July 24, 2026

Dr. Kathryn Jeffery
1900 Pico Boulevard
Santa Monica, CA 90405

Dear Dr. Jeffrey,

Thank you for taking the time to discuss Santa Monica College's annual fiscal report submission with Mac Powell, ACCJC President, Aaron Christopher, ACCJC's Fiscal Review Advisor, and me. We found the conversation to be very productive. As we discussed, ACCJC has placed Santa Monica College on enhanced monitoring based on an analysis of the college's 2026 annual fiscal report submission. We look forward to supporting your efforts as you address the fiscal concerns outlined in our conversation.

Federal regulations and ACCJC policy require the Commission to monitor member institutions' fiscal stability throughout the accreditation cycle, in order to ensure that accredited institutions are able to continue to meet their missions and ensure ongoing viability for the students they serve. ACCJC's annual fiscal report is the primary data collection tool for this ongoing monitoring process. Each annual fiscal report submission includes an institution's self-reported data related to key indicators of fiscal health for the most recent fiscal year and two prior fiscal years. ACCJC uses its Composite Financial Index (CFI) to assess institutions' fiscal health based on data provided in the annual fiscal report. The factors considered in the CFI include the primary reserve ratio (i.e., unrestricted fund balance reserve), net operating revenue ratio, surpluses or deficits, salary and benefit percentages, enrollment declines, audit findings, and other financial assessments. Based upon the analysis of the data against the CFI, institutions are scored within one of three categories: fiscally healthy, moderate risk, or at-risk. Institutions that score within the at-risk category are placed on enhanced monitoring by ACCJC.

As we discussed during our conversation, Santa Monica College scored in the at-risk category based on the following factors:

- Unresolved structural deficit indicated by the negative trend in General Fund Balance caused by expenses exceeding revenues in each of the last three reporting years (22/23 – 24/25).
- Significantly unfunded OPEB liability with no contributions in the last three years.
- The ending cash balance of the district has declined 34% in the last three years.
- The multiple extended open labor agreements.

As part of the enhanced monitoring process, institutions must update the Commission on the actions they are undertaking to address the fiscal factors listed above. Your update can be in the form of an electronic letter addressed and emailed to me and must be received by August 24, 2026. Please be aware that institutions that fail to address their fiscal issues after three consecutive years on enhanced monitoring may be subject to adverse action by the Commission. In the meantime, Aaron and I are available to you and your leadership team should you have any questions or need assistance.

Sincerely,

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Vice President