALE AND NOTES</u>
6) Malibu USD to transfer property taxes to Santa Monica USD in an amount that will reduce State aid in the event of loss of basic aid status to the Minimum State Aid (MSA) amount, thereby holding the State harmless.	DISAGREE	SMMUSD does not agree with a methodology which would require either entity to await a discretionary transfer of funding and would prefer to minimize the need for any transfers between entities post division.
7) Malibu to transfer additional property taxes for up to 10 years from the date of the school district separation IF Santa Monica per pupil funding falls below the current per pupil funding level in order to maintain the per pupil funding that Santa Monica students would have otherwise had from the combined district.	DISAGREE	SMMUSD's modeling of this provision indicates it would result in a "cliff effect" radically reducing revenues for Santa Monica USD after 10 years and leave Santa Monica students with significantly less funding per pupil after its termination than would otherwise have been available in a combined SMMUSD.
8) Per pupil funding currently estimated at \$14,197, based on 2018-19 LA County Public Schools Financial Report, including Local Control Funding Formula ("LCFF") revenue and Other Operating Revenue and related 2018-19 California Basic Educational Data System's ("CBED") enrollment of 10,629.	DISAGREE	While this does not appear to be a proposal, SMMUSD does not accept 2018-19 as the basis for "indexing" of per pupil funding levels. Several years have past since these figures were prepared and today, funding per pupil is materially higher than the levels stated.
9) For this purpose, per pupil funding is calculated by including all LCFF funding, property taxes sources, parcel taxes, Santa Monica sales taxes, Santa Monica joint use, donations, interest earnings, and other local funding.	AGREED	SMMUSD agrees that the basis of comparison should be total General Fund revenues from all sources on a per pupil basis.
10) Property tax sources include: secured, unsecured, unitary, utility, supplemental (if Santa Monica is no longer basic aid), Educational Revenue Augmentation Fund ("ERAF") (if Santa Monica is no longer basic aid), redevelopment pass-through, redevelopment residual.	AGREED	SMMUSD agrees that all property tax derived sources should be included in the analysis of this revenue source.



ANALYSIS OF CITY OF MALIBU BEST & FINAL PROPOSAL

DISTRIBUTION OF PROPERTY		SMMUSD POSITION	SMMUSD RATIONALE AND NOTES
11)	Property owned by the SMMUSD to be allocated to each future district based on location, with each district owning the property within their boundaries.	AGREED	SMMUSD agrees with this proposal to ensure that each entity is not responsible for property which is not within its boundaries.
12)	Santa Monica USD to share in the start-up costs needed to create a district office facility in Malibu.	AGREED	Generally agreed, and under the SMMUSD proposal, expenditures for such projected costs were considered and fit within the revenue allocation for each entity.
SMMUSD SUPPORT OF REORGANIZATION EFFORTS		SMMUSD POSITION	SMMUSD RATIONALE AND NOTES
13)	SMMUSD to support resolution regarding special legislation that maintains existing parcel taxes when the school districts separate.	AGREED	SMMUSD agrees to this provision. SMMUSD would note that special legislation to facilitate this should follow settlement on all other points.
14)	SMMUSD to work with the City to seek CDE approval on how property tax sharing agreement would be viewed to meet requirements set forth in reorganization Criterion 5.	DISAGREE	SMMUSD believes that the allocation of property tax should be within the existing funding system, allowing each entity to conduct LCFF computations in a manner identical to all other LEAs within California.
15)	SMMUSD to support separation in discussions, public hearings, and all other correspondence with LACOE regarding this reorganization and will not delay reorganization proceedings.	AGREED	Pursuant to the separation being conducted in an equitable manner that does not significantly harm students in either community.



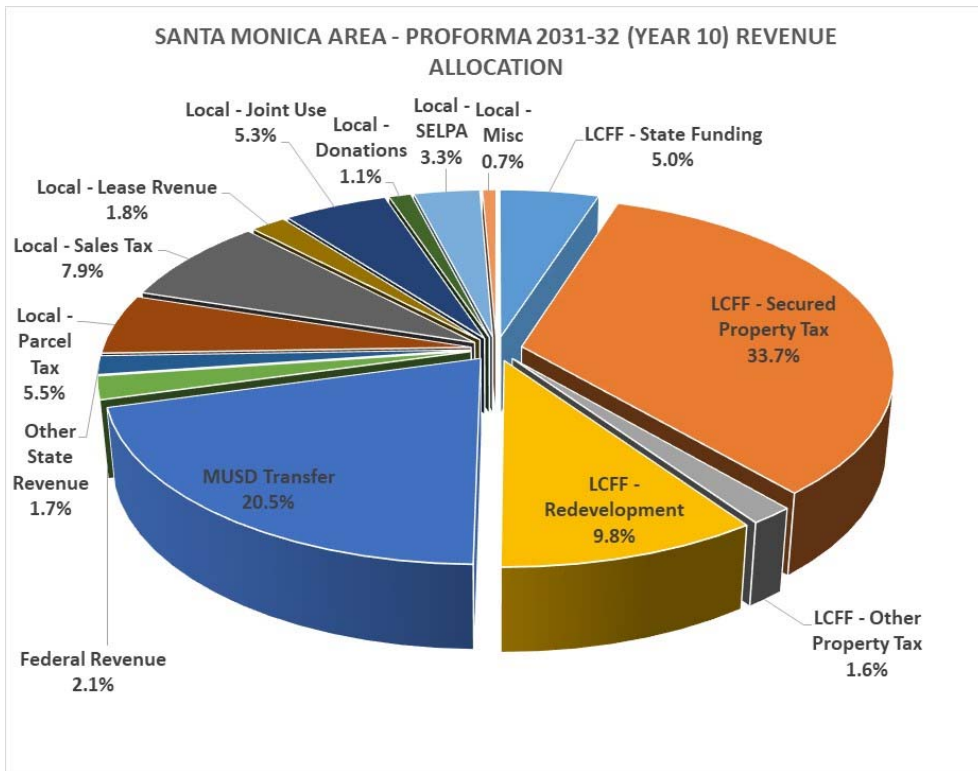
City of Malibu Best & Final Proposal

- Fundamentally, the Malibu proposal as understood by SMMUSD would allocate property taxes in alignment with the size of each tax bases
- This methodology is similar to past effort proposals which were determined to be inequitable and unanimously rejected by the SMMUSD Board
- As proposed by the City of Malibu, the Santa Monica USD would be limited to 57.7% of its revenues coming from property tax and State minimum required funding sources under the LCFF formula – only AFTER a transfer of property tax funding from Malibu USD – which in the best and final proposal would only last for 10 years
- After those ten years lapse, revenue transfers to Santa Monica USD would cease and revenues would revert to projected current levels – essentially negating 10 years of revenue growth and creating a windfall for Malibu USD

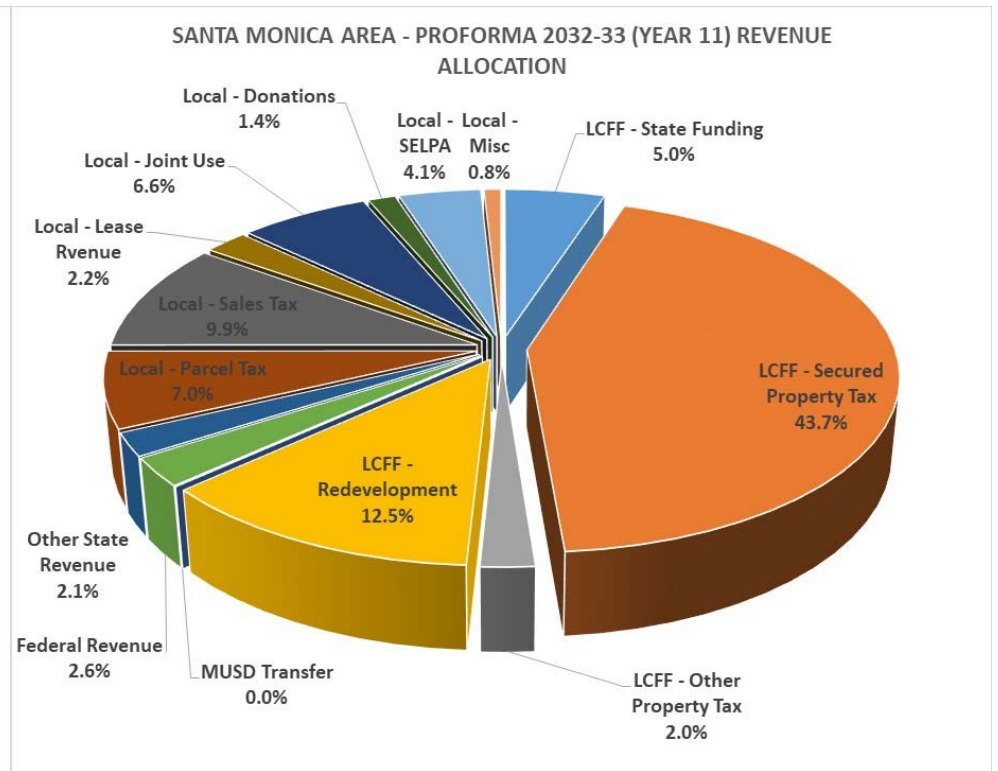


CITY OF MALIBU PROPOSAL

SANTA MONICA USD REVENUE MIX YEAR 10 VS YEAR 11



Total Revenue - \$186,511,000
Per Pupil Revenue - \$25,969

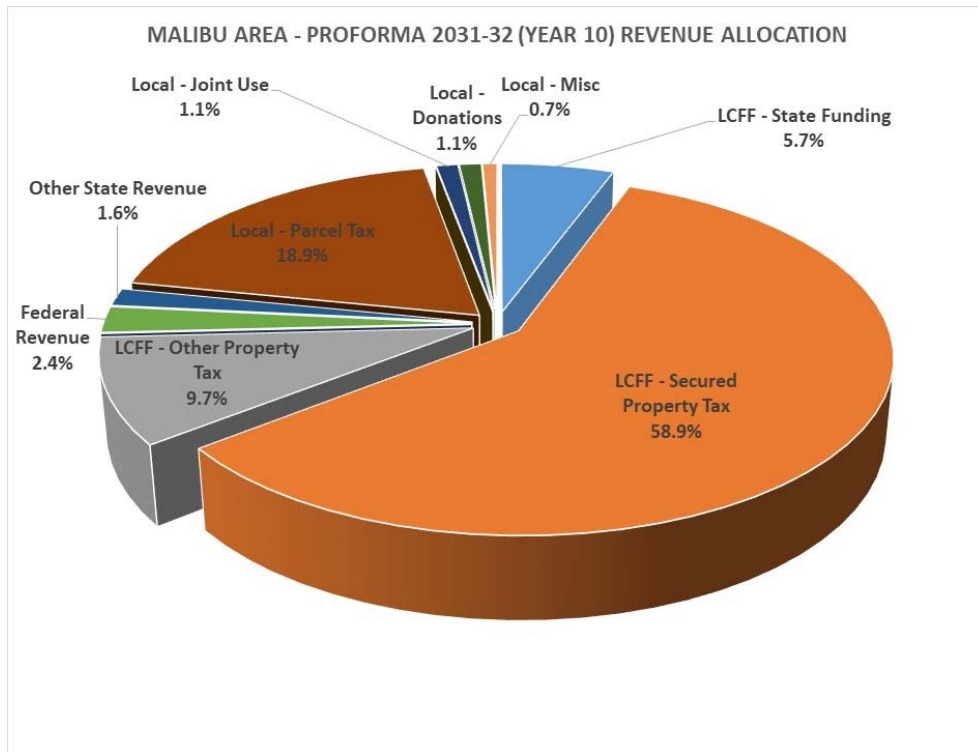


Total Revenue - \$149,552,000
Per Pupil Revenue - \$20,953

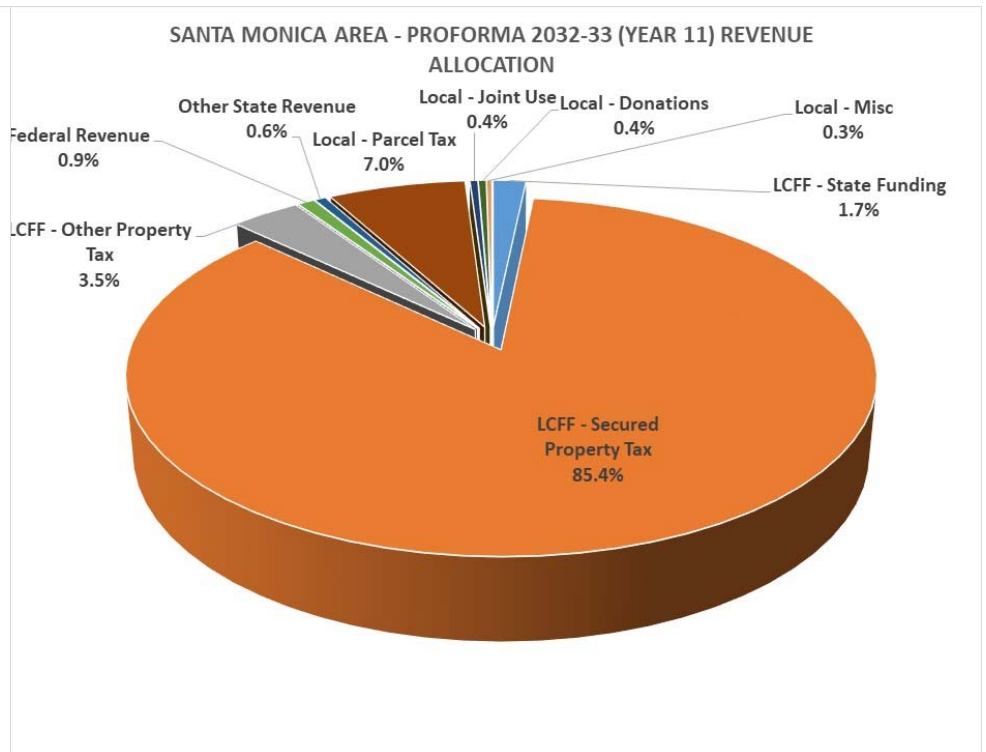


CITY OF MALIBU PROPOSAL

MALIBU USD REVENUE MIX YEAR 10 VS YEAR 11



Total Revenue - \$22,819,000
Per Pupil Revenue - \$34,852



Total Revenue - \$63,032,000
Per Pupil Revenue - \$97,596



ANALYSIS OF SMMUSD PROPOSAL



The SMMUSD Proposal

- While prior efforts at a negotiated agreement to split SMMUSD into two districts solved issues related to Distribution of Property and allocation of geographically restricted revenues, the allocation of property taxes remained an open issue
- Because property taxes are the largest single funding source for programs and integral to determination of meeting State minimum funding targets, allocation to proposed school districts was critical to the long-term financial viability of each entity
- Complicating matters, SMMUSD entered basic aid status in 2017-18, resulting in minimal State funding as property taxes then exceeded the State minimum funding targets under LCFF
- As a basic aid district, SMMUSD is allowed to retain the “excess” property tax revenues to support operations
- Basic aid status does not factor in local revenue sources in determining minimum funding – allowing the robust local revenues of SMMUSD to further enhance educational programs
- With this understanding, SMMUSD proposed allocation of property taxes aligned to the student populations to be served by each subsequent district derived from SMMUSD
- This allocation of property taxes was/is the fundamental difference in approach by the two parties



The SMMUSD Proposal

- Understanding that the allocation of property taxes would be governed by Prop. 13 and County procedures for distribution of such funding, conversations including members of both SMMUSD and the City of Malibu teams spoke with the LA County Auditor-Controller
- The Auditor-Controller informed the negotiations team that it would require the split of the then current gross property tax ratio of SMMUSD between entities to allocate property taxes to each entity in the future
- The gross property tax ratio represents a public entity's share of the total county-wide 1% property tax collections, after which all adjustments for Redevelopment, ERAF and other factors are made to yield the actual property tax dollars an entity receives
- With this understanding, SMMUSD proposed that the gross property tax ratio be split on the basis of student populations in each territory – similar to how such revenues were utilized by the combined SMMUSD
- Specific to local revenues, SMMUSD proposed that to the extent viable, all such local revenues be retained by the entity serving the territory in which those revenues were generated

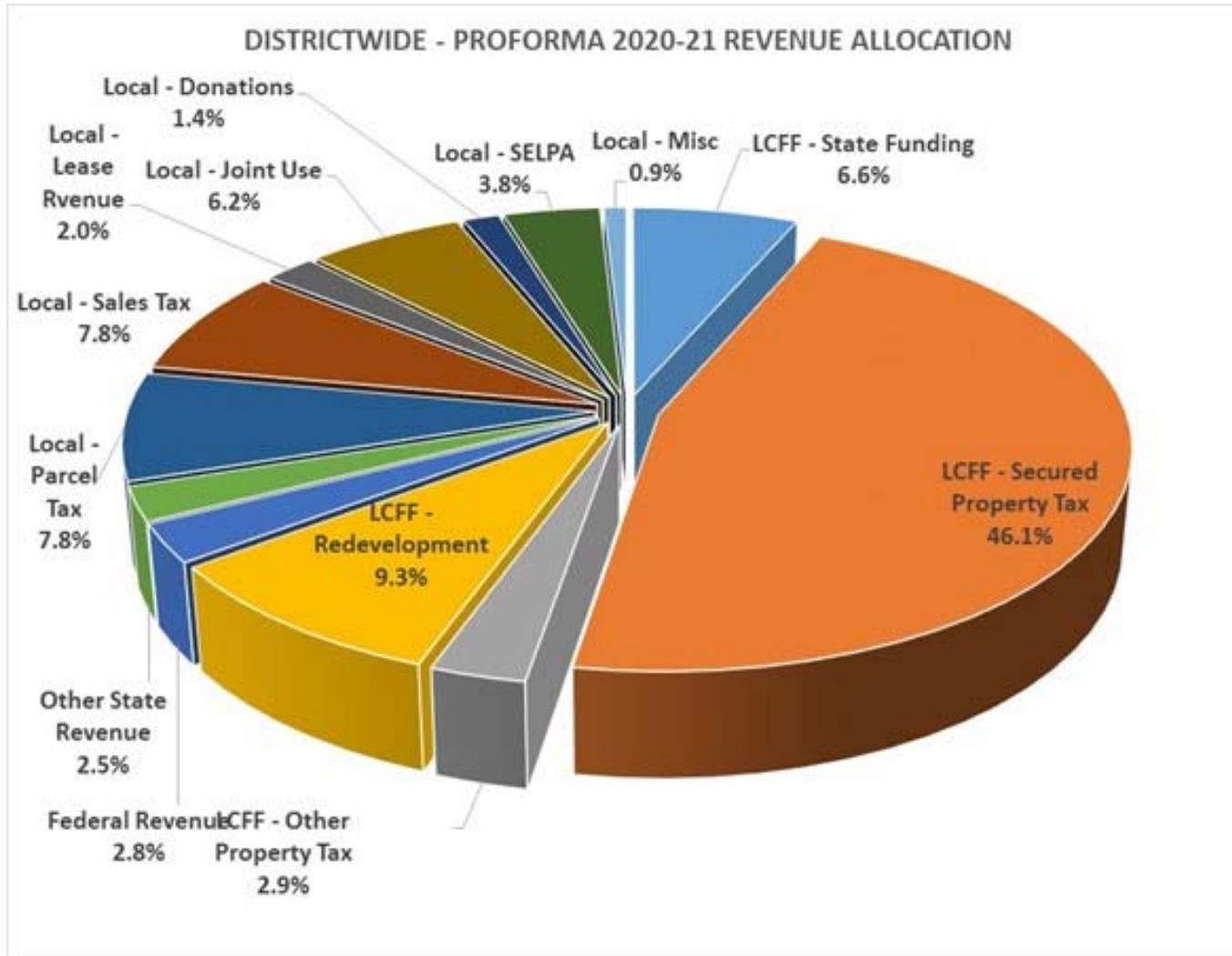


The SMMUSD Proposal

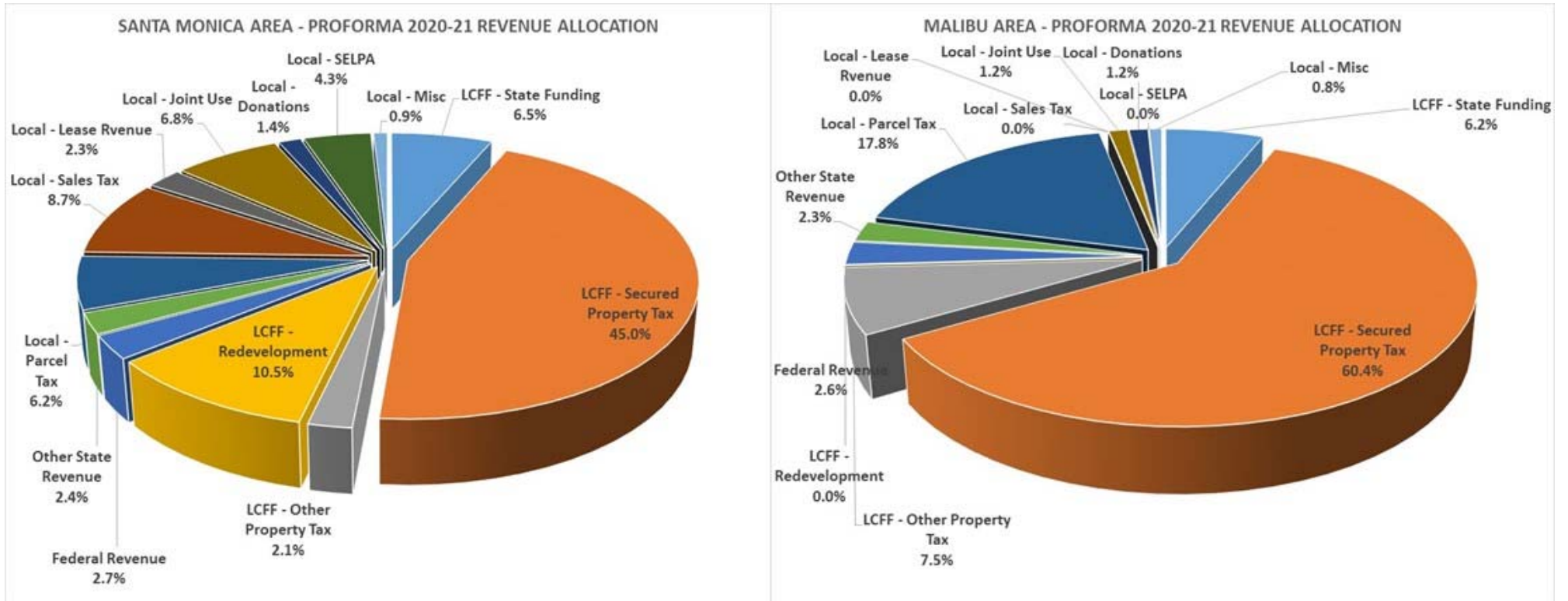
- Under the SMMUSD proposal, each entity could:
 - Retain funding which exceeded State LCFF minimum funding levels
 - Have a similar total per pupil funding level for operations
 - Avoid the need for discretionary transfers on an ongoing basis for decades to come
 - Function within the existing provisions of Prop. 13 and LCFF funding calculations, avoiding the need to special legislation
 - Have a somewhat more predictable and stable revenue growth profile in future years
- While the mix of revenues for each entity would differ, students in each proposed district would have similar funding over an extended time frame in total on a per pupil basis
- It was the belief of the SMMUSD staff that this proposal aligned with the Board approved funding equity goals set forth by the Board and was fair to all SMMUSD students



SMMUSD GENERAL FUND REVENUE COMPOSITION



SMMUSD PROPOSED GENERAL FUND REVENUE COMPOSITION FOR SMUSD AND MUSD



The SMMUSD Proposal

- Under the SMMUSD proposal, the funding mix for Santa Monica USD would consist of 64.1% of property tax-related (including Redevelopment funding) and minimum required State funding, all of which are within the LCFF calculations
- This is very similar to the current SMMUSD revenue mix for which 64.9% of revenues come from these same sources
- For Malibu USD, which would not be subject to Redevelopment losses, property tax-related revenues and minimum State funding would account for 74.1% of General Fund revenues
- Because Redevelopment only exists in the City of Santa Monica, the resulting pass-through revenues and loss of gross property tax revenues would only impact Santa Monica USD
- For 2019-20, LA County reports (AF91 Apportionment Factor File), that SMMUSD RDA losses are \$24.75 million, as compared to gross property tax revenues on \$97.4 million
- However, SMMUSD only received \$16.5 million in RDA pass-through revenues, an \$8.25 million loss that would only be incurred by Santa Monica USD after a split
- As such, under the SMMUSD proposal, Malibu USD would enjoy its property taxes free of reductions – producing more effective revenue per pupil despite allocation of the property tax ratio on a per pupil basis



The SMMUSD Proposal

- For the proposed Malibu USD, the SMMUSD proposal reduces reliance on local revenue sources and increases funding from the traditionally more stable property tax sources
- By removing the Redevelopment impacts on property tax revenues, Malibu USD would actually end up with marginally higher per pupil revenues
- This favoring of Malibu USD in the property tax revenue allocation also provides the additional funding requested by the City of Malibu to address concerns about start-up costs and operational inefficiencies resulting from a smaller scale of operations
- While the SMMUSD proposal would leave Santa Monica USD students with slightly less funding per pupil, it was believed that as the larger entity (by 7.2 students to 1), it could better accommodate continuing existing programs despite a marginally lower per pupil revenue level
- Further, while there is a slight increase in reliance on more volatile local funding, such as sales taxes and donations, the percentage of such revenues as compared to all revenues is in alignment with the existing SMMUSD revenue mix
- Additionally (and of focus due to the Woolsey Fire), it was proposed that a funding differential on a per pupil basis could serve as a trigger to allow for a periodic adjustment of the property tax ratio allocation IF funding diverged due to unforeseen calamities or rapid changes in enrollment during a “transition period”



ANALYSIS MALIBU PROPOSALS



The Malibu Proposal

- The SMMUSD team has never been provided with an analysis of any City of Malibu proposal – as such, our understanding comes only from conversations and the summary presentation provided by the City’s team to other entities
- The City of Malibu’s best and final offer includes 15 discrete points – of which most adhere to mutually agreed to terms at the time negotiations ceased – EXCEPT with respect to certain provisions of revenue allocations
- Under prior City of Malibu proposals, property tax allocations were to be split on a basis of assessed valuations with Malibu USD transferring some portion of its property tax to Santa Monica USD for up to 50 years
- Under the City of Malibu’s best and final, property taxes would be allocated “to the school district directly serving the Tax Rate Area where the property taxes were generated”
- SMMUSD’s team does not believe this proposal to be viable as there is not an amount generated in a TRA for schools – property taxes are allocated based on a ratio of the 1% countywide pool
- Additionally, the City of Malibu’s best and final proposes a limited period for funding transfers from Malibu USD to Santa Monica USD of 10 years
- The best and final also cites per pupil funding figures from 2018-19 which are out of date and is not clear on the disposition of certain lease revenue sources generated from within the City of Santa Monica



SMMUSD Proposal vs. MUSD Proposal (Hold to Minimum LCFF)

TOTAL Revenue Per Student

Year	SMMUSD Projection	SMMUSD Proposal				Malibu Proposal (Hold to LCFF Target)				
		SMUSD	vs. SMMUSD	MUSD	vs. SMMUSD	SMUSD	vs. SMMUSD	MUSD	vs. SMMUSD	
1	2021-22	\$ 18,703	\$ 18,520	\$(183)	\$ 21,529	\$ 2,826	\$ 16,055	\$(2,648)	\$ 40,609	\$ 21,906
2	2022-23	19,476	19,036	(440)	23,395	3,918	16,229	(3,247)	46,164	26,688
3	2023-24	20,264	19,715	(549)	25,358	5,093	16,599	(3,665)	51,832	31,568
4	2024-25	21,107	20,600	(507)	27,517	6,410	17,319	(3,788)	56,648	35,541
5	2025-26	22,039	21,448	(590)	30,070	8,031	17,974	(4,065)	62,337	40,298
6	2026-27	22,964	22,264	(700)	33,176	10,212	18,596	(4,368)	69,249	46,286
7	2027-28	23,537	22,779	(758)	35,389	11,852	18,964	(4,573)	74,360	50,823
8	2028-29	24,425	23,654	(770)	37,332	12,907	19,628	(4,797)	78,951	54,527
9	2029-30	25,255	24,386	(869)	40,800	15,544	20,168	(5,087)	86,843	61,588
10	2030-31	25,969	25,049	(919)	43,517	17,548	20,649	(5,320)	93,207	67,238
11	2031-32	26,464	25,555	(909)	45,088	18,625	20,953	(5,511)	97,596	71,132
15	2035-36	29,075	28,277	(797)	51,272	22,198	22,884	(6,190)	113,505	84,430
20	2040-41	32,872	32,299	(573)	60,558	27,686	25,721	(7,151)	137,526	104,654
25	2045-46	46,529	43,669	(2,860)	71,949	25,419	35,645	(10,885)	167,150	120,621

- Assumes Malibu USD targets property tax transfer to Santa Monica USD to maintain LCFF Funding at LCFF Targets for 10 years
- Malibu Proposal would:
 - Immediately reduce TOTAL per pupil revenue for Santa Monica USD by a projected \$2,648
 - Return Santa Monica USD to Basic Aid status in 2023-24, BUT be at a funding level \$3,665 per pupil BELOW where it would be if SMMUSD remained intact
 - Not return Santa Monica USD to current per pupil funding levels until 2026-27
- Under SMMUSD proposal:
 - Santa Monica USD would experience a loss in per pupil funding, BUT at a much slower rate
 - Divergence in funding over time would be mitigated
 - Malibu USD would have sufficient revenues for operations at all times



Total Per Pupil Revenue

- Under all proposals, a reduction in total per pupil revenues for Santa Monica USD would be required
- The magnitude of such reductions would depend on which clause related to Malibu USD's revenue transfer is assumed in effect
- At the lower augmentation level targeting LCFF funding (likely required to meet "Criteria 5 – No substantial increase in cost to the State), Santa Monica USD students experience an immediate 14% reduction in per pupil funding as compared to SMMUSD levels
- Santa Monica USD will be required to cut expenditures beyond what is proposed under the fiscal stabilization plan by a projected \$19.1 million to achieve a balanced budget
- Malibu USD would experience an immediate increase in per pupil funding of 117% – even after a modest transfer to hold the State harmless
- If the higher augmentation level of existing SMMUSD projected funding is targeted, Santa Monica USD would indeed not be harmed – UNTIL transfers cease in 11 years
- Once Malibu USD transfers cease, a projected 21% reduction in per pupil funding will occur in Santa Monica USD the following year
- The cost of such annual transfers are projected to exceed \$300 million over 10 years and likely require Malibu to cut its expenditures by up to \$3 million per a year during that time to achieve a balanced budget



SMMUSD Proposal vs. MUSD Proposal (Hold to SMMUSD Projections)

TOTAL Revenue Per Student

Year	SMMUSD Projection	SMMUSD Proposal				Malibu Proposal (Hold to SMMUSD Projection)				
		SMUSD	vs. SMMUSD	MUSD	vs. SMMUSD	SMUSD	vs. SMMUSD	MUSD	vs. SMMUSD	
1	2021-22	\$ 18,703	\$ 18,520	\$(183)	\$ 21,529	\$ 2,826	\$ 18,703	\$ -	\$ 20,183	\$ 1,480
2	2022-23	19,476	19,036	(440)	23,395	3,918	19,476	-	19,989	513
3	2023-24	20,264	19,715	(549)	25,358	5,093	20,264	-	20,964	700
4	2024-25	21,107	20,600	(507)	27,517	6,410	21,107	-	23,405	2,298
5	2025-26	22,039	21,448	(590)	30,070	8,031	22,039	-	25,138	3,100
6	2026-27	22,964	22,264	(700)	33,176	10,212	22,964	-	27,041	4,077
7	2027-28	23,537	22,779	(758)	35,389	11,852	23,537	-	28,594	5,056
8	2028-29	24,425	23,654	(770)	37,332	12,907	24,425	-	30,513	6,088
9	2029-30	25,255	24,386	(869)	40,800	15,544	25,255	-	32,743	7,488
10	2030-31	25,969	25,049	(919)	43,517	17,548	25,969	-	34,852	8,884
11	2031-32	26,464	25,555	(909)	45,088	18,625	20,953	\$(5,511)	97,596	71,132
15	2035-36	29,075	28,277	(797)	51,272	22,198	22,884	(6,190)	113,505	84,430
20	2040-41	32,872	32,299	(573)	60,558	27,686	25,721	(7,151)	137,526	104,654
25	2045-46	46,529	43,669	(2,860)	71,949	25,419	35,645	(10,885)	167,150	120,621

- Assumes Malibu USD targets property tax transfer to Santa Monica USD to maintain students at the level projected if SMMUSD remained intact
- Malibu Proposal would:
 - Result in a “cliff” effect for Santa Monica USD after 10 years
 - Cost a significant portion of Malibu USD funding, likely requiring cuts beyond proposed fiscal stabilization plans
 - Not change reduced funding as compared to SMMUSD after ten years

PROPERTY TAX TRANSFERS

Year	MUSD to SMUSD Transfer	Transfer per SMUSD Student	Transfer Per MUSD Student	
1	2021-22	\$ 23,784,395	\$ 2,887	\$(22,270)
2	2022-23	26,651,549	3,280	(26,442)
3	2023-24	28,375,786	3,526	(29,695)
4	2024-25	28,948,146	3,644	(31,979)
5	2025-26	30,482,323	3,910	(35,785)
6	2026-27	32,247,493	4,202	(40,605)
7	2027-28	33,736,268	4,399	(44,028)
8	2028-29	34,849,646	4,614	(46,598)
9	2029-30	36,673,121	4,894	(52,045)
10	2030-31	38,206,604	5,118	(56,137)



PROPOSAL PROJECTION COMPARISONS



SMMUSD PROPOSAL

Projected Santa Monica USD - General Fund

Projected Malibu USD - General Fund

Year	Projected Santa Monica USD - General Fund				Projected Malibu USD - General Fund			
	Total Revenue	Total Expenditures	Net Income	Cumulative Surplus/(Deficit)	Total Revenue	Total Expenditures	Net Income	Cumulative Surplus/(Deficit)
1 2021-22	\$ 146,778,448	\$ 146,376,008	\$ 402,440	\$ 402,440	\$ 22,119,340	\$ 21,300,266	\$ 819,074	\$ 819,074
2 2022-23	148,793,971	149,808,044	(1,014,073)	(611,632)	22,683,924	21,818,278	865,646	1,684,720
3 2023-24	152,632,221	153,172,608	(540,387)	(1,152,020)	23,310,417	22,324,783	985,633	2,670,354
4 2024-25	157,440,011	156,613,662	826,349	(325,671)	23,962,824	22,842,317	1,120,507	3,790,861
5 2025-26	160,840,349	159,628,387	1,211,962	886,291	24,641,136	23,298,354	1,342,783	5,133,644
6 2026-27	164,372,041	162,702,907	1,669,135	2,555,426	25,346,196	23,763,011	1,583,185	6,716,829
7 2027-28	168,058,388	165,838,417	2,219,972	4,775,398	26,086,427	24,236,461	1,849,965	8,566,795
8 2028-29	171,855,895	169,036,137	2,819,758	7,595,156	26,858,710	24,718,880	2,139,829	10,706,624
9 2029-30	175,806,146	172,297,311	3,508,835	11,103,990	27,656,930	25,210,448	2,446,482	13,153,105
10 2030-31	179,908,409	175,623,210	4,285,199	15,389,189	28,491,815	25,711,347	2,780,468	15,933,573
11 2031-32	182,401,723	179,015,126	3,386,598	18,775,787	29,120,073	26,221,764	2,898,308	18,831,882
12 2032-33	186,816,785	182,474,380	4,342,405	23,118,192	30,029,217	26,741,890	3,287,327	22,119,209
13 2033-34	191,394,965	186,002,320	5,392,646	28,510,838	30,975,169	27,271,917	3,703,251	25,822,460
14 2034-35	196,142,569	189,600,318	6,542,251	35,053,089	31,959,465	27,812,046	4,147,419	29,969,879
15 2035-36	201,066,150	193,269,776	7,796,373	42,849,463	32,983,708	28,362,477	4,621,231	34,591,110
16 2036-37	206,172,522	197,012,124	9,160,398	52,009,861	34,049,567	28,923,417	5,126,150	39,717,260
17 2037-38	211,468,768	200,828,818	10,639,950	62,649,810	35,158,781	29,495,075	5,663,706	45,380,966
18 2038-39	216,962,244	204,721,346	12,240,898	74,890,708	36,313,165	30,077,667	6,235,499	51,616,465
19 2039-40	222,660,602	208,691,225	13,969,377	88,860,085	37,514,609	30,671,410	6,843,199	58,459,664
20 2040-41	228,571,790	212,740,001	15,831,789	104,691,874	38,765,083	31,276,528	7,488,554	65,948,218
21 2041-42	272,292,900	216,869,253	55,423,646	160,115,520	40,066,639	31,893,249	8,173,390	74,121,608
22 2042-43	280,613,125	221,080,590	59,532,535	219,648,055	41,421,419	32,521,804	8,899,614	83,021,222
23 2043-44	289,259,392	225,375,654	63,883,738	283,531,793	42,831,652	33,162,430	9,669,222	92,690,444
24 2044-45	298,244,661	229,756,119	68,488,542	352,020,335	44,299,664	33,815,369	10,484,295	103,174,739
25 2045-46	307,582,411	234,223,693	73,358,718	425,379,052	45,827,879	34,480,867	11,347,012	114,521,751



CITY OF MALIBU PROPOSAL – HOLD TO LCFF MINIMUM TARGET

Projected Santa Monica USD - General Fund

Projected Malibu USD - General Fund

Year	Projected Santa Monica USD - General Fund				Projected Malibu USD - General Fund				
	Total Revenue	Total Expenditures	Net Income	Cumulative Surplus/(Deficit)	Total Revenue	Total Expenditures	Net Income	Cumulative Surplus/(Deficit)	
1	2021-22	\$ 127,242,019	\$ 146,376,008	\$ (19,133,988)	\$ (19,133,988)	\$ 41,722,080	\$ 21,300,266	\$ 20,421,814	\$ 20,421,814
2	2022-23	126,854,120	149,808,044	(22,953,924)	(42,087,912)	44,761,448	21,818,278	22,943,170	43,364,984
3	2023-24	128,509,313	153,172,608	(24,663,295)	(66,751,207)	47,647,711	22,324,783	25,322,928	68,687,912
4	2024-25	132,369,472	156,613,662	(24,244,190)	(90,995,397)	49,330,131	22,842,317	26,487,813	95,175,726
5	2025-26	134,784,447	159,628,387	(24,843,940)	(115,839,336)	51,082,186	23,298,354	27,783,833	122,959,558
6	2026-27	137,291,536	162,702,907	(25,411,370)	(141,250,707)	52,906,580	23,763,011	29,143,569	152,103,127
7	2027-28	139,912,472	165,838,417	(25,925,944)	(167,176,651)	54,813,672	24,236,461	30,577,211	182,680,338
8	2028-29	142,602,130	169,036,137	(26,434,007)	(193,610,658)	56,802,364	24,718,880	32,083,483	214,763,821
9	2029-30	145,400,397	172,297,311	(26,896,914)	(220,507,572)	58,868,645	25,210,448	33,658,197	248,422,018
10	2030-31	148,304,779	175,623,210	(27,318,430)	(247,826,002)	61,025,438	25,711,347	35,314,091	283,736,109
11	2031-32	149,552,481	179,015,126	(29,462,645)	(277,288,647)	63,031,739	26,221,764	36,809,975	320,546,084
12	2032-33	152,672,291	182,474,380	(29,802,089)	(307,090,737)	65,377,447	26,741,890	38,635,558	359,181,642
13	2033-34	155,903,596	186,002,320	(30,098,724)	(337,189,460)	67,820,970	27,271,917	40,549,053	399,730,695
14	2034-35	159,250,639	189,600,318	(30,349,679)	(367,539,139)	70,366,437	27,812,046	42,554,391	442,285,086
15	2035-36	162,717,827	193,269,776	(30,551,949)	(398,091,088)	73,018,153	28,362,477	44,655,676	486,940,762
16	2036-37	166,309,744	197,012,124	(30,702,380)	(428,793,468)	75,780,603	28,923,417	46,857,187	533,797,949
17	2037-38	170,031,151	200,828,818	(30,797,667)	(459,591,135)	78,658,466	29,495,075	49,163,391	582,961,340
18	2038-39	173,886,993	204,721,346	(30,834,354)	(490,425,488)	81,656,617	30,077,667	51,578,951	634,540,291
19	2039-40	177,882,408	208,691,225	(30,808,817)	(521,234,306)	84,780,138	30,671,410	54,108,728	688,649,019
20	2040-41	182,022,737	212,740,001	(30,717,264)	(551,951,570)	88,034,326	31,276,528	56,757,798	745,406,817
21	2041-42	223,902,356	216,869,253	7,033,102	(544,918,467)	91,424,705	31,893,249	59,531,456	804,938,273
22	2042-43	230,307,635	221,080,590	9,227,045	(535,691,422)	94,957,031	32,521,804	62,435,227	867,373,499
23	2043-44	236,962,565	225,375,654	11,586,911	(524,104,511)	98,637,304	33,162,430	65,474,874	932,848,373
24	2044-45	243,877,053	229,756,119	14,120,934	(509,983,578)	102,471,781	33,815,369	68,656,412	1,001,504,785
25	2045-46	251,061,401	234,223,693	16,837,708	(493,145,870)	106,466,982	34,480,867	71,986,115	1,073,490,901



CITY OF MALIBU PROPOSAL – HOLD TO SMMUSD Funding Levels

Projected Santa Monica USD - General Fund

Projected Malibu USD - General Fund

Year	Projected Santa Monica USD - General Fund				Projected Malibu USD - General Fund			
	Total Revenue	Total Expenditures	Net Income	Cumulative Surplus/(Deficit)	Total Revenue	Total Expenditures	Net Income	Cumulative Surplus/(Deficit)
1 2021-22	\$ 148,227,743	\$ 146,376,008	\$ 1,851,735	\$ 1,851,735	\$ 20,736,356	\$ 21,300,266	\$ (563,909)	\$ (563,909)
2 2022-23	152,233,961	149,808,044	2,425,917	4,277,652	19,381,608	21,818,278	(2,436,670)	(3,000,580)
3 2023-24	156,885,099	153,172,608	3,712,492	7,990,143	19,271,925	22,324,783	(3,052,858)	(6,053,438)
4 2024-25	161,317,618	156,613,662	4,703,956	12,694,099	20,381,985	22,842,317	(2,460,332)	(8,513,770)
5 2025-26	165,266,770	159,628,387	5,638,383	18,332,483	20,599,863	23,298,354	(2,698,491)	(11,212,261)
6 2026-27	169,539,029	162,702,907	6,836,123	25,168,605	20,659,087	23,763,011	(3,103,924)	(14,316,185)
7 2027-28	173,648,741	165,838,417	7,810,324	32,978,929	21,077,404	24,236,461	(3,159,058)	(17,475,242)
8 2028-29	177,451,775	169,036,137	8,415,639	41,394,568	21,952,718	24,718,880	(2,766,163)	(20,241,405)
9 2029-30	182,073,518	172,297,311	9,776,207	51,170,775	22,195,524	25,210,448	(3,014,924)	(23,256,329)
10 2030-31	186,511,384	175,623,210	10,888,174	62,058,949	22,818,834	25,711,347	(2,892,513)	(26,148,842)
11 2031-32	149,552,481	179,015,126	(29,462,645)	32,596,304	63,031,739	26,221,764	36,809,975	10,661,133
12 2032-33	152,672,291	182,474,380	(29,802,089)	2,794,215	65,377,447	26,741,890	38,635,558	49,296,691
13 2033-34	155,903,596	186,002,320	(30,098,724)	(27,304,509)	67,820,970	27,271,917	40,549,053	89,845,744
14 2034-35	159,250,639	189,600,318	(30,349,679)	(57,654,188)	70,366,437	27,812,046	42,554,391	132,400,135
15 2035-36	162,717,827	193,269,776	(30,551,949)	(88,206,137)	73,018,153	28,362,477	44,655,676	177,055,811
16 2036-37	166,309,744	197,012,124	(30,702,380)	(118,908,517)	75,780,603	28,923,417	46,857,187	223,912,998
17 2037-38	170,031,151	200,828,818	(30,797,667)	(149,706,183)	78,658,466	29,495,075	49,163,391	273,076,389
18 2038-39	173,886,993	204,721,346	(30,834,354)	(180,540,537)	81,656,617	30,077,667	51,578,951	324,655,339
19 2039-40	177,882,408	208,691,225	(30,808,817)	(211,349,354)	84,780,138	30,671,410	54,108,728	378,764,067
20 2040-41	182,022,737	212,740,001	(30,717,264)	(242,066,618)	88,034,326	31,276,528	56,757,798	435,521,865
21 2041-42	223,902,356	216,869,253	7,033,102	(235,033,516)	91,424,705	31,893,249	59,531,456	495,053,321
22 2042-43	230,307,635	221,080,590	9,227,045	(225,806,471)	94,957,031	32,521,804	62,435,227	557,488,548
23 2043-44	236,962,565	225,375,654	11,586,911	(214,219,560)	98,637,304	33,162,430	65,474,874	622,963,422
24 2044-45	243,877,053	229,756,119	14,120,934	(200,098,626)	102,471,781	33,815,369	68,656,412	691,619,834
25 2045-46	251,061,401	234,223,693	16,837,708	(183,260,919)	106,466,982	34,480,867	71,986,115	763,605,949



**SMMUSD PROPOSAL
SANTA MONICA UNIFIED SCHOOL DISTRICT PROJECTION**



SMMUSD Proposal – SMUSD General Fund Projection

	2020-21 Adj	2020-21 Split	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27
Revenues								
LCFF Revenues	\$ 104,736,954	\$ 91,818,664	\$ 94,626,277	\$ 97,539,485	\$ 100,562,385	\$ 103,699,233	\$ 106,954,457	\$ 110,332,657
Federal Revenues	4,467,772	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334
Other State Revenues	3,966,285	3,482,958	3,482,958	1,793,594	1,782,393	3,278,385	3,246,379	3,220,548
Other Local Revenues	48,395,318	43,992,304	44,745,878	45,537,558	46,364,108	46,539,058	46,716,178	46,895,502
Total Revenues	\$ 161,566,330	\$ 143,217,261	\$ 146,778,448	\$ 148,793,971	\$ 152,632,221	\$ 157,440,011	\$ 160,840,349	\$ 164,372,041
Ependitures								
Certificated Salaries	\$ 65,956,551	\$ 57,919,158	\$ 59,077,541	\$ 60,259,092	\$ 61,464,274	\$ 62,693,560	\$ 63,947,431	\$ 65,226,379
Classified Salaries	31,768,687	27,897,390	28,455,338	29,024,444	29,604,933	30,197,032	30,800,972	31,416,992
Employee Benefits	42,476,806	32,554,847	33,814,341	35,111,192	36,298,367	37,518,984	38,269,364	39,034,751
Books & Supplies	5,136,923	4,510,943	4,535,943	4,560,943	4,585,943	4,610,943	4,635,943	4,660,943
Services & Oth. Oper. Ep.	20,069,559	17,623,905	17,976,383	18,335,910	18,702,629	19,076,681	19,458,215	19,847,379
Capital Outlay	264,565	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	75,000	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Other Outgo (Trans of Ind.)	(342,023)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)
Total Ependitures	\$ 165,406,068	\$ 140,521,759	\$ 143,875,062	\$ 147,307,098	\$ 150,671,662	\$ 154,112,716	\$ 157,127,441	\$ 160,201,961
Transfers Out	\$ (2,848,000)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)
Net Increase (Decrease) in Fund Balance	\$ (6,687,738)	\$ 194,555	\$ 402,440	\$ (1,014,073)	\$ (540,387)	\$ 826,349	\$ 1,211,962	\$ 1,669,135

- SMMUSD’s proposal would split the property tax ratio (PTR) on a basis aligned to enrollment
- As a result of continued declining enrollment and the pandemic, SMMUSD currently finds itself with a structural deficit and will be considering steps to reduce expenditures in 2021-22 and 2022-23
- Our modeling reflects implementation of the fiscal stabilization plan and targets for LCFF funding are based upon a cohort roll-forward projection of enrollments



SMMUSD Proposal – SMUSD General Fund Projection

	<i>Year 7</i> 2027-28	<i>Year 8</i> 2028-29	<i>Year 9</i> 2029-30	<i>Year 10</i> 2030-31	<i>Year 11</i> 2031-32	<i>Year 12</i> 2032-33	<i>Year 13</i> 2033-34	<i>Year 14</i> 2034-35
Revenues								
LCFF Revenues	\$ 113,838,614	\$ 117,477,299	\$ 121,253,878	\$ 125,173,722	\$ 127,486,130	\$ 131,709,470	\$ 136,093,491	\$ 140,644,464
Federal Revenues	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334
Other State Revenues	3,219,379	3,194,376	3,181,922	3,175,882	3,165,961	3,164,455	3,162,949	3,161,442
Other Local Revenues	47,077,060	47,260,886	47,447,012	47,635,471	47,826,298	48,019,526	48,215,191	48,413,328
Total Revenues	\$ 168,058,388	\$ 171,855,895	\$ 175,806,146	\$ 179,908,409	\$ 182,401,723	\$ 186,816,785	\$ 191,394,965	\$ 196,142,569
Ependitures								
Certificated Salaries	\$ 66,530,907	\$ 67,861,525	\$ 69,218,756	\$ 70,603,131	\$ 72,015,193	\$ 73,455,497	\$ 74,924,607	\$ 76,423,099
Classified Salaries	32,045,332	32,686,238	33,339,963	34,006,762	34,686,898	35,380,636	36,088,248	36,810,013
Employee Benefits	39,815,446	40,611,755	41,423,990	42,252,470	43,097,519	43,959,470	44,838,659	45,735,432
Books & Supplies	4,685,943	4,710,943	4,735,943	4,760,943	4,785,943	4,810,943	4,835,943	4,860,943
Services & Oth. Oper. Ep.	20,244,327	20,649,213	21,062,197	21,483,441	21,913,110	22,351,372	22,798,400	23,254,368
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Other Outgo (Trans of Ind.)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)
Total Ependitures	\$ 163,337,471	\$ 166,535,191	\$ 169,796,366	\$ 173,122,264	\$ 176,514,180	\$ 179,973,434	\$ 183,501,374	\$ 187,099,372
Transfers Out	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)
Net Increase (Decrease) in Fund Balance	\$ 2,219,972	\$ 2,819,758	\$ 3,508,835	\$ 4,285,199	\$ 3,386,598	\$ 4,342,405	\$ 5,392,646	\$ 6,542,251

- In 2031-32, it is projected that Prop. 30 revenues will cease, resulting in the reduction of revenues within the LCFF formula
- All salaries are inflated annually by 2% and benefits are computed as a percentage of salaries with some growth in rates over the initial few years



SMMUSD Proposal – SMUSD General Fund Projection

	<i>Year 15</i> 2035-36	<i>Year 16</i> 2036-37	<i>Year 17</i> 2037-38	<i>Year 18</i> 2038-39	<i>Year 19</i> 2039-40	<i>Year 20</i> 2040-41	<i>Year 21</i> 2041-42	<i>Year 22</i> 2042-43
Revenues								
LCFF Revenues	\$ 145,368,906	\$ 150,273,594	\$ 155,365,569	\$ 160,652,154	\$ 166,140,960	\$ 171,839,900	\$ 215,346,023	\$ 223,448,485
Federal Revenues	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334
Other State Revenues	3,159,936	3,158,432	3,156,932	3,155,435	3,153,939	3,152,446	3,150,955	3,149,467
Other Local Revenues	48,613,973	48,817,162	49,022,932	49,231,322	49,442,368	49,656,110	49,872,587	50,091,839
Total Revenues	\$ 201,066,150	\$ 206,172,522	\$ 211,468,768	\$ 216,962,244	\$ 222,660,602	\$ 228,571,790	\$ 272,292,900	\$ 280,613,125
Ependitures								
Certificated Salaries	\$ 77,951,561	\$ 79,510,592	\$ 81,100,804	\$ 82,722,820	\$ 84,377,277	\$ 86,064,822	\$ 87,786,119	\$ 89,541,841
Classified Salaries	37,546,214	38,297,138	39,063,081	39,844,342	40,641,229	41,454,054	42,283,135	43,128,797
Employee Benefits	46,650,141	47,583,144	48,534,807	49,505,503	50,495,613	51,505,525	52,535,636	53,586,348
Books & Supplies	4,885,943	4,910,943	4,935,943	4,960,943	4,985,943	5,010,943	5,035,943	5,060,943
Services & Oth. Oper. Ep.	23,719,455	24,193,844	24,677,721	25,171,276	25,674,701	26,188,195	26,711,959	27,246,198
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Other Outgo (Trans of Ind.)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)
Total Ependitures	\$ 190,768,830	\$ 194,511,178	\$ 198,327,872	\$ 202,220,400	\$ 206,190,279	\$ 210,239,056	\$ 214,368,307	\$ 218,579,644
Transfers Out	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)
Net Increase (Decrease) in Fund Balance	\$ 7,796,373	\$ 9,160,398	\$ 10,639,950	\$ 12,240,898	\$ 13,969,377	\$ 15,831,789	\$ 55,423,646	\$ 59,532,535

- In 2041-42, it is projected that Redevelopment activities in Santa Monica will cease and the termination of pass-throughs is projected to result in a revenue growth for the proposed Santa Monica USD
- The termination of Redevelopment may merit additional analysis and could present an opportunity to make some adjustments if desired at that time
- We would point out that the projected increase due to RDA termination in our modeling is not something we have high confidence in and would be dependent on how property values within the RDA move over the next 20 years



**SMMUSD PROPOSAL
MALIBU UNIFIED SCHOOL DISTRICT PROJECTION**



SMMUSD Proposal – MUSD General Fund Projection

	2020-21 Adj	2020-21 Split	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27
Revenues								
LCFF Revenues	\$ 104,736,954	\$ 15,475,740	\$ 16,650,430	\$ 17,206,949	\$ 17,787,095	\$ 18,391,873	\$ 19,022,328	\$ 19,679,551
Federal Revenues	4,467,772	544,438	544,438	544,438	544,438	544,438	544,438	544,438
Other State Revenues	3,966,285	483,327	483,327	434,696	423,495	412,716	401,287	388,948
Other Local Revenues	48,395,318	4,387,320	4,441,145	4,497,841	4,555,388	4,613,798	4,673,084	4,733,260
Total Revenues	\$ 161,566,330	\$ 20,890,824	\$ 22,119,340	\$ 22,683,924	\$ 23,310,417	\$ 23,962,824	\$ 24,641,136	\$ 25,346,196
Ependitures								
Certificated Salaries	\$ 65,956,551	\$ 8,037,393	\$ 8,198,141	\$ 8,362,103	\$ 8,529,346	\$ 8,699,932	\$ 8,873,931	\$ 9,051,410
Classified Salaries	31,768,687	4,371,297	4,458,723	4,547,898	4,638,856	4,731,633	4,826,265	4,922,791
Employee Benefits	42,476,806	4,748,836	4,933,339	5,123,323	5,295,739	5,473,002	5,582,462	5,694,111
Books & Supplies	5,136,923	625,980	650,980	675,980	700,980	725,980	750,980	775,980
Services & Oth. Oper. Ep.	20,069,559	2,445,654	2,494,567	2,544,459	2,595,348	2,647,255	2,700,200	2,754,204
Capital Outlay	264,565	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	75,000	9,139	9,139	9,139	9,139	9,139	9,139	9,139
Other Outgo (Trans of Ind.)	(342,023)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)
Total Expenditures	\$ 165,406,068	\$ 20,446,621	\$ 20,953,211	\$ 21,471,224	\$ 21,977,729	\$ 22,495,263	\$ 22,951,299	\$ 23,415,957
Transfers Out	\$ (2,848,000)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)
Net Increase (Decrease) in Fund Balance	\$ (6,687,738)	\$ 97,149	\$ 819,074	\$ 865,646	\$ 985,633	\$ 1,120,507	\$ 1,342,783	\$ 1,583,185

- 2020-21 Adj reflects the current 2nd Interim projections, adjusted to remove impacts of one-time stimulus funding
- The District currently has a structural deficit and is anticipating consideration of a fiscal stabilization plan to reduce expenditures
- It is anticipated that such reductions will impact both territories, mainly focus on compensation reductions and occur in 2021-22 and 2022-23



SMMUSD Proposal – MUSD General Fund Projection

	<i>Year 7</i> 2027-28	<i>Year 8</i> 2028-29	<i>Year 9</i> 2029-30	<i>Year 10</i> 2030-31	<i>Year 11</i> 2031-32	<i>Year 12</i> 2032-33	<i>Year 13</i> 2033-34	<i>Year 14</i> 2034-35
Revenues								
LCFF Revenues	\$ 20,364,681	\$ 21,078,903	\$ 21,823,452	\$ 22,599,619	\$ 23,165,027	\$ 24,008,514	\$ 24,887,822	\$ 25,804,473
Federal Revenues	544,438	544,438	544,438	544,438	544,438	544,438	544,438	544,438
Other State Revenues	382,970	379,037	369,784	364,635	362,658	362,517	362,375	362,234
Other Local Revenues	4,794,338	4,856,332	4,919,256	4,983,124	5,047,950	5,113,748	5,180,534	5,248,321
Total Revenues	\$ 26,086,427	\$ 26,858,710	\$ 27,656,930	\$ 28,491,815	\$ 29,120,073	\$ 30,029,217	\$ 30,975,169	\$ 31,959,465
Ependitures								
Certificated Salaries	\$ 9,232,438	\$ 9,417,087	\$ 9,605,428	\$ 9,797,537	\$ 9,993,488	\$ 10,193,357	\$ 10,397,225	\$ 10,605,169
Classified Salaries	5,021,247	5,121,671	5,224,105	5,328,587	5,435,159	5,543,862	5,654,739	5,767,834
Employee Benefits	5,807,994	5,924,154	6,042,637	6,163,489	6,286,759	6,412,494	6,540,744	6,671,559
Books & Supplies	800,980	825,980	850,980	875,980	900,980	925,980	950,980	975,980
Services & Oth. Oper. Ep.	2,809,288	2,865,474	2,922,783	2,981,239	3,040,864	3,101,681	3,163,715	3,226,989
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	9,139	9,139	9,139	9,139	9,139	9,139	9,139	9,139
Other Outgo (Trans of Ind.)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)
Total Ependitures	\$ 23,889,407	\$ 24,371,826	\$ 24,863,394	\$ 25,364,293	\$ 25,874,710	\$ 26,394,835	\$ 26,924,863	\$ 27,464,992
Transfers Out	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)
Net Increase (Decrease) in Fund Balance	\$ 1,849,965	\$ 2,139,829	\$ 2,446,482	\$ 2,780,468	\$ 2,898,308	\$ 3,287,327	\$ 3,703,251	\$ 4,147,419

- As proposed by SMMUSD, the split of the Property Tax Ratio aligned to enrollments at the time of split would not create a need to conduct annual transfers of funding between entities
- The SMMUSD proposal does not result in any “cliff effect” for either entity – allowing each to have stable revenues year over year
- With implementation of cuts to cure the current structural deficit, it is projected that each entity will have sufficient revenue to continue existing operations



SMMUSD Proposal – MUSD General Fund Projection

	Year 15 2035-36	Year 16 2036-37	Year 17 2037-38	Year 18 2038-39	Year 19 2039-40	Year 20 2040-41	Year 21 2041-42	Year 22 2042-43
Revenues								
LCFF Revenues	\$ 26,760,053	\$ 27,756,217	\$ 28,794,689	\$ 29,877,268	\$ 31,005,827	\$ 32,182,320	\$ 33,408,785	\$ 34,687,344
Federal Revenues	544,438	544,438	544,438	544,438	544,438	544,438	544,438	544,438
Other State Revenues	362,093	361,951	361,810	361,669	361,528	361,386	361,245	361,104
Other Local Revenues	5,317,125	5,386,961	5,457,844	5,529,791	5,602,817	5,676,938	5,752,171	5,828,533
Total Revenues	\$ 32,983,708	\$ 34,049,567	\$ 35,158,781	\$ 36,313,165	\$ 37,514,609	\$ 38,765,083	\$ 40,066,639	\$ 41,421,419
Ependitures								
Certificated Salaries	\$ 10,817,272	\$ 11,033,618	\$ 11,254,290	\$ 11,479,376	\$ 11,708,964	\$ 11,943,143	\$ 12,182,006	\$ 12,425,646
Classified Salaries	5,883,191	6,000,854	6,120,871	6,243,289	6,368,155	6,495,518	6,625,428	6,757,937
Employee Benefits	6,804,990	6,941,090	7,079,912	7,221,510	7,365,940	7,513,259	7,663,524	7,816,795
Books & Supplies	1,000,980	1,025,980	1,050,980	1,075,980	1,100,980	1,125,980	1,150,980	1,175,980
Services & Oth. Oper. Ep.	3,291,529	3,357,359	3,424,507	3,492,997	3,562,857	3,634,114	3,706,796	3,780,932
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	9,139	9,139	9,139	9,139	9,139	9,139	9,139	9,139
Other Outgo (Trans of Ind.)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)
Total Expenditures	\$ 28,015,423	\$ 28,576,362	\$ 29,148,021	\$ 29,730,613	\$ 30,324,356	\$ 30,929,474	\$ 31,546,195	\$ 32,174,750
Transfers Out	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)
Net Increase (Decrease) in Fund Balance	\$ 4,621,231	\$ 5,126,150	\$ 5,663,706	\$ 6,235,499	\$ 6,843,199	\$ 7,488,554	\$ 8,173,390	\$ 8,899,614

- As is true for all “Basic Aid” school districts, declines in enrollment do not have a significant impact on funding – instead resulting in increased resources per pupil
- The historical trend of steeper enrollment declines in the Malibu area – largely a function of demographics following common trends for higher wealth areas – only increases per pupil funding levels
- SMMUSD has always been willing to entertain provisions to allow for a defined “reopener” to allow for limited adjustments to property tax revenue allocations in the event of calamity or unforeseen trends having a significant impact on either entity



**CITY OF MALIBU PROPOSAL
SANTA MONICA UNIFIED SCHOOL DISTRICT PROJECTION
(HOLD TO LCFF MINIMUM FUNDING)**



City of Malibu Proposal (Hold to LCFF Minimum Funding) – SMUSD General Fund Projection

	2020-21 Adj	2020-21 Split	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27
Revenues								
LCFF Revenues	\$ 104,736,954	\$ 70,326,474	\$ 75,089,849	\$ 75,599,635	\$ 76,439,477	\$ 78,628,695	\$ 80,898,556	\$ 83,252,152
Federal Revenues	4,467,772	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334
Other State Revenues	3,966,285	3,482,958	3,482,958	1,793,594	1,782,393	3,278,385	3,246,379	3,220,548
Other Local Revenues	48,395,318	43,992,304	44,745,878	45,537,558	46,364,108	46,539,058	46,716,178	46,895,502
Total Revenues	\$ 161,566,330	\$ 121,725,070	\$ 127,242,019	\$ 126,854,120	\$ 128,509,313	\$ 132,369,472	\$ 134,784,447	\$ 137,291,536
Ependitures								
Certificated Salaries	\$ 65,956,551	\$ 57,919,158	\$ 59,077,541	\$ 60,259,092	\$ 61,464,274	\$ 62,693,560	\$ 63,947,431	\$ 65,226,379
Classified Salaries	31,768,687	27,897,390	28,455,338	29,024,444	29,604,933	30,197,032	30,800,972	31,416,992
Employee Benefits	42,476,806	32,554,847	33,814,341	35,111,192	36,298,367	37,518,984	38,269,364	39,034,751
Books & Supplies	5,136,923	4,510,943	4,535,943	4,560,943	4,585,943	4,610,943	4,635,943	4,660,943
Services & Oth. Oper. Ep.	20,069,559	17,623,905	17,976,383	18,335,910	18,702,629	19,076,681	19,458,215	19,847,379
Capital Outlay	264,565	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	75,000	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Other Outgo (Trans of Ind.)	(342,023)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)
Total Expenditures	\$ 165,406,068	\$ 140,521,759	\$ 143,875,062	\$ 147,307,098	\$ 150,671,662	\$ 154,112,716	\$ 157,127,441	\$ 160,201,961
Transfers Out	\$ (2,848,000)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)
Net Increase (Decrease) in Fund Balance	\$ (6,687,738)	\$ (21,297,635)	\$ (19,133,988)	\$ (22,953,924)	\$ (24,663,295)	\$ (24,244,190)	\$ (24,843,940)	\$ (25,411,370)

- Unless Santa Monica USD immediately cuts expenditures by a significant amount – above and beyond proposed fiscal stabilization cuts to cure an existing structural deficit – proposed transfers from Malibu USD will not be sufficient to continue existing operations in Santa Monica USD
- For the current, 2020-21 fiscal year, it is projected that total General Fund per pupil funding for ALL SMMUSD students is \$18,467 per ADA
- Projected 2020-21 revenues include one-time stimulus funding which when excluded from current year projected reduces the regular and on-going funding per ADA to \$17,658



City of Malibu Proposal (Hold to LCFF Minimum Funding) – SMUSD General Fund Projection

	Year 7 2027-28	Year 8 2028-29	Year 9 2029-30	Year 10 2030-31	Year 11 2031-32	Year 12 2032-33	Year 13 2033-34	Year 14 2034-35
Revenues								
LCFF Revenues	\$ 85,692,698	\$ 88,223,534	\$ 90,848,130	\$ 93,570,092	\$ 94,636,888	\$ 97,564,976	\$ 100,602,122	\$ 103,752,534
Federal Revenues	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334
Other State Revenues	3,219,379	3,194,376	3,181,922	3,175,882	3,165,961	3,164,455	3,162,949	3,161,442
Other Local Revenues	47,077,060	47,260,886	47,447,012	47,635,471	47,826,298	48,019,526	48,215,191	48,413,328
Total Revenues	\$ 139,912,472	\$ 142,602,130	\$ 145,400,397	\$ 148,304,779	\$ 149,552,481	\$ 152,672,291	\$ 155,903,596	\$ 159,250,639
Ependitures								
Certificated Salaries	\$ 66,530,907	\$ 67,861,525	\$ 69,218,756	\$ 70,603,131	\$ 72,015,193	\$ 73,455,497	\$ 74,924,607	\$ 76,423,099
Classified Salaries	32,045,332	32,686,238	33,339,963	34,006,762	34,686,898	35,380,636	36,088,248	36,810,013
Employee Benefits	39,815,446	40,611,755	41,423,990	42,252,470	43,097,519	43,959,470	44,838,659	45,735,432
Books & Supplies	4,685,943	4,710,943	4,735,943	4,760,943	4,785,943	4,810,943	4,835,943	4,860,943
Services & Oth. Oper. Ep.	20,244,327	20,649,213	21,062,197	21,483,441	21,913,110	22,351,372	22,798,400	23,254,368
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Other Outgo (Trans of Ind.)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)
Total Ependitures	\$ 163,337,471	\$ 166,535,191	\$ 169,796,366	\$ 173,122,264	\$ 176,514,180	\$ 179,973,434	\$ 183,501,374	\$ 187,099,372
Transfers Out	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)
Net Increase (Decrease) in Fund Balance	\$ (25,925,944)	\$ (26,434,007)	\$ (26,896,914)	\$ (27,318,430)	\$ (29,462,645)	\$ (29,802,089)	\$ (30,098,724)	\$ (30,349,679)

- The City of Malibu proposal to hold Santa Monica USD to LCFF minimums would only require a projected two years of funding transfers totaling a projected \$4.1 million
- After two years, projected enrollment declines and tax base growth would likely return Santa Monica USD to “basic aid” status, albeit at a funding level well below where students would have been in the combined SMMUSD
- Santa Monica USD would not be projected to return to current per pupil funding levels for 5 years



City of Malibu Proposal (Hold to LCFF Minimum Funding) – SMUSD General Fund Projection

	Year 15 2035-36	Year 16 2036-37	Year 17 2037-38	Year 18 2038-39	Year 19 2039-40	Year 20 2040-41	Year 21 2041-42	Year 22 2042-43
Revenues								
LCFF Revenues	\$ 107,020,584	\$ 110,410,816	\$ 113,927,952	\$ 117,576,902	\$ 121,362,766	\$ 125,290,847	\$ 166,955,479	\$ 173,142,996
Federal Revenues	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334
Other State Revenues	3,159,936	3,158,432	3,156,932	3,155,435	3,153,939	3,152,446	3,150,955	3,149,467
Other Local Revenues	48,613,973	48,817,162	49,022,932	49,231,322	49,442,368	49,656,110	49,872,587	50,091,839
Total Revenues	\$ 162,717,827	\$ 166,309,744	\$ 170,031,151	\$ 173,886,993	\$ 177,882,408	\$ 182,022,737	\$ 223,902,356	\$ 230,307,635
Expenditures								
Certificated Salaries	\$ 77,951,561	\$ 79,510,592	\$ 81,100,804	\$ 82,722,820	\$ 84,377,277	\$ 86,064,822	\$ 87,786,119	\$ 89,541,841
Classified Salaries	37,546,214	38,297,138	39,063,081	39,844,342	40,641,229	41,454,054	42,283,135	43,128,797
Employee Benefits	46,650,141	47,583,144	48,534,807	49,505,503	50,495,613	51,505,525	52,535,636	53,586,348
Books & Supplies	4,885,943	4,910,943	4,935,943	4,960,943	4,985,943	5,010,943	5,035,943	5,060,943
Services & Oth. Oper. Ep.	23,719,455	24,193,844	24,677,721	25,171,276	25,674,701	26,188,195	26,711,959	27,246,198
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Other Outgo (Trans of Ind.)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)
Total Expenditures	\$ 190,768,830	\$ 194,511,178	\$ 198,327,872	\$ 202,220,400	\$ 206,190,279	\$ 210,239,056	\$ 214,368,307	\$ 218,579,644
Transfers Out	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)
Net Increase (Decrease) in Fund Balance	\$ (30,551,949)	\$ (30,702,380)	\$ (30,797,667)	\$ (30,834,354)	\$ (30,808,817)	\$ (30,717,264)	\$ 7,033,102	\$ 9,227,045

- Short of significant expenditure cuts, Santa Monica USD would only see a balanced budget upon the termination of RDA pass-through's and resulting reallocation of property taxes therefrom in 2041-42
- Even assuming a sizable jump in revenue resulting from the termination of Redevelopment funding methods, Santa Monica USD students would be funded at a level over \$9,000 less than if they the proposed split did not occur



**CITY OF MALIBU PROPOSAL
SANTA MONICA UNIFIED SCHOOL DISTRICT PROJECTION
(HOLD TO SMMUSD PROJECTED FUNDING)**



City of Malibu Proposal (Hold to SMMUSD Projected Funding) – SMUSD General Fund Projection

	2020-21 Adj	2020-21 Split	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27
Revenues								
LCFF Revenues	\$ 104,736,954	\$ 70,326,474	\$ 96,075,572	\$ 100,979,475	\$ 104,815,263	\$ 107,576,840	\$ 111,380,879	\$ 115,499,645
Federal Revenues	4,467,772	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334
Other State Revenues	3,966,285	3,482,958	3,482,958	1,793,594	1,782,393	3,278,385	3,246,379	3,220,548
Other Local Revenues	48,395,318	43,992,304	44,745,878	45,537,558	46,364,108	46,539,058	46,716,178	46,895,502
Total Revenues	\$ 161,566,330	\$ 121,725,070	\$ 148,227,743	\$ 152,233,961	\$ 156,885,099	\$ 161,317,618	\$ 165,266,770	\$ 169,539,029
Ependitures								
Certificated Salaries	\$ 65,956,551	\$ 57,919,158	\$ 59,077,541	\$ 60,259,092	\$ 61,464,274	\$ 62,693,560	\$ 63,947,431	\$ 65,226,379
Classified Salaries	31,768,687	27,897,390	28,455,338	29,024,444	29,604,933	30,197,032	30,800,972	31,416,992
Employee Benefits	42,476,806	32,554,847	33,814,341	35,111,192	36,298,367	37,518,984	38,269,364	39,034,751
Books & Supplies	5,136,923	4,510,943	4,535,943	4,560,943	4,585,943	4,610,943	4,635,943	4,660,943
Services & Oth. Oper. Ep.	20,069,559	17,623,905	17,976,383	18,335,910	18,702,629	19,076,681	19,458,215	19,847,379
Capital Outlay	264,565	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	75,000	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Other Outgo (Trans of Ind.)	(342,023)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)
Total Ependitures	\$ 165,406,068	\$ 140,521,759	\$ 143,875,062	\$ 147,307,098	\$ 150,671,662	\$ 154,112,716	\$ 157,127,441	\$ 160,201,961
Transfers Out	\$ (2,848,000)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)
Net Increase (Decrease) in Fund Balance	\$ (6,687,738)	\$ (21,297,635)	\$ 1,851,735	\$ 2,425,917	\$ 3,712,492	\$ 4,703,956	\$ 5,638,383	\$ 6,836,123

- Presuming the implementation of fiscal stabilization plans to eliminate the current structural deficit, the City of Malibu proposal to hold Santa Monica USD to SMMUSD levels has no material impact over a ten-year period
- Indeed, under this proposal, Santa Monica USD would be slightly better off on a per student funding level for a 10-year period



City of Malibu Proposal (Hold to SMMUSD Projected Funding) – SMUSD General Fund Projection

	Year 7 2027-28	Year 8 2028-29	Year 9 2029-30	Year 10 2030-31	Year 11 2031-32	Year 12 2032-33	Year 13 2033-34	Year 14 2034-35
Revenues								
LCFF Revenues	\$ 119,428,967	\$ 123,073,180	\$ 127,521,251	\$ 131,776,697	\$ 94,636,888	\$ 97,564,976	\$ 100,602,122	\$ 103,752,534
Federal Revenues	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334
Other State Revenues	3,219,379	3,194,376	3,181,922	3,175,882	3,165,961	3,164,455	3,162,949	3,161,442
Other Local Revenues	47,077,060	47,260,886	47,447,012	47,635,471	47,826,298	48,019,526	48,215,191	48,413,328
Total Revenues	\$ 173,648,741	\$ 177,451,775	\$ 182,073,518	\$ 186,511,384	\$ 149,552,481	\$ 152,672,291	\$ 155,903,596	\$ 159,250,639
Expenditures								
Certificated Salaries	\$ 66,530,907	\$ 67,861,525	\$ 69,218,756	\$ 70,603,131	\$ 72,015,193	\$ 73,455,497	\$ 74,924,607	\$ 76,423,099
Classified Salaries	32,045,332	32,686,238	33,339,963	34,006,762	34,686,898	35,380,636	36,088,248	36,810,013
Employee Benefits	39,815,446	40,611,755	41,423,990	42,252,470	43,097,519	43,959,470	44,838,659	45,735,432
Books & Supplies	4,685,943	4,710,943	4,735,943	4,760,943	4,785,943	4,810,943	4,835,943	4,860,943
Services & Oth. Oper. Ep.	20,244,327	20,649,213	21,062,197	21,483,441	21,913,110	22,351,372	22,798,400	23,254,368
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Other Outgo (Trans of Ind.)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)
Total Expenditures	\$ 163,337,471	\$ 166,535,191	\$ 169,796,366	\$ 173,122,264	\$ 176,514,180	\$ 179,973,434	\$ 183,501,374	\$ 187,099,372
Transfers Out	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)
Net Increase (Decrease) in Fund Balance	\$ 7,810,324	\$ 8,415,639	\$ 9,776,207	\$ 10,888,174	\$ (29,462,645)	\$ (29,802,089)	\$ (30,098,724)	\$ (30,349,679)

- In year 10, it is projected that Malibu USD will need to transfer \$38.2 million to meet projected SMMUSD per pupil funding levels
- Once that transfer terminated in year 11, Santa Monica USD will be need to address a \$29.4 million budget shortfall, likely requiring cuts and preparation well in advance

	Year	MUSD to SMUSD	
		Transfer	
1	2021-22	\$	23,784,395
2	2022-23		26,651,549
3	2023-24		28,375,786
4	2024-25		28,948,146
5	2025-26		30,482,323
6	2026-27		32,247,493
7	2027-28		33,736,268
8	2028-29		34,849,646
9	2029-30		36,673,121
10	2030-31		38,206,604



City of Malibu Proposal (Hold to SMMUSD Projected Funding) – SMUSD General Fund Projection

	Year 15 2035-36	Year 16 2036-37	Year 17 2037-38	Year 18 2038-39	Year 19 2039-40	Year 20 2040-41	Year 21 2041-42	Year 22 2042-43
Revenues								
LCFF Revenues	\$ 107,020,584	\$ 110,410,816	\$ 113,927,952	\$ 117,576,902	\$ 121,362,766	\$ 125,290,847	\$ 166,955,479	\$ 173,142,996
Federal Revenues	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334	3,923,334
Other State Revenues	3,159,936	3,158,432	3,156,932	3,155,435	3,153,939	3,152,446	3,150,955	3,149,467
Other Local Revenues	48,613,973	48,817,162	49,022,932	49,231,322	49,442,368	49,656,110	49,872,587	50,091,839
Total Revenues	\$ 162,717,827	\$ 166,309,744	\$ 170,031,151	\$ 173,886,993	\$ 177,882,408	\$ 182,022,737	\$ 223,902,356	\$ 230,307,635
Ependitures								
Certificated Salaries	\$ 77,951,561	\$ 79,510,592	\$ 81,100,804	\$ 82,722,820	\$ 84,377,277	\$ 86,064,822	\$ 87,786,119	\$ 89,541,841
Classified Salaries	37,546,214	38,297,138	39,063,081	39,844,342	40,641,229	41,454,054	42,283,135	43,128,797
Employee Benefits	46,650,141	47,583,144	48,534,807	49,505,503	50,495,613	51,505,525	52,535,636	53,586,348
Books & Supplies	4,885,943	4,910,943	4,935,943	4,960,943	4,985,943	5,010,943	5,035,943	5,060,943
Services & Oth. Oper. Ep.	23,719,455	24,193,844	24,677,721	25,171,276	25,674,701	26,188,195	26,711,959	27,246,198
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	65,861	65,861	65,861	65,861	65,861	65,861	65,861	65,861
Other Outgo (Trans of Ind.)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)	(300,344)
Total Ependitures	\$ 190,768,830	\$ 194,511,178	\$ 198,327,872	\$ 202,220,400	\$ 206,190,279	\$ 210,239,056	\$ 214,368,307	\$ 218,579,644
Transfers Out	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)	\$ (2,500,946)
Net Increase (Decrease) in Fund Balance	\$ (30,551,949)	\$ (30,702,380)	\$ (30,797,667)	\$ (30,834,354)	\$ (30,808,817)	\$ (30,717,264)	\$ 7,033,102	\$ 9,227,045

- Under either interpretation of the City of Malibu funding allocation proposal, there would be a period of extended deficits if existing operations were to be maintained through at least 2041-42
- The projected revenue increase is 2041-42 is highly dependent upon specifics in the RDA which have not been analyzed sufficiently to ensure the projected magnitude is large enough offset deficits
- On a per pupil funding basis, the hold to SMMUSD levels for 10 years leaves Santa Monica students with substantially less in each year thereafter



**CITY OF MALIBU PROPOSAL
MALIBU UNIFIED SCHOOL DISTRICT PROJECTION
(HOLD TO LCFF MINIMUM FUNDING)**



City of Malibu Proposal (Hold to LCFF Minimum Funding) – MUSD General Fund Projection

	2020-21 Adj	2020-21 Split	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27
Revenues								
LCFF Revenues	\$ 104,736,954	\$ 36,967,930	\$ 36,253,170	\$ 39,284,473	\$ 42,124,390	\$ 43,759,179	\$ 45,463,377	\$ 47,239,935
Federal Revenues	4,467,772	544,438	544,438	544,438	544,438	544,438	544,438	544,438
Other State Revenues	3,966,285	483,327	483,327	434,696	423,495	412,716	401,287	388,948
Other Local Revenues	48,395,318	4,387,320	4,441,145	4,497,841	4,555,388	4,613,798	4,673,084	4,733,260
Total Revenues	\$ 161,566,330	\$ 42,383,014	\$ 41,722,080	\$ 44,761,448	\$ 47,647,711	\$ 49,330,131	\$ 51,082,186	\$ 52,906,580
Ependitures								
Certificated Salaries	\$ 65,956,551	\$ 8,037,393	\$ 8,198,141	\$ 8,362,103	\$ 8,529,346	\$ 8,699,932	\$ 8,873,931	\$ 9,051,410
Classified Salaries	31,768,687	4,371,297	4,458,723	4,547,898	4,638,856	4,731,633	4,826,265	4,922,791
Employee Benefits	42,476,806	4,748,836	4,933,339	5,123,323	5,295,739	5,473,002	5,582,462	5,694,111
Books & Supplies	5,136,923	625,980	650,980	675,980	700,980	725,980	750,980	775,980
Services & Oth. Oper. Ep.	20,069,559	2,445,654	2,494,567	2,544,459	2,595,348	2,647,255	2,700,200	2,754,204
Capital Outlay	264,565	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	75,000	9,139	9,139	9,139	9,139	9,139	9,139	9,139
Other Outgo (Trans of Ind.)	(342,023)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)
Total Expenditures	\$ 165,406,068	\$ 20,446,621	\$ 20,953,211	\$ 21,471,224	\$ 21,977,729	\$ 22,495,263	\$ 22,951,299	\$ 23,415,957
Transfers Out	\$ (2,848,000)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)
Net Increase (Decrease) in Fund Balance	\$ (6,687,738)	\$ 21,589,339	\$ 20,421,814	\$ 22,943,170	\$ 25,322,928	\$ 26,487,813	\$ 27,783,833	\$ 29,143,569

- The City of Malibu proposal would split property tax revenues on a basis aligned with tax base size, assigning approximately 33% of such revenues to 12.2% of SMMUSD students
- Additionally, the allocation to Malibu USD is not subject to RDA losses, allowing for full realization of the Gross Property Tax Ratio revenues it receives
- It is projected that Malibu USD would start off with \$35,871 in property tax per unit of ADA following the split, with total revenues nearly double projected expenditures



City of Malibu Proposal (Hold to LCFF Minimum Funding) – MUSD General Fund Projection

	<i>Year 7</i> 2027-28	<i>Year 8</i> 2028-29	<i>Year 9</i> 2029-30	<i>Year 10</i> 2030-31	<i>Year 11</i> 2031-32	<i>Year 12</i> 2032-33	<i>Year 13</i> 2033-34	<i>Year 14</i> 2034-35
Revenues								
LCFF Revenues	\$ 49,091,926	\$ 51,022,557	\$ 53,035,167	\$ 55,133,242	\$ 57,076,694	\$ 59,356,745	\$ 61,733,624	\$ 64,211,445
Federal Revenues	544,438	544,438	544,438	544,438	544,438	544,438	544,438	544,438
Other State Revenues	382,970	379,037	369,784	364,635	362,658	362,517	362,375	362,234
Other Local Revenues	4,794,338	4,856,332	4,919,256	4,983,124	5,047,950	5,113,748	5,180,534	5,248,321
Total Revenues	\$ 54,813,672	\$ 56,802,364	\$ 58,868,645	\$ 61,025,438	\$ 63,031,739	\$ 65,377,447	\$ 67,820,970	\$ 70,366,437
Ependitures								
Certificated Salaries	\$ 9,232,438	\$ 9,417,087	\$ 9,605,428	\$ 9,797,537	\$ 9,993,488	\$ 10,193,357	\$ 10,397,225	\$ 10,605,169
Classified Salaries	5,021,247	5,121,671	5,224,105	5,328,587	5,435,159	5,543,862	5,654,739	5,767,834
Employee Benefits	5,807,994	5,924,154	6,042,637	6,163,489	6,286,759	6,412,494	6,540,744	6,671,559
Books & Supplies	800,980	825,980	850,980	875,980	900,980	925,980	950,980	975,980
Services & Oth. Oper. Ep.	2,809,288	2,865,474	2,922,783	2,981,239	3,040,864	3,101,681	3,163,715	3,226,989
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	9,139	9,139	9,139	9,139	9,139	9,139	9,139	9,139
Other Outgo (Trans of Ind.)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)
Total Ependitures	\$ 23,889,407	\$ 24,371,826	\$ 24,863,394	\$ 25,364,293	\$ 25,874,710	\$ 26,394,835	\$ 26,924,863	\$ 27,464,992
Transfers Out	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)
Net Increase (Decrease) in Fund Balance	\$ 30,577,211	\$ 32,083,483	\$ 33,658,197	\$ 35,314,091	\$ 36,809,975	\$ 38,635,558	\$ 40,549,053	\$ 42,554,391

- Under the “Hold to LCFF Minimum Funding” interpretation, Malibu USD is only required to transfer funding to Santa Monica USD for two years after the division of SMMUSD
- The total amount of such transfers would be \$4.1 million and have minimal impact on Malibu USD given the magnitude of property tax revenues



City of Malibu Proposal (Hold to LCFF Minimum Funding) – MUSD General Fund Projection

	Year 15 2035-36	Year 16 2036-37	Year 17 2037-38	Year 18 2038-39	Year 19 2039-40	Year 20 2040-41	Year 21 2041-42	Year 22 2042-43
Revenues								
LCFF Revenues	\$ 66,794,498	\$ 69,487,254	\$ 72,294,374	\$ 75,220,720	\$ 78,271,356	\$ 81,451,564	\$ 84,766,851	\$ 88,222,956
Federal Revenues	544,438	544,438	544,438	544,438	544,438	544,438	544,438	544,438
Other State Revenues	362,093	361,951	361,810	361,669	361,528	361,386	361,245	361,104
Other Local Revenues	5,317,125	5,386,961	5,457,844	5,529,791	5,602,817	5,676,938	5,752,171	5,828,533
Total Revenues	\$ 73,018,153	\$ 75,780,603	\$ 78,658,466	\$ 81,656,617	\$ 84,780,138	\$ 88,034,326	\$ 91,424,705	\$ 94,957,031
Ependitures								
Certificated Salaries	\$ 10,817,272	\$ 11,033,618	\$ 11,254,290	\$ 11,479,376	\$ 11,708,964	\$ 11,943,143	\$ 12,182,006	\$ 12,425,646
Classified Salaries	5,883,191	6,000,854	6,120,871	6,243,289	6,368,155	6,495,518	6,625,428	6,757,937
Employee Benefits	6,804,990	6,941,090	7,079,912	7,221,510	7,365,940	7,513,259	7,663,524	7,816,795
Books & Supplies	1,000,980	1,025,980	1,050,980	1,075,980	1,100,980	1,125,980	1,150,980	1,175,980
Services & Oth. Oper. Ep.	3,291,529	3,357,359	3,424,507	3,492,997	3,562,857	3,634,114	3,706,796	3,780,932
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	9,139	9,139	9,139	9,139	9,139	9,139	9,139	9,139
Other Outgo (Trans of Ind.)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)
Total Ependitures	\$ 28,015,423	\$ 28,576,362	\$ 29,148,021	\$ 29,730,613	\$ 30,324,356	\$ 30,929,474	\$ 31,546,195	\$ 32,174,750
Transfers Out	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)
Net Increase (Decrease) in Fund Balance	\$ 44,655,676	\$ 46,857,187	\$ 49,163,391	\$ 51,578,951	\$ 54,108,728	\$ 56,757,798	\$ 59,531,456	\$ 62,435,227

- With no RDA impacts, the projected revenues continue to grow faster than expenditures, and after 20 years are projected to approach nearly three times expenditures
- By 2041-42, total per pupil Malibu USD General Fund revenues are projected to be \$142,964 per ADA – with just under \$130,000 generated from property taxes



**CITY OF MALIBU PROPOSAL
SANTA MONICA UNIFIED SCHOOL DISTRICT PROJECTION
(HOLD TO SMMUSD PROJECTED FUNDING)**



City of Malibu Proposal (Hold to SMMUSD Projected Funding) – MUSD General Fund Projection

	2020-21 Adj	2020-21 Split	Year 1 2021-22	Year 2 2022-23	Year 3 2023-24	Year 4 2024-25	Year 5 2025-26	Year 6 2026-27
Revenues								
LCFF Revenues	\$ 104,736,954	\$ 36,967,930	\$ 15,267,446	\$ 13,904,633	\$ 13,748,604	\$ 14,811,033	\$ 14,981,054	\$ 14,992,442
Federal Revenues	4,467,772	544,438	544,438	544,438	544,438	544,438	544,438	544,438
Other State Revenues	3,966,285	483,327	483,327	434,696	423,495	412,716	401,287	388,948
Other Local Revenues	48,395,318	4,387,320	4,441,145	4,497,841	4,555,388	4,613,798	4,673,084	4,733,260
Total Revenues	\$ 161,566,330	\$ 42,383,014	\$ 20,736,356	\$ 19,381,608	\$ 19,271,925	\$ 20,381,985	\$ 20,599,863	\$ 20,659,087
Ependitures								
Certificated Salaries	\$ 65,956,551	\$ 8,037,393	\$ 8,198,141	\$ 8,362,103	\$ 8,529,346	\$ 8,699,932	\$ 8,873,931	\$ 9,051,410
Classified Salaries	31,768,687	4,371,297	4,458,723	4,547,898	4,638,856	4,731,633	4,826,265	4,922,791
Employee Benefits	42,476,806	4,748,836	4,933,339	5,123,323	5,295,739	5,473,002	5,582,462	5,694,111
Books & Supplies	5,136,923	625,980	650,980	675,980	700,980	725,980	750,980	775,980
Services & Oth. Oper. Ep.	20,069,559	2,445,654	2,494,567	2,544,459	2,595,348	2,647,255	2,700,200	2,754,204
Capital Outlay	264,565	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	75,000	9,139	9,139	9,139	9,139	9,139	9,139	9,139
Other Outgo (Trans of Ind.)	(342,023)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)
Total Ependitures	\$ 165,406,068	\$ 20,446,621	\$ 20,953,211	\$ 21,471,224	\$ 21,977,729	\$ 22,495,263	\$ 22,951,299	\$ 23,415,957
Transfers Out	\$ (2,848,000)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)
Net Increase (Decrease) in Fund Balance	\$ (6,687,738)	\$ 21,589,339	\$ (563,909)	\$ (2,436,670)	\$ (3,052,858)	\$ (2,460,332)	\$ (2,698,491)	\$ (3,103,924)

- Under the interpretation that Malibu USD will transfer property taxes to Santa Monica USD at a level sufficient to retain funding at SMMUSD levels for 10 years, our projections do not provide sufficient revenue for Malibu USD to continue existing operations
- If such transfers were made, it would require cuts averaging \$2.6 million to expenditures, 12.3% of total Malibu USD expenditures



City of Malibu Proposal (Hold to SMMUSD Projected Funding) – MUSD General Fund Projection

	Year 7 2027-28	Year 8 2028-29	Year 9 2029-30	Year 10 2030-31	Year 11 2031-32	Year 12 2032-33	Year 13 2033-34	Year 14 2034-35
Revenues								
LCFF Revenues	\$ 15,355,658	\$ 16,172,911	\$ 16,362,046	\$ 16,926,637	\$ 57,076,694	\$ 59,356,745	\$ 61,733,624	\$ 64,211,445
Federal Revenues	544,438	544,438	544,438	544,438	544,438	544,438	544,438	544,438
Other State Revenues	382,970	379,037	369,784	364,635	362,658	362,517	362,375	362,234
Other Local Revenues	4,794,338	4,856,332	4,919,256	4,983,124	5,047,950	5,113,748	5,180,534	5,248,321
Total Revenues	\$ 21,077,404	\$ 21,952,718	\$ 22,195,524	\$ 22,818,834	\$ 63,031,739	\$ 65,377,447	\$ 67,820,970	\$ 70,366,437
Expenditures								
Certificated Salaries	\$ 9,232,438	\$ 9,417,087	\$ 9,605,428	\$ 9,797,537	\$ 9,993,488	\$ 10,193,357	\$ 10,397,225	\$ 10,605,169
Classified Salaries	5,021,247	5,121,671	5,224,105	5,328,587	5,435,159	5,543,862	5,654,739	5,767,834
Employee Benefits	5,807,994	5,924,154	6,042,637	6,163,489	6,286,759	6,412,494	6,540,744	6,671,559
Books & Supplies	800,980	825,980	850,980	875,980	900,980	925,980	950,980	975,980
Services & Oth. Oper. Ep.	2,809,288	2,865,474	2,922,783	2,981,239	3,040,864	3,101,681	3,163,715	3,226,989
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	9,139	9,139	9,139	9,139	9,139	9,139	9,139	9,139
Other Outgo (Trans of Ind.)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)
Total Expenditures	\$ 23,889,407	\$ 24,371,826	\$ 24,863,394	\$ 25,364,293	\$ 25,874,710	\$ 26,394,835	\$ 26,924,863	\$ 27,464,992
Transfers Out	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)
Net Increase (Decrease) in Fund Balance	\$ (3,159,058)	\$ (2,766,163)	\$ (3,014,924)	\$ (2,892,513)	\$ 36,809,975	\$ 38,635,558	\$ 40,549,053	\$ 42,554,391

- Malibu USD deficits would persist until the 10-year period of property tax transfers ends
- After 10 years, Malibu USD would then experience a large increase in revenues, and end up in the same projected position regardless of how the City of Malibu proposal is interpreted

	Year	MUSD to SMUSD	
			Transfer
1	2021-22	\$	23,784,395
2	2022-23		26,651,549
3	2023-24		28,375,786
4	2024-25		28,948,146
5	2025-26		30,482,323
6	2026-27		32,247,493
7	2027-28		33,736,268
8	2028-29		34,849,646
9	2029-30		36,673,121
10	2030-31		38,206,604



City of Malibu Proposal (Hold to SMMUSD Projected Funding) – MUSD General Fund Projection

	Year 15 2035-36	Year 16 2036-37	Year 17 2037-38	Year 18 2038-39	Year 19 2039-40	Year 20 2040-41	Year 21 2041-42	Year 22 2042-43
Revenues								
LCFF Revenues	\$ 66,794,498	\$ 69,487,254	\$ 72,294,374	\$ 75,220,720	\$ 78,271,356	\$ 81,451,564	\$ 84,766,851	\$ 88,222,956
Federal Revenues	544,438	544,438	544,438	544,438	544,438	544,438	544,438	544,438
Other State Revenues	362,093	361,951	361,810	361,669	361,528	361,386	361,245	361,104
Other Local Revenues	5,317,125	5,386,961	5,457,844	5,529,791	5,602,817	5,676,938	5,752,171	5,828,533
Total Revenues	\$ 73,018,153	\$ 75,780,603	\$ 78,658,466	\$ 81,656,617	\$ 84,780,138	\$ 88,034,326	\$ 91,424,705	\$ 94,957,031
Expenditures								
Certificated Salaries	\$ 10,817,272	\$ 11,033,618	\$ 11,254,290	\$ 11,479,376	\$ 11,708,964	\$ 11,943,143	\$ 12,182,006	\$ 12,425,646
Classified Salaries	5,883,191	6,000,854	6,120,871	6,243,289	6,368,155	6,495,518	6,625,428	6,757,937
Employee Benefits	6,804,990	6,941,090	7,079,912	7,221,510	7,365,940	7,513,259	7,663,524	7,816,795
Books & Supplies	1,000,980	1,025,980	1,050,980	1,075,980	1,100,980	1,125,980	1,150,980	1,175,980
Services & Oth. Oper. Ep.	3,291,529	3,357,359	3,424,507	3,492,997	3,562,857	3,634,114	3,706,796	3,780,932
Capital Outlay	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Other Outgo (ex. Trans.)	9,139	9,139	9,139	9,139	9,139	9,139	9,139	9,139
Other Outgo (Trans of Ind.)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)	(41,679)
Total Expenditures	\$ 28,015,423	\$ 28,576,362	\$ 29,148,021	\$ 29,730,613	\$ 30,324,356	\$ 30,929,474	\$ 31,546,195	\$ 32,174,750
Transfers Out	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)	\$ (347,054)
Net Increase (Decrease) in Fund Balance	\$ 44,655,676	\$ 46,857,187	\$ 49,163,391	\$ 51,578,951	\$ 54,108,728	\$ 56,757,798	\$ 59,531,456	\$ 62,435,227

- With the City of Malibu proposal “indexing” property tax revenues at a substantially higher level than the SMMUSD proposal, compounded growth results in a significant divergence with Malibu USD experiencing faster growth over time
- By 2041-42, it is projected that the combined SMMUSD would have had total General Funding per ADA revenue of \$40,879
- Under the City of Malibu proposal, Malibu USD would have \$142,964 per ADA and Santa Monica Unified would have \$31,669 per ADA



PROPERTY TAX AND BAISC AID FUNDAMENTALS



Property Tax —Brief History

- SMMUSD existed prior to Prop. 13 and the associated trailer bills that set up the current funding system for all California school districts
- Until the early 1980's, student populations in Malibu appear to have been sufficiently small to require consolidation into school sites located in Santa Monica for upper-grade levels
- With the implementation of Prop. 13, all local governmental entities saw a revision in property tax receipts
- Well before Prop. 13, State minimum funding was provided with locally determined taxes levied to augment local school districts, leading to inequities which then led to variations in State funding to create better equity
- After Prop. 13, all local entities, including cities, counties, service districts and schools, were each provided with a share of the property tax revenues equivalent to the share received prior to Prop. 13, codified by SB 154 on a temporary basis
- However, this share was of the 1% property tax rate, and with subsequent legislation (AB 8), additional property tax revenue was allocated to cities, counties and special districts while providing increases in State funding for schools to meet minimum funding requirements
- When the State's inability to fund to minimum levels occurred in the early 1990's, ERAF was instituted – but fundamentally, the way in which allocation of property taxes occur has not changed since AB 8



SMMUSD Property Taxes

- For SMMUSD, property tax allocations are based on the entire District's property tax levies as compared to the taxes levied for other entities providing services to the area just prior to Prop. 13's implementation
- This relationship of SMMUSD property taxes, approved for educational services for all SMMUSD students before 1979, to other entities' taxes essentially persists to this date, continuing to generate local property taxes for all SMMUSD students
- Each year, as assessed values grow (or decline), property tax growth is experienced though an "equalization" methodology that in essence provides growth in the allocation of property taxes to an entity based upon its tax base growth as compared to the growth of all other entities within the County
- The total of all property taxes for an entity is encapsulated in the Property Tax Ratio (PTR) for that entity, which represents its share of the County's total 1% property tax revenues
- Fundamentally, if SMMUSD should become two districts, property tax revenues upon the split will be constrained to a total equivalent to what SMMUSD receives as a combined entity – otherwise, the two new entities would require a share of the property taxes currently enjoyed by other entities
- Until 2017-18, the amount of property tax revenues received did not matter to SMMUSD in practice, as funding was less than State minimums, resulting in the receipt of State Aid for a portion of Revenue Limit/LCFF funding



SMMUSD Property Taxes

- At the local level, every taxpayer lies within a “Tax Rate Area”, which has a uniform 1% property tax rate but unique allocation of such taxes to the entities which provide service
- Within Malibu Tax Rate Areas, allocations to SMMUSD range from 14.8% to 19.0% – within Santa Monica Tax Rate Areas, allocations to SMMUSD range from 13.6% to 19.8%
- Unspooling the maze of augmentations and adjustments to property tax revenues and limitation of property values in an effort to trace them to a specific service does not exist
- At the entity level, the aggregate of equalized Tax Rate Areas result in SMMUSD receiving approximately 0.66% of the County-wide 1% property tax revenues before adjustments for Redevelopment
- Though it is not the only source of funding for educational services provided to all SMMUSD students, property tax revenues are the largest funding source and one of the few that is not statutorily tied/restricted to student demographics
- Within prior attempts to identify a viable revenue sharing methodology, there had been no exploration of how the property tax revenues would be allocated other than on an assumed basis of Assessed Value
- While current funding levels (above State minimums) have occurred just recently, all SMMUSD students have enjoyed services funded by total revenues exceeding those of other LA County school districts due to locally generated funding outside of the State minimum calculation formulas



Basic Aid Fundamentals

- Since implementation of Prop. 13, which ceased the setting local tax rates based on the budgets of public entities, and recognition that school funding under Prop. 13 was inadequate, efforts to place a ‘floor’ under school funding were implemented
- Originally, this system of minimum funding was instituted with the Revenue Limit system, establishing per pupil minimum funding levels
- Later, in 2013-14, Revenue Limits to set funding minimums for school districts were replaced with the LCFF formula to allow minimums for each school district to address the higher cost of education for certain demographic groups
- Under either funding system, each District had a minimum funding level which if not met by local property tax revenues, results in additional funding to achieve the minimums
- In cases where local property tax revenues exceed the minimum level, a school district was (and still is) allowed to retain the “excess” property taxes to enhance educational services
- When local property taxes exceed minimums a school district is considered to be in Basic Aid, and State funding is limited to a set amount required for certain former categorical programs in perpetuity
- Basic Aid does not connote a specific revenue level, but rather applies to any school district in which property taxes exceed minimums, be it by a single dollar or millions of dollars
- Being one dollar above the target makes a school district Basic Aid but functionally does not provide more revenue than Revenue Limit or LCFF funded districts



Basic Aid Fundamentals

- Basic Aid school districts may be better funded on a per pupil basis than other school districts; however, such status also comes with certain realities
- Basic Aid districts cease to be eligible for ERAF funding
- Basic Aid districts only receive a meaningful amount of their budgets from property taxes and cease receiving sizable State apportionments
- Unlike State apportionments, Basic Aid districts receive the bulk of their cashflow from county property tax allocations, the first of which does not arrive until December, some 5-6 months after a fiscal year commences
- As a result, Basic Aid districts tend to carry higher reserves to mitigate cash flow issues to start each fiscal year – or engage in TRAN borrowings to allow for cash flow at the start of each fiscal year
- Specific to the SMMUSD territory, the realities of LCFF funding minimum targets would result in differing target amounts based on the demographics in sub-territories
- The Santa Monica territory demographics includes a higher percentage of student populations for which additional LCFF funding are allocated and would have a higher minimum per pupil funding level than the Malibu portion of the District should a division occur
- When a Basic Aid district sees a drop in property tax revenues, it becomes a real reduction in funding – however, non-Basic Aid districts would merely receive additional State funding to achieve minimums and not experience a real reduction in dollars received



Other Funding Nuances

- Redevelopment presents a unique challenge with respect to the division of SMMUSD
- Redevelopment funding and losses are currently shared over the entire SMMUSD territory; however, a division of SMMUSD would leave only the Santa Monica portion of the territory subject to such losses and revenues
- Redevelopment does not result in additional funding when examined with property tax losses that would otherwise not be experienced if redevelopment did not exist
- Redevelopment impacts will eventually cease in 2041 and, at that time, it may result in an increase in actualized property tax revenues originating from the Santa Monica portion of territory
- Sales taxes are also a unique revenue source for SMMUSD, not enjoyed by most other school districts and which are outside of LCFF formulas
- However, sales tax allocations to SMMUSD are based upon an advisory measure and can experience far more volatility due to economic downturns as evidenced during the pandemic
- Both Redevelopment and sales tax revenues are geographically constrained to the Santa Monica portion of the SMMUSD territory in the event of a split and, while beneficial, increases the potential for revenue volatility only in the proposed Santa Monica USD

