

Rationale for Denial of the
City of Malibu Petition
to form a Discrete Malibu Unified
School District

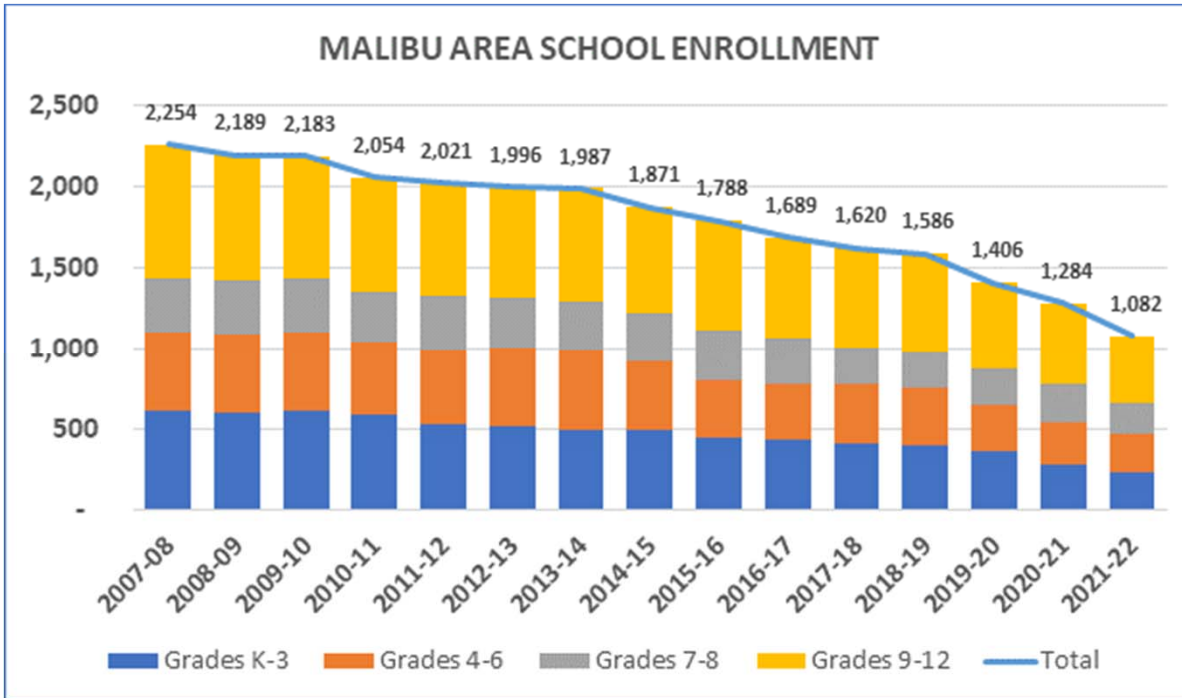
November 10, 2021

Overview

- City of Malibu's Petition for the formation of a Malibu USD is an attempt to raid the resources of a highly successful unified school district to form a highly funded boutique district serving a less diverse more affluent community
- As proposed, the Petition permanently over allocates resources to the wealthiest portions of SMMUSD and vaguely promises to provide temporary mitigations to funding losses for the majority of SMMUSD students
- The Petition fails to meet almost every criterion required for approval and could NEVER meet certain criteria by virtue of demographics which the formation of a Malibu USD would not change
- The Petition's proposed funding allocations will erode support for historically underserved populations
- The Petition proposes an inequitable outcome while arguing that such inequity is required to redress grievances either already addressed or inherent to providing educational services to a smaller population
- The Petition fails to demonstrate a compelling reason for which a separate Malibu USD is required at the expense of nearly 8,000 students in Santa Monica

The Flawed City Petition

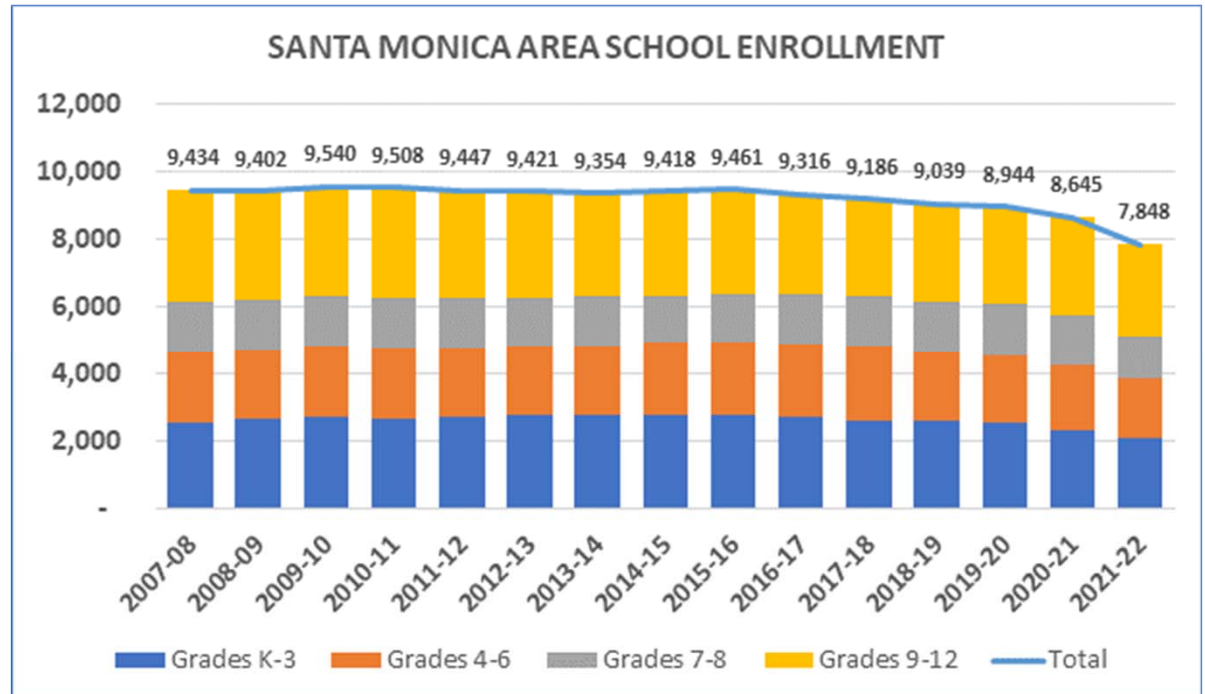
- The Petition is fundamentally flawed and does not merit approval
- The nine criteria lay out a framework for the evaluation of Petitions to alter the jurisdiction of California school districts with a design of precluding certain outcomes
- As preliminary analysis by the LACOE and School Services of California indicates, the City Petition does not appear to meet 8 of these 9 criteria
- The Petition was found to not meet demographic based criteria with respect to minimal size and promotes ethnic discrimination or segregation – realities rooted in demographics which will not change in the near term (Criteria # 1 & # 4)
- The Petition fails to meet fiscal criteria and would impact financial management of the District significantly and negatively (Criteria # 9) and would not lead to an equitable division of assets and liabilities (Criteria # 3)
- The Petition is likely to increase costs to the State (Criteria # 5) and costs for housing of students (Criteria # 7)
- Of greatest concern, the Petition does not demonstrate how the proposed SMUSD will be able to preserve education programs uninterrupted while incurring a reduction of at least 14.2% in funding per pupil and does not demonstrate why it requires over \$36,569 per pupil to deliver educational programs (Criteria # 6)



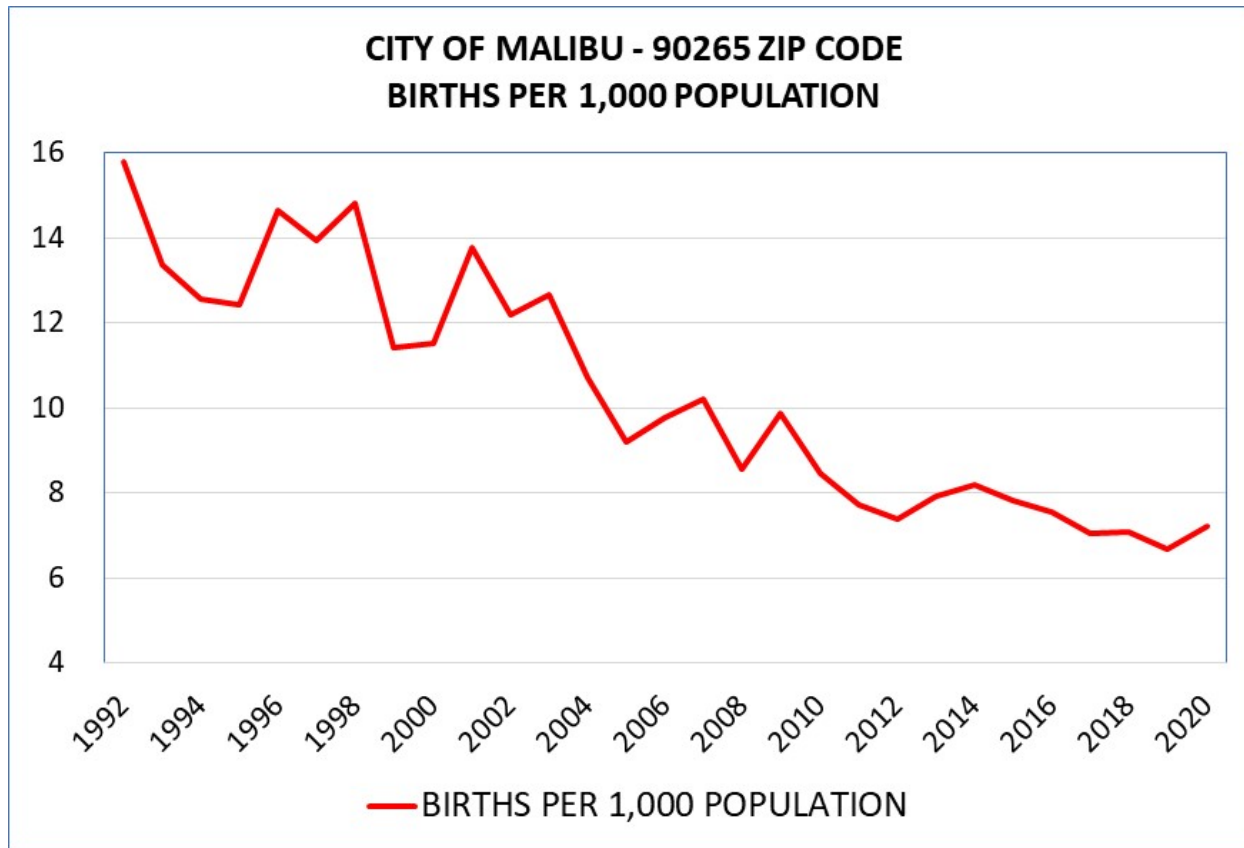
- Malibu area enrollment has declined an average of 5.0% annually since 2007-08
- Malibu K-3 enrollment has declined an average of 6.5% over the same period – a trend that indicates continued declines for Malibu Enrollment

2021-22 enrollment excludes Transitional Kindergarten for comparability to prior year data.

- 2021-22 Malibu TK-12 enrollment is only 921 excluding 177 inter-district transfers
- During the same period, Santa Monica area enrollment averaged a 1.3% decline



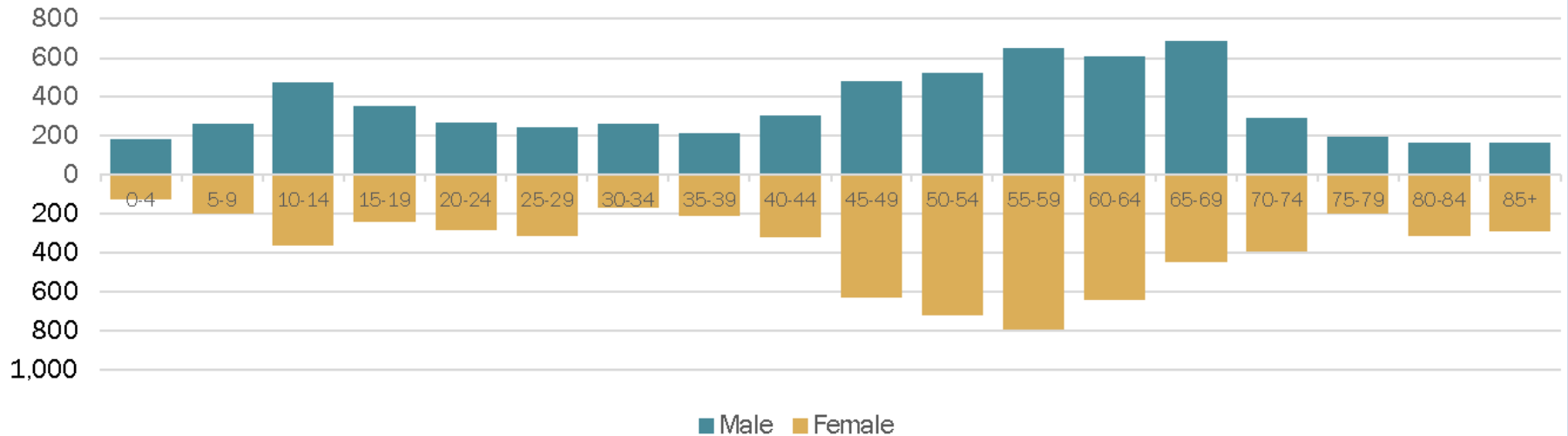
2021-22 enrollment excludes Transitional Kindergarten for comparability to prior year data.



Source: CA Dept. of Health, CA Dept. of Finance and US Census

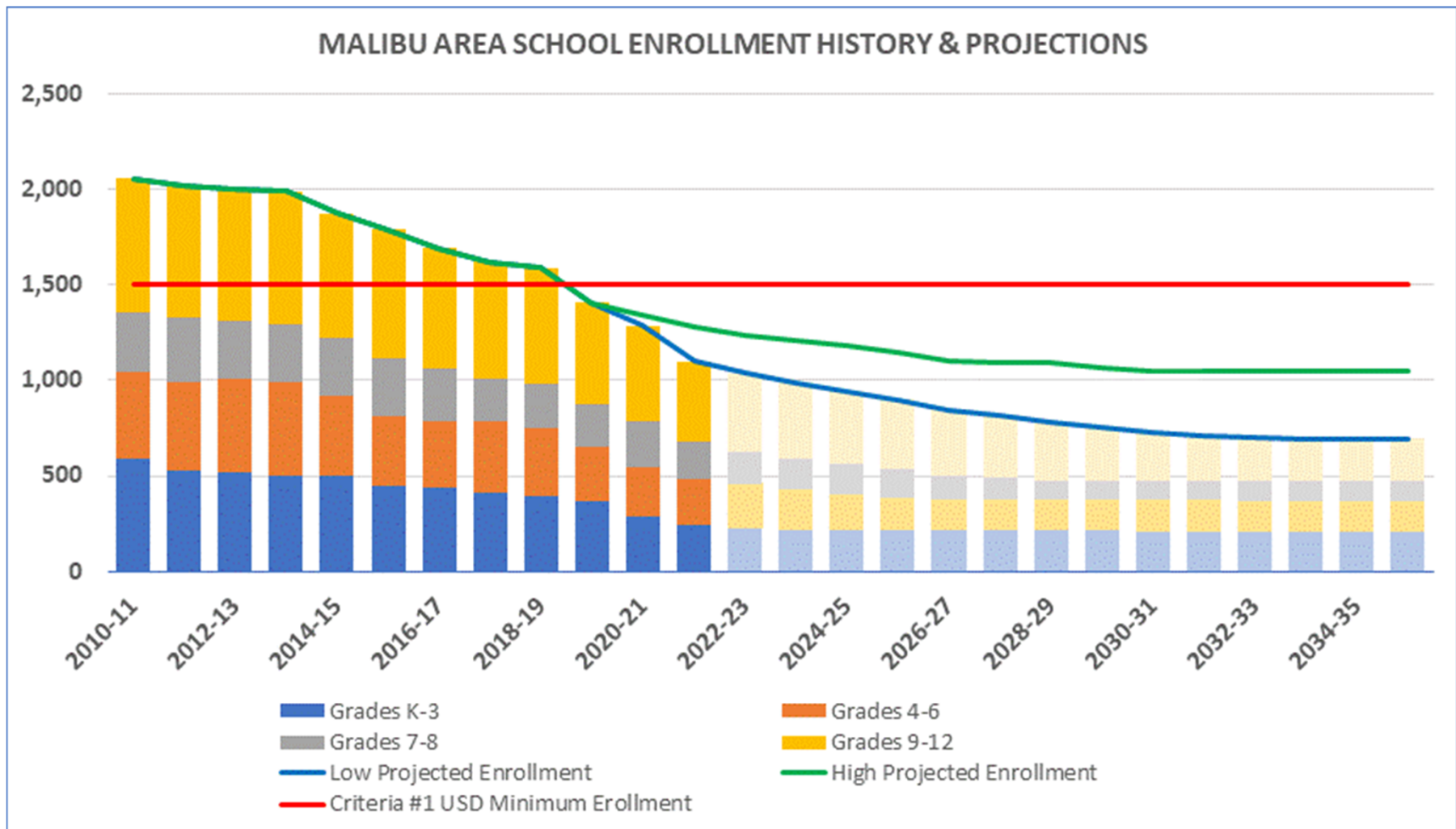
- The Malibu area enrollment declines are a result of an increasingly aging population
- Birth per 1,000 residents for the Malibu territory have declined by over 50% since 1992

Current Population by Age and Sex



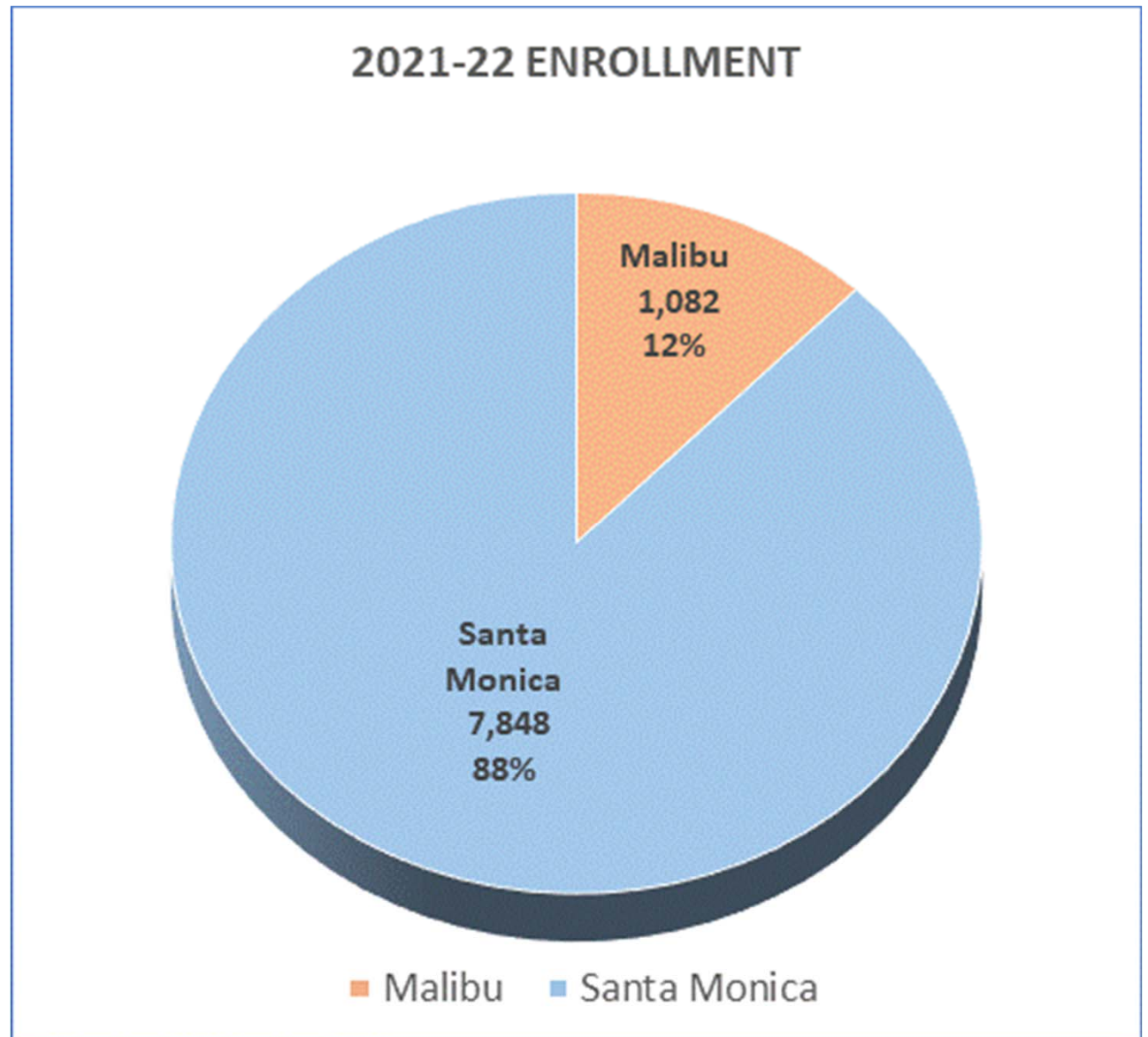
Source: American Community Survey 2014-2018 5-year estimates —SCAG, August 2020

- With the 63% of the City's population over the age of 45, reduced birth rates will not change in the future
- Residents between ages 20 and 34 comprise just 11% of Malibu population limiting opportunities for young families to increase enrollments

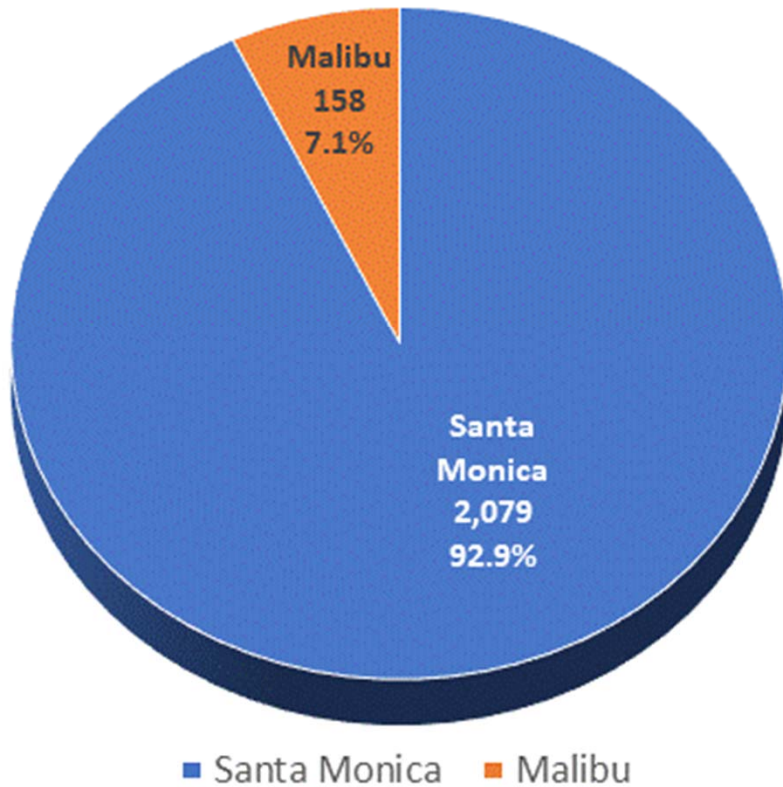


- Cohort roll-forward projections prepared prior to the pandemic indicated an eventual Malibu territory population of approximately 1,044 students – including IDTs
- Similar projections using current enrollment levels project the Malibu territory will only serve 670 students
- **The petition cannot meet Criteria #1**

- Currently, the Malibu territory comprises 12.1% of SMMUSD enrollment
- The petition seeks to permanently remove resources currently used to benefit targeted venerable student populations

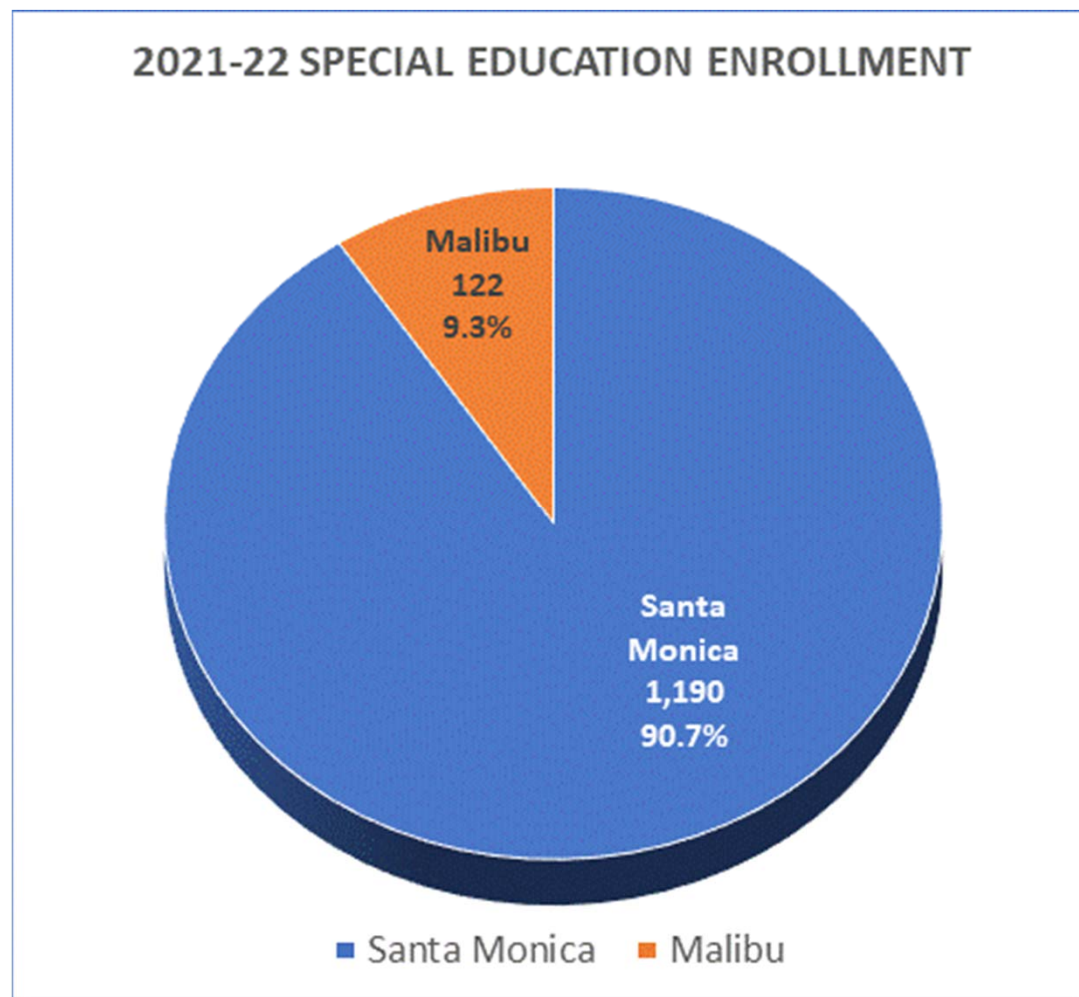


2021-22 LCFF UNDUPLICATED ENROLLMENT

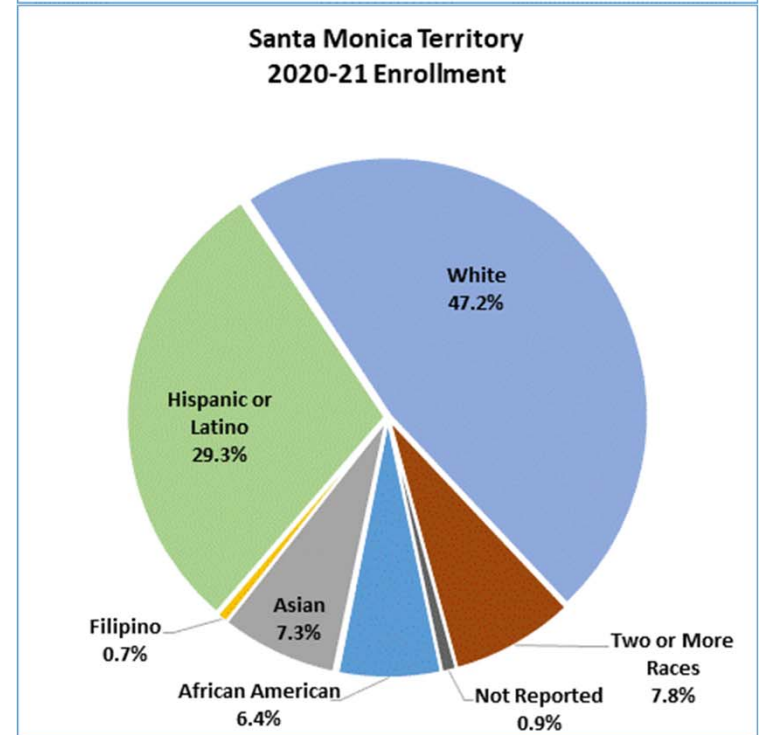
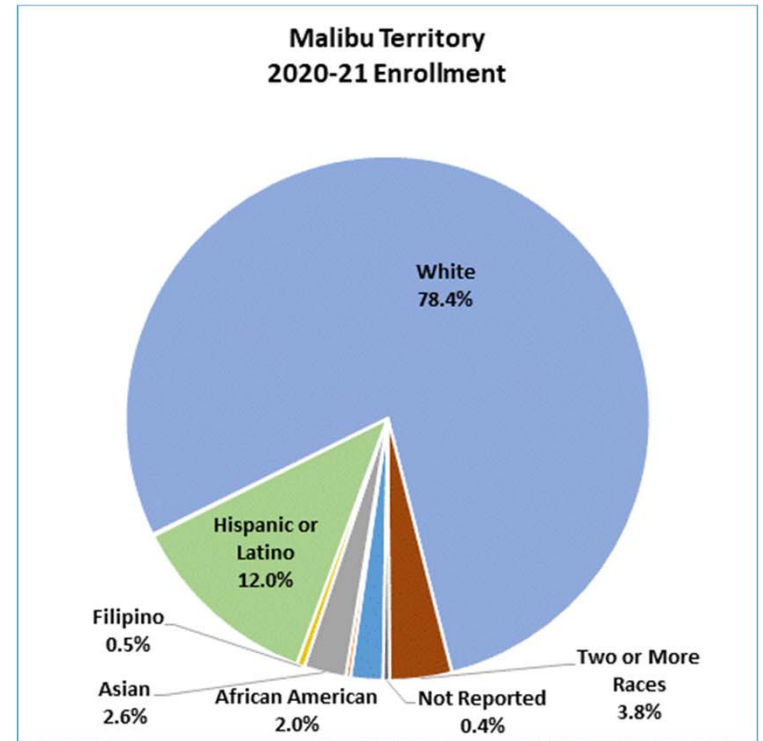
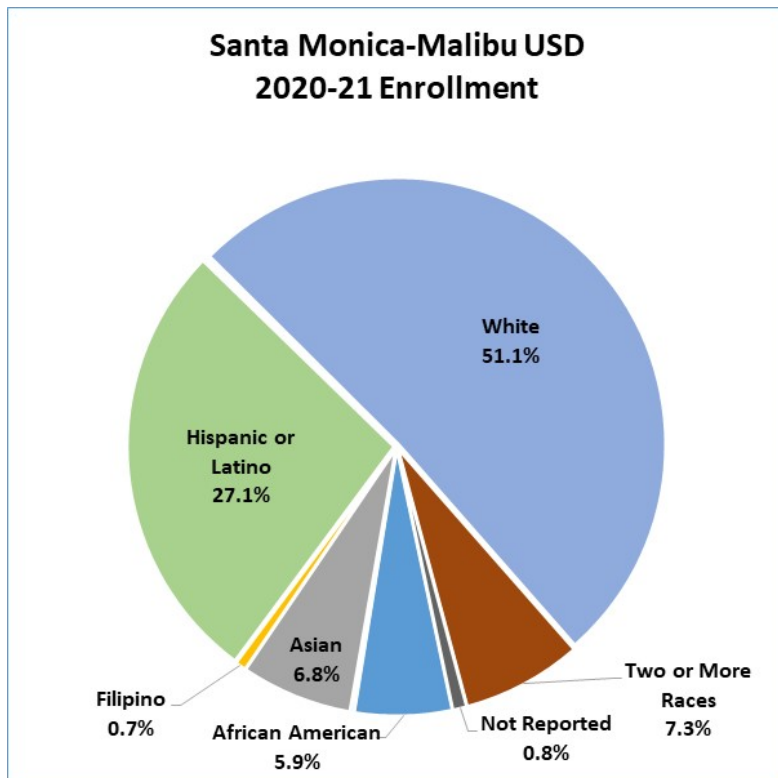


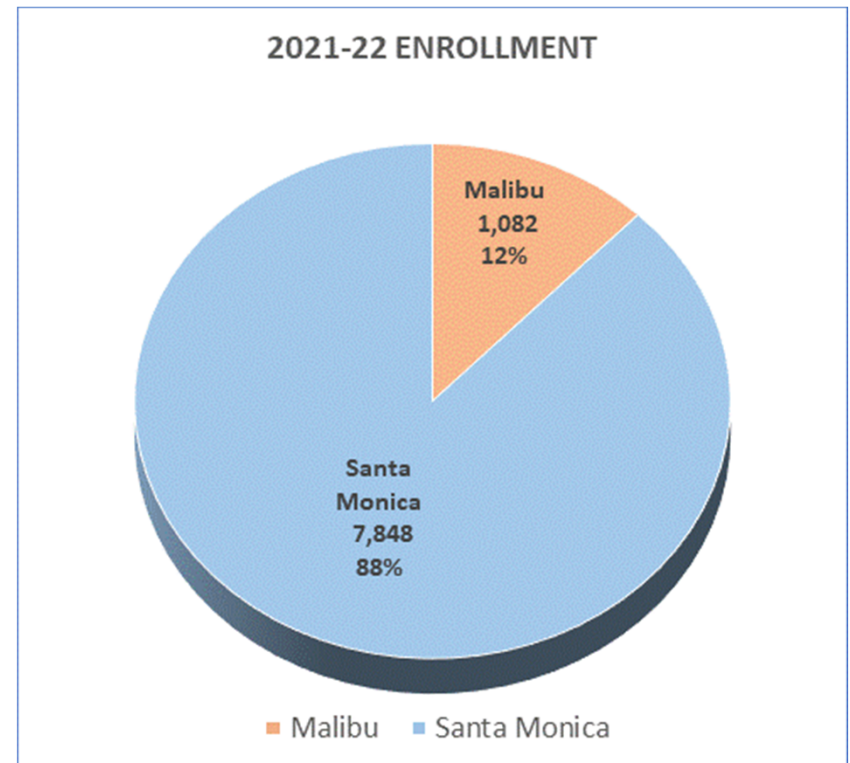
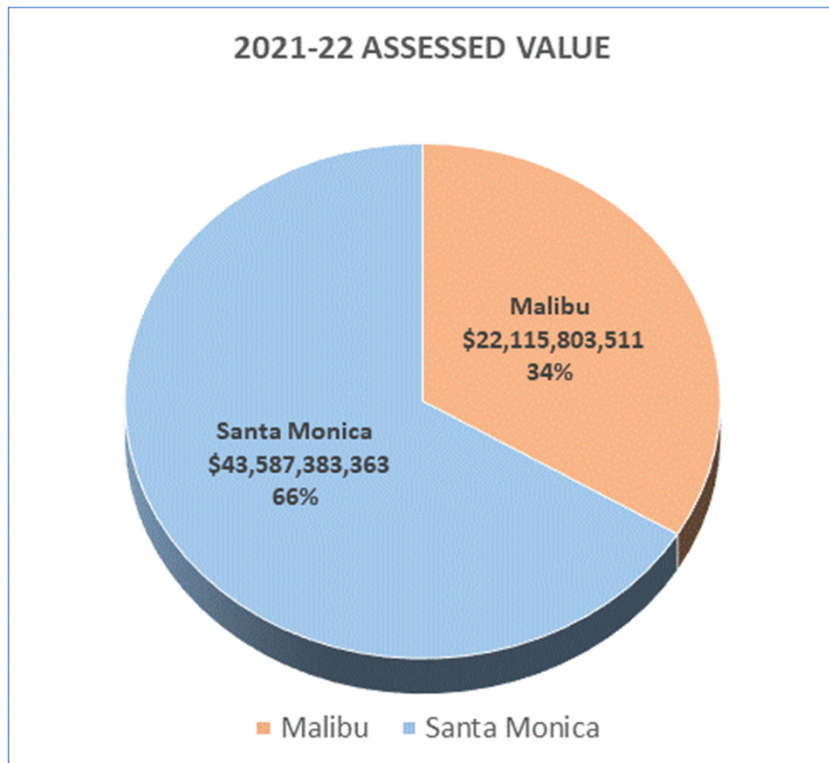
- Basic Aid status does not alleviate a district's requirement to meet LCFF proportionality and expenditure requirements for target student populations
- The Santa Monica territory serves a higher percentage of LCFF target student populations
- UPP for Malibu area is 14.4% as compared to 26.2% for the Santa Monica area

- The Santa Monica territory serves a higher percentage of special needs students
- The petition fails to address how the Malibu territory will serve its special needs students without the economy of scale of a larger SMMUSD
- 15.0% of the Santa Monica area enrollment consists of special needs students as compared to 11.1% of the Malibu area enrollment



- Malibu area demographics are less diverse than Santa Monica or SMMUSD
- The petition will create a majority White district serving a less diverse population with a lower concentration of historically disadvantaged groups
- **The petition cannot meet Criteria #4**





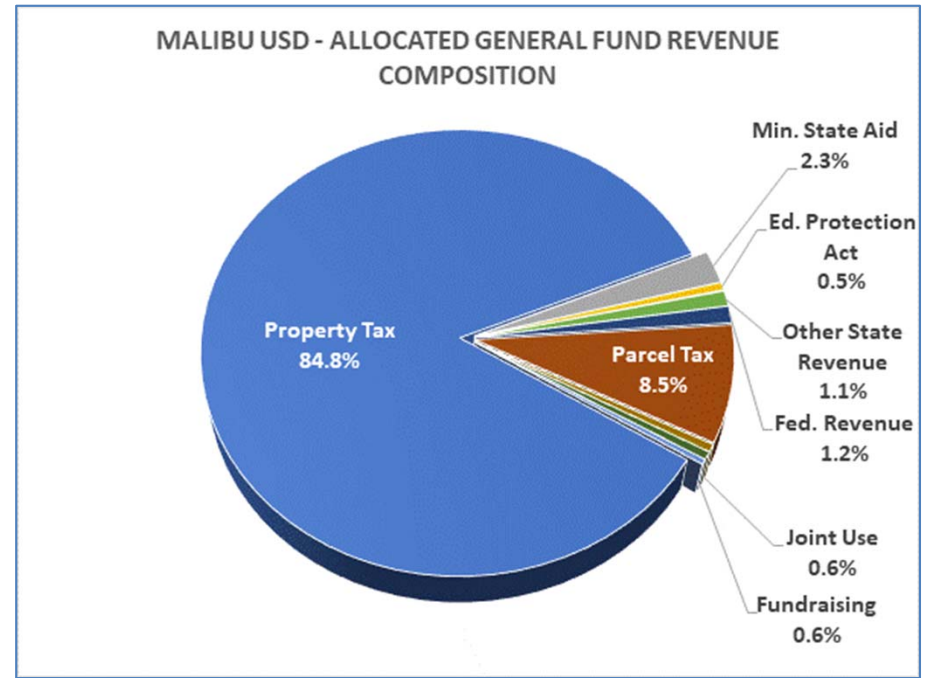
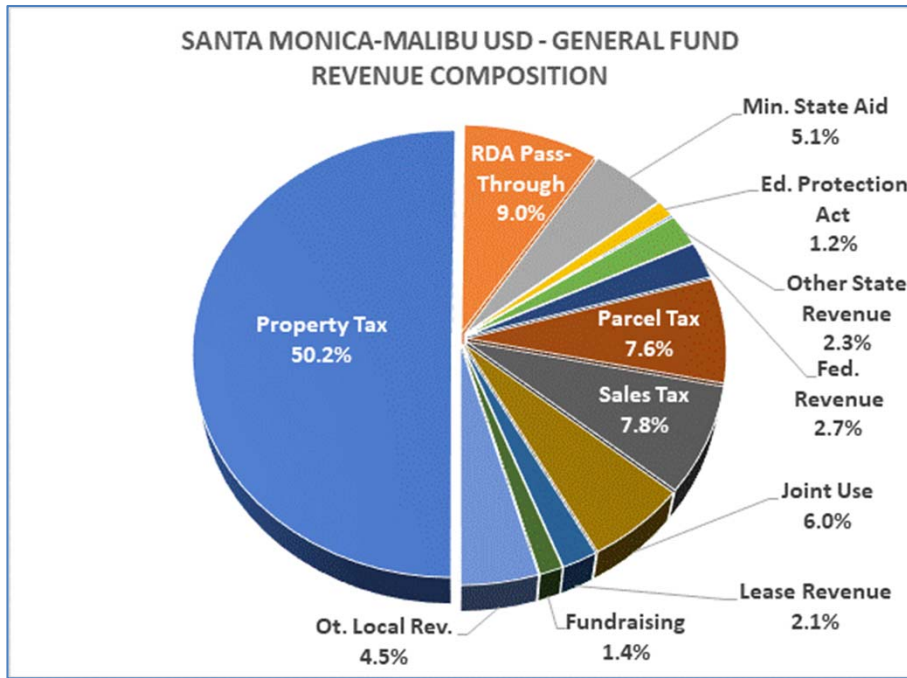
- The petition seeks to overallocate 33% of property tax resources to 12% of SMMUSD enrollment
- The various City proposals never mitigate this reality sooner or later result in reduced per pupil funding for nearly 8,000 Santa Monica area students

LOS ANGELES COUNTY AUDITOR AF91 REPORT

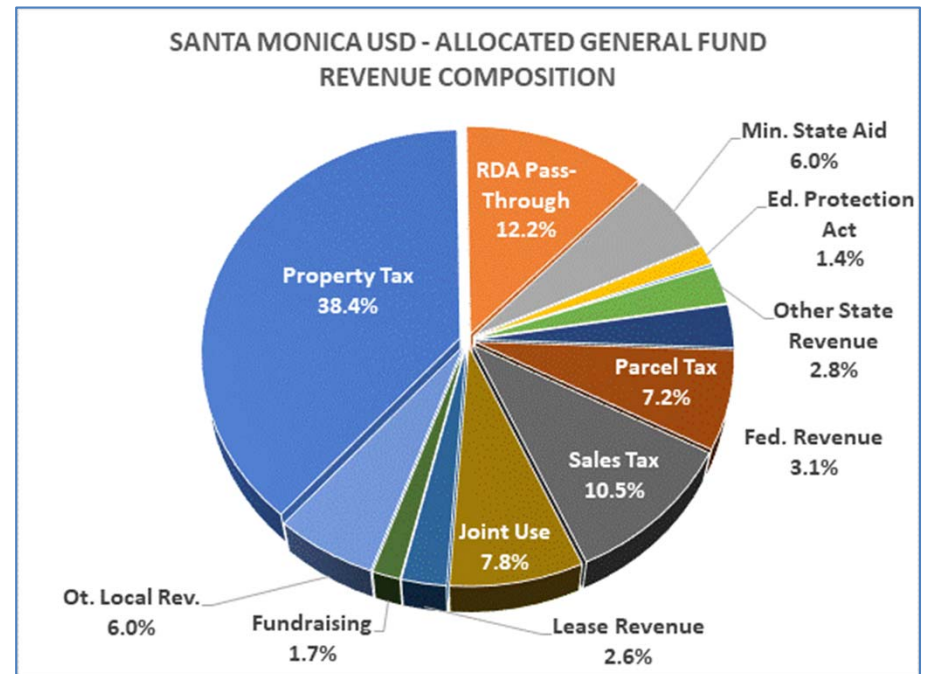
GROSS PROPERTY TAX RATIO & RDA LOSS

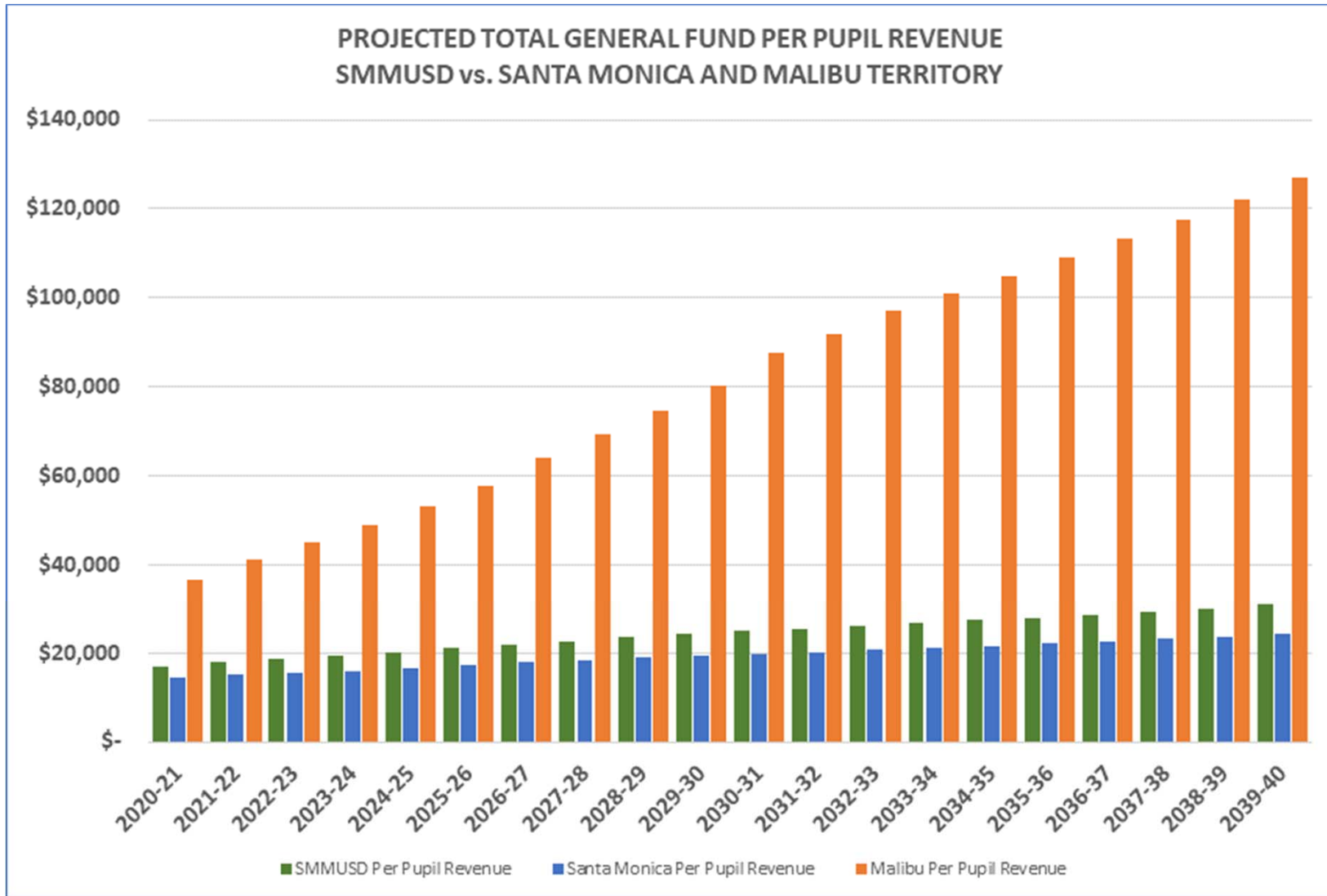
| AUDITOR AF91 | | APPORTIONMENT FACTOR FILE | | PREPARED 10/06/20 | FY 2020-21 | |
|-------------------|----------------------------------|---------------------------|----------------|----------------------|-------------------|--------------|
| AGENCY ACCT NO | AGENCY NAME | GROSS PTR | GROSS RATIO | COMBINED CRA LOSS | NET OF CRA PTR | NET RATIO |
| 915.06 | CO.SCH.SERV.FD.- POMONA | 1,368,584.80 | .000080085 | 437,144.96 | 931,439.84 | .000063376 |
| 915.07 | DEV.CTR.HDCPD.MINOR-POMONA | 158,274.17 | .000009262 | 50,552.83 | 107,721.34 | .000007329 |
| 915.20 | POMONA CHILDREN'S CENTER FUND | 746,629.26 | .000043690 | 238,485.31 | 508,143.95 | .000034575 |
| 916.03 | REDONDO BEACH UNIFIED SCH DIST | 29,852,889.48 | .001746883 | 912,610.23 | 28,940,279.25 | .001969119 |
| 916.06 | CO SCH SERV FD REDONDO BEACH | 1,605,700.84 | .000093960 | 58,547.48 | 1,547,153.36 | .000105270 |
| 916.07 | DEV CTR HDCPD MINOR REDO-BCH | 13,356,475.55 | .000781572 | 322,569.56 | 13,033,905.99 | .000886837 |
| 918.03 | ROWLAND UNIFIED SCHOOL DISTRICT | 23,373,464.15 | .001367730 | 6,627,166.35 | 16,746,297.80 | .001139431 |
| 918.06 | CO.SCH.SERV.FD.-ROWLAND | 1,146,289.56 | .000067077 | 324,659.52 | 821,630.04 | .000055904 |
| 918.07 | DEV.CTR.HDCPD.MINOR-ROWLAND | 128,281.71 | .000007507 | 36,330.56 | 91,951.15 | .000006256 |
| 920.03 | SAN GABRIEL UNIFIED SCHOOL DIST | 11,381,819.15 | .000666023 | 135,465.39 | 11,246,353.76 | .000765211 |
| 920.06 | CO.SCH.SERV.FD.-SAN GABRIEL | 288,992.92 | .000016911 | 7,207.00 | 281,785.92 | .000019173 |
| 920.07 | DEV.CTR.HDCPD.MINOR-SAN GABRIEL | 732,806.43 | .000042881 | 36,052.26 | 696,754.17 | .000047408 |
| 923.03 | SAN MARINO UNIFIED SCHOOL DIST | 14,673,675.82 | .000858650 | .00 | 14,673,675.82 | .000998408 |
| 923.06 | CO.SCH.SERV.FD.- SAN MARINO | 606,943.92 | .000035516 | .00 | 606,943.92 | .000041297 |
| 923.07 | DEV.CTR.HDCPD.MINOR-SAN MARINO | 63,354.90 | .000003707 | .00 | 63,354.90 | .000004311 |
| 931.03 | SANTA MONIC-MALIBU UNIF SCH DIST | 103,556,362.13 | .006059743 | 26,472,118.78 | 77,084,243.35 | .005244872 |
| 931.06 | CO. SCH. SERV. FD.-SNTA MON-MLBU | 270,829.81 | .000015848 | 69,361.50 | 201,468.31 | .000013708 |
| 931.07 | DEV CTR HDCPD MINOR-STA MON-MLBU | 361,402.30 | .000021148 | 92,279.94 | 269,122.36 | .000018311 |

- Division of a school district requires the allocation of the gross property tax ratio to each entity
- Only the Santa Monica area would be subject to RDA losses, not fully mitigated by pass-throughs

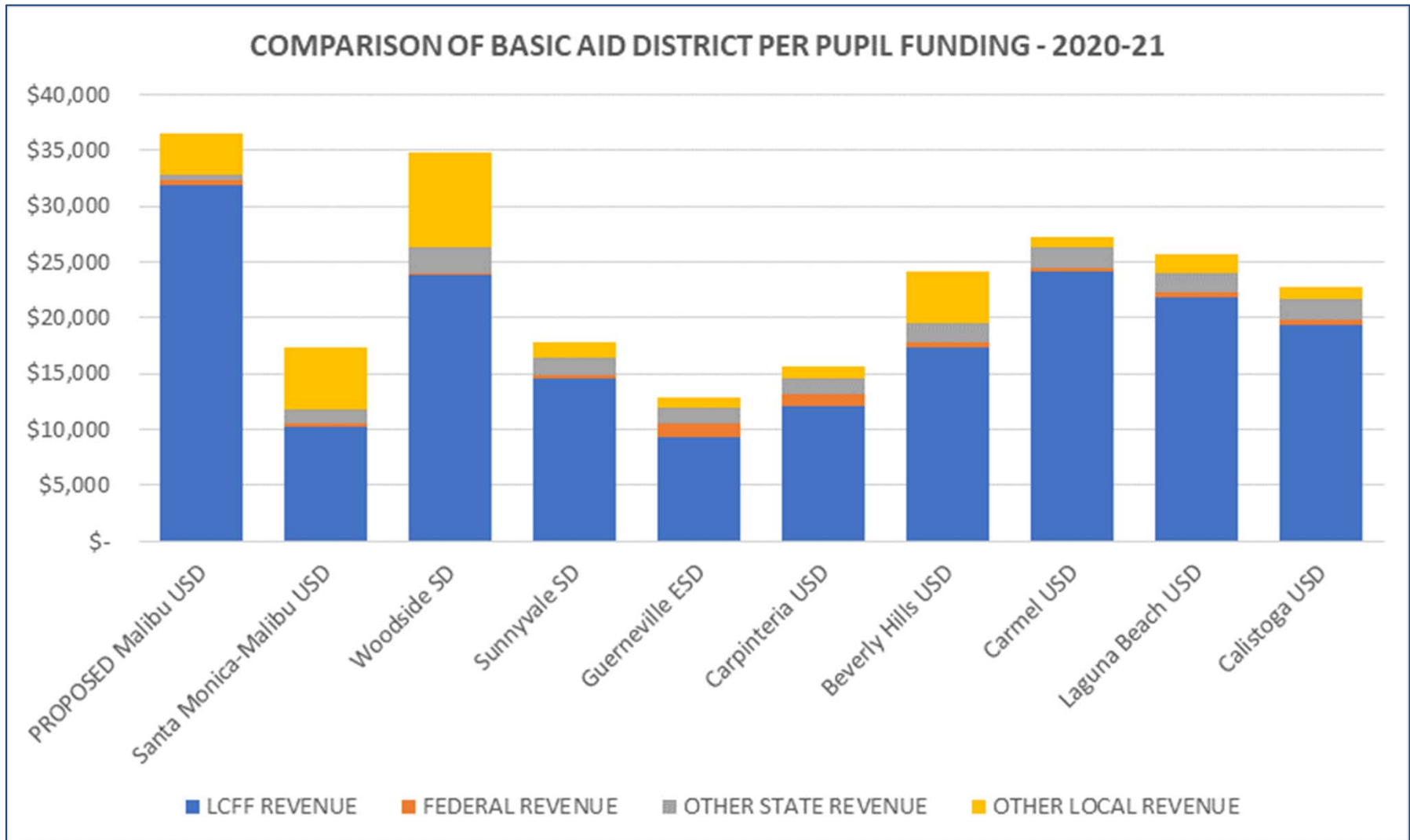


- The petition not only over allocates property taxes to the Malibu territory, it also increases the Santa Monica territory's reliance on volatile voter approved revenues intended to enhance programs





- Because the petition’s over allocation of property taxes compounds over time, the funding disparity and loss for SMMUSD students grows over time
- Any temporary mitigation providing a “smooth landing” for cuts will not mitigate the need for cuts



- The petition proposes to create one of the highest per pupil funded school districts in the State at the expense of 8,000 Santa Monica area students
- **The petition cannot meet Criteria #9** – which has broad reaching implications to many other criteria

COMPARISON OF PER PUPIL FUNDING

CITY OF MALIBU PROPOSAL – 2020-21 DIVISION

| Fiscal Year | SMMUSD | | Santa Monica Territroy | | Malibu Territroy | |
|-------------|-----------|--------|------------------------|------------|------------------|------------|
| | Per Pupil | | Per Pupil | Difference | Per Pupil | Difference |
| 2017-18 | \$ | 14,867 | \$ | 14,867 | \$ | 14,867 |
| 2018-19 | | 15,142 | | 15,142 | | 15,142 |
| 2019-20 | | 15,781 | | 15,781 | | 15,781 |
| 2020-21 | | 16,987 | | 14,574 | | 36,569 |
| 2021-22 | | 17,966 | | 15,106 | | 41,147 |
| 2022-23 | | 18,713 | | 15,456 | | 45,173 |
| 2023-24 | | 19,454 | | 15,968 | | 48,912 |
| 2024-25 | | 20,222 | | 16,661 | | 53,087 |
| 2025-26 | | 21,090 | | 17,291 | | 57,685 |
| 2026-27 | | 21,980 | | 17,889 | | 64,065 |
| 2027-28 | | 22,545 | | 18,244 | | 69,235 |
| 2028-29 | | 23,427 | | 18,882 | | 74,573 |
| 2029-30 | | 24,182 | | 19,402 | | 80,333 |
| 2030-31 | | 24,899 | | 19,864 | | 87,458 |
| 2031-32 | | 25,382 | | 20,157 | | 91,921 |
| 2032-33 | | 26,019 | | 20,597 | | 97,237 |
| 2033-34 | | 26,635 | | 21,053 | | 100,970 |
| 2034-35 | | 27,273 | | 21,525 | | 104,863 |
| 2035-36 | | 27,933 | | 22,015 | | 108,921 |
| 2036-37 | | 28,615 | | 22,522 | | 113,154 |
| 2037-38 | | 29,321 | | 23,048 | | 117,567 |
| 2038-39 | | 30,050 | | 23,593 | | 122,168 |
| 2039-40 | | 30,805 | | 24,158 | | 126,967 |

- The petition’s proposed creation of a new small unified school district will result in certain inescapable costs – District Office, New Administration
- Such added costs do not merit the level of funding the petition seeks
- **The petition cannot meet Criteria #6**

Educational Program Successes

For the 2020-21 school year

- Malibu High School had a 100% and Santa Monica High School, 98% graduation rate
- 114 English Learners were Reclassified across our schools
- Nationally and statewide recognized district-wide music program
- Innovative programs such as career labs, academies, expansion of Career Technical Education programs, and project-based learning pathways
- Purposeful integration of the Social Justice standards and Restorative Justice practices

Educational Program Impacts

- Reduction in force for both communities
 - Increase in class sizes across all schools
 - Less varied broad course of study at our secondary sites, particularly reducing the number of elective courses and enrichment activities
- Reduction or elimination of
 - Early Learning Pathway
 - Disruption of Special Education services provided to our most vulnerable students
 - Instructional Coach, Literacy and Language Interventionist, and EL Lead programs
 - Career Labs and CTE programs
 - District-wide Arts and Music programs
- To date, we have not seen an educational plan from the City of Malibu

Conclusion

- SMMUSD is not opposed to the creation of a Malibu USD BUT THIS PETITION IS NOT THE PATHWAY to do so in an equitable fashion
- Demographic realities will never meet Criteria # 1 or # 4 and proceeding with this Petition as proposed will create a small segregated school district
- Disproportionate funding allocations proposed by this petition do not allow for equitable funding or the preservation of current programs and cannot satisfy Criteria # 9 due to the cuts which would be required for the majority of SMMUSD students
- The petition does not fully mitigate cost increases passing them on to the State or other LA County school Districts to achieve only temporary movement toward equitable funding, thus failing to meet Criteria # 5
- Ultimately, the petition cannot escape the resulting educational program impacts it will produce by virtue of funding disparities and reorganization of populations into a less diverse educational environment
- No set of historical facts would have resulted in the Malibu USD sought by this petition which would be funded at one of the highest per pupil levels in the State and allowing its formation at this time and in this way permanently disadvantages nearly 8,000 students of a high performing school district to placate the past grievances of a few