



Los Angeles County Office of Education

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Debra Duardo, M.S.W., Ed.D.
Superintendent

September 14, 2022

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Ms. Maria Leon-Vazquez, Board President
Santa Monica-Malibu Unified School District
1651 16th Street
Santa Monica, CA 90404

Dear Ms. Leon-Vazquez:

The Los Angeles County Superintendent of Schools (County Superintendent) has received and completed our review of the Santa Monica-Malibu Unified School District's (District) Local Control and Accountability Plan (LCAP) and Adopted Budget for fiscal year 2022-23.

LCAP APPROVAL

Pursuant to the provisions of Education Code (EC) §52070(d), the criteria for LCAP approval are as follows:

1. Adherence to the State Board of Education (SBE) Template
2. Sufficient Expenditures in Budget to Implement LCAP
3. Adherence to SBE Expenditure Regulations
4. Calculation and Implementation of Carryover

Based upon our review, we have determined that your **District's LCAP meets all of the criteria, and is approved.**

The Governor's 2022-23 Enacted State Budget provides an additional investment in the Local Control Funding Formula (LCFF) base grant, consequently increasing Supplemental and Concentration (S&C) grant funding. We remind districts that S&C funds are included to increase and/or improve services to low-income, English learner and foster youth student populations. To properly serve these targeted student groups who generate this funding, it is expected that S&C grant funds, including calculated carryover, be fully expended in each fiscal year. Districts should analyze the impact these additional funds have on their budget, and adjust planned expenditures accordingly to ensure that all funds received are spent for the intended purposes.

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BUDGET APPROVAL

Pursuant to EC Section 42127, the County Superintendent has completed our review and analysis of your District's Adopted Budget for fiscal year 2022-23. **That review has resulted in approving the District's budget** with the following comments.

DECLINING ENROLLMENT AND REDUCED STATE FUNDING

The District's 2022-23 Adopted Budget reflects declining enrollment and average daily attendance (ADA) for the 2022-23 and 2023-24 fiscal years. The district is projecting enrollment of 8,913 for 2022-23, and 8,622 for 2023-24 and 2024-25. The district is also projecting ADA of 8,467 for 2022-23, and 8,191 for 2023-24 and 2024-25. The estimated impact of the declining enrollment reflects a one-year loss totaling 291 students, representing a 3.26 percent decrease from the District's 2022-23 enrollment. While Basic Aide districts are primarily funded through local property taxes, the decline in enrollment and ADA may represent a loss of some revenue for the district in future years. We recommend that the District continue to assess and adjust its staffing needs and facilities planning for the upcoming years based on the projected declines in enrollment and ADA.

LABOR CONTRACT NEGOTIATIONS

According to the information provided in the District's adopted budget, certificated and classified labor contract negotiations for 2022-23 remain unsettled and potential changes have not been calculated and incorporated into projected salary and benefit expenditures. This letter is a reminder that before the District's Board of Education takes any action on a proposed collective bargaining agreement, the District must meet the public disclosure requirements of Government Code Section 3547.5 and the California Code of Regulations Title V, Section 15449. The document used for this analysis is included in Informational Bulletin No. 6570, dated July 20, 2022, and is titled "2022-23 Forms for Assembly Bill (AB) 1200: Public Disclosure of Proposed Collective Bargaining Agreements." This document can be found at the following website:

<https://www.lacoe.edu/BusinessServices/DocumentsForms.aspx>

2022-23 BUDGET REVISIONS AFTER STATE BUDGET ADOPTION

Our review and analysis is based on the District's assumptions and projections at the time the budget was prepared. We recognize that these assumptions and projections may change as a result of the 2022-23 State Enacted Budget and trailer language. As a reminder, EC 42127(i)(4) states:

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“Not later than 45 days after the Governor signs the annual Budget Act, the school district shall make available for public review any revisions in revenues and expenditures that it has made to its budget to reflect the funding made available by that Budget Act”

The window for these revisions ended on August 11, 2022. We ask that any revisions or adjustments made accordingly be included in the 2022-23 First Interim Report due to our office by December 15, 2022.

CASH FLOW

The District is projecting a low month-end cash balance of \$10.76 million for November 2022. The District has a Board-approved inter-fund borrowing resolution in place with cash available in other funds in order to address any potential shortfalls during the year. We request that the District notify the County Office immediately if a cash shortfall is projected that cannot be covered through local means of issuing tax and revenue anticipation notes and/or authorized inter-fund borrowing.

SUBMISSION OF STUDIES, REPORTS, EVALUATIONS, AND/OR AUDITS

EC Sections 42127 and 42127.6 require districts to submit to the County Superintendent any studies, reports, evaluations, or audits completed of the district that contain evidence that the district is showing fiscal distress. They also require the County Superintendent to incorporate that information into our analysis of budgets, interim reports, and the district’s overall financial condition.

We request the District to submit any such documents to this office that are commissioned by the District (e.g., reports completed by the Fiscal Crisis and Management Assistance Team), or by the State Superintendent of Public Instruction, and/or a State control agency, and an internal audit division any time they are received by the District.

CONCLUSION

We wish to express our appreciation to the District’s staff for their cooperation during our review of the District’s LCAP and Adopted Budget for fiscal year 2022-23. If you have questions regarding your District’s LCAP approval, please call Adrienne Balcazar at (562) 922-6354. If you have questions regarding your District’s budget approval, please call Sean Lewis at (562) 922-6779.

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Sincerely,

A handwritten signature in cursive script, appearing to read "Maria Martinez-Poulin".

Maria Martinez-Poulin, Ed.D.
Deputy Superintendent

MMP/SL:lm

c: Dr. Ben Drati, Superintendent
Melody Canady, Assistant Superintendent, Business and Fiscal Services
Gerardo Cruz, Director of Fiscal Services
Dr. Jacqueline Mora, Assistant Superintendent, Educational Services
Karen Kimmel, Los Angeles County Office of Education (LACOE)
Ruben Valles, LACOE
Octavio Castelo, LACOE
Jeff Young, LACOE
Jennifer Kirk, LACOE
Sean Lewis, LACOE
Nkeiruka Benson, LACOE
Dina Wilson, LACOE
Bonnie McFarland, LACOE
Adrienne Balcazar, LACOE