

## **Frequently Asked Questions: School District Separation**

In 2017, the City of Malibu submitted a petition to the Los Angeles County Committee on School District Organization to separate the Santa Monica-Malibu Unified School District (SM-MUSD) into two school districts. The petition was put on hold in 2018 and again in 2022 pending negotiations between the City of Malibu (Malibu), representing the interests of the future Malibu Unified School District (MUSD), and SM-MUSD, representing the interests of the future Santa Monica Unified School District (SMUSD).

Malibu and SM-MUSD have been in mediation since February 2022. During the mediation, both parties agreed to the following Guiding Principles:

- The formation of two independent school districts, MUSD and SMUSD, is in the best interests of all students.
- Both successor educational entities are to be allocated a sufficient share of funding to provide a similar level of service provided throughout the district as prior to separation.

In October 2022, Malibu and SM-MUSD adopted a Term Sheet that contemplated the creation of three agreements and set forth a framework for separation. Now, the agreements are final. Each entity will consider and vote on the three agreements December 2025. This following provides frequently asked questions that might arise when reviewing the three agreements.

### **What are the three agreements contemplated in the Term Sheet?**

The three agreements are:

- Property Tax Revenue Sharing Agreement
- Operational Transfer Agreement
- Joint Powers Authority Agreement

### **What is the purpose of the Property Tax Revenue Sharing Agreement (PTRSA)?**

The main purpose of the PTRSA is to memorialize the allocation of the existing SM-MUSD revenues between the successor educational entities in order to ensure that each entity is allocated a sufficient share of funding to provide a similar level of service at each school site as prior to separation.

### **How does SMUSD benefit from the PTRSA?**

SM-MUSD was able to achieve three main goals for the future SMUSD through the PTRSA:

1. Achieve per student funding at the same level as with the current district
2. Realize at least 4% annual growth in overall unrestricted funding
3. Eliminate a financial “cliff” when revenue sharing payments from MUSD to SMUSD are terminated

### **How does MUSD benefit from the PTRSA?**

Malibu was able to achieve three main goals for the future MUSD through the PTRSA:

1. Achieve local control of future school district operations
2. Ensure sufficient funding to deliver programs at least at the same level as students currently receive
3. Set forth a concrete timeframe for revenue sharing

### **How does the PTRSA provide funding from MUSD to SMUSD?**

The PTRSA sets forth a formula to transfer property tax revenues from MUSD to SMUSD in order to maintain current funding levels while guaranteeing SMUSD revenue growth of 4% per year.

**Will the property tax transfer from MUSD to SMUSD continue forever?**

No, the property tax transfer will terminate if SMUSD is able to achieve 4% annual revenue growth without a property tax transfer from MUSD after 3 consecutive years, or in 2042 when the Santa Monica Redevelopment Agency property tax revenues will be redistributed to all taxing agencies, including SMUSD. However, the agreement could continue until 2047 if the property tax transfer exceeds \$5 million in 2042 or 2052 if the property tax transfer exceeds \$10 million in 2042, to prevent a financial “cliff” for SMUSD. In any event, the agreement will terminate by 2052.

**How can I obtain more detailed information about the PTRSA formula?**

The City of Malibu conducted a [special public meeting](#) on April 10, 2024. The presentation at that meeting contains detailed information about the PTRSA formula and mechanics of the PTRSA.

**What is the purpose of the Operational Transfer Agreement (OTA)?**

The purpose of the OTA is to provide the framework for how Malibu and SM-MUSD will work together during the time preceding the formation of the future MUSD.

**What is included in the OTA?**

The OTA defines how Malibu and SM-MUSD will work together to manage the transition of confidential data; educational services; other student related services; staffing assignments; human resources; maintenance, operations, and facilities; allocation of real property; allocation of other assets and liabilities; fiscal implications; and communications.

**How will the districts split assets and liabilities?**

The OTA provides specifics on how all assets and liabilities will be allocated between the successor entities. Generally, assets and liabilities will be split proportionally between the two districts. Real property assets will remain in the territory in which they are located. Outstanding general obligation bonds will be repaid by the same property taxpayers that are currently paying debt service on the bonds.

**What is the purpose of the Joint Powers Authority (JPA) Agreement?**

The JPA will be the body responsible for implementing the OTA and RSA. The purpose of the JPA Agreement is to delineate the responsibilities of the JPA and set forth the governance structure.

**What is the governance structure of the JPA?**

The JPA Board will be comprised of five board members, two selected by MUSD, two selected by SMUSD, and one jointly selected by the two districts.

**Will SMUSD and MUSD be able to maintain the same programs and services for students post-separation?**

Yes, SMUSD and MUSD will maintain at least the same programs and services for students post-separation. That includes services for special education, English language learners, independent study, and more.