



Riverside County  
Board of Education

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**DATE:** September 14, 2017

**TO:** Mr. Terrence Davis, District Superintendent  
Mr. Steven Hovey, Board President  
Ms. Penni Harbauer, Assistant Superintendent of Business Services  
Mr. Tony Knapp, Assistant Superintendent of Instructional Support Services  
Beaumont Unified School District

**FROM:** Judy D. White, Ed.D., Riverside County Superintendent of Schools

**BY:** Teresa Hyden  Chief Business Official  
(951) 826-6790

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**SUBJECT: 2017-18 ADOPTED BUDGET and LCAP – APPROVAL**

The County Superintendent of Schools is required to review and approve the district's Local Control and Accountability Plan or the annual update to an existing Local Control and Accountability Plan prior to the approval of the district's Adopted Budget [Education Code Section 42127(d)(2)].

**Adopted Local Control and Accountability Plan**

In accordance with California Education Code (EC) Section 52070, our office has completed its review of the district's 2017-18 Local Control and Accountability Plan (LCAP) to determine whether it adheres to the guidelines adopted by the State Board of Education (SBE).













The district's adopted LCAP has been analyzed to determine whether:

- The plan adheres to the template adopted by the State Board of Education;
- The budget includes sufficient expenditures to implement the actions and strategies included in the plan, based on the projected costs included in the plan; and
- The plan adheres to the expenditure requirements for funds apportioned on the basis of the number and concentration of unduplicated pupils.

The district's adopted LCAP has been analyzed in the context of the guidance provided by the California County Superintendents Educational Services Association (CCSESA) and the California Department of Education (CDE). Based on our analysis, the district's Local Control and Accountability Plan for the 2017-18 fiscal year has been approved by the Riverside County Superintendent of Schools. Our goal is to further enhance the performance of students by providing feedback and inquiry questions that will support your refinement of the 2017-18 Local Control and Accountability Plan to close the achievement gap in metrics that impact student preparedness for college and career.

### **Student Achievement**

The purpose of the LCAP is to ensure that all students graduate from high school with the skills needed to be successful in both college and career. Riverside County Office of Education conducted a review of research on K-12 college readiness indicators to identify those that would align with the LCAP purpose and have greatest impact. As a result of this research, we recommend that local educational agencies closely monitor the metrics listed in the data table below for all student groups.

Beaumont Unified School District								
Metric	Year	State Average	White	African American	Hispanic	English Learner (EL)*	Low Income (LI)	Students w/ Disabilities (SWD)
% of Enrollment	2017		31.9	6.3	52.2	12.3	57.6	10.4
% UC A-G Enrollment	2017		0.0	0.0	0.0	0.0	0.0	0.0
% UC A-G Completion	2016	45.4	44.8	31.4	40.2	15.2	37.9	7.9
EAP – % ELA College Ready	2016	26	22.3	10.0	17.2	0.0	16.0	2.2
EAP – % Math College Ready	2016	13	4.4	5.0	2.1	0.0	1.0	0.0
CAASPP – Grade 3 ELA % Met/Exceeded	2016	43	61	37	44	27	40	11
CAASPP – ELA % Met/Exceeded	2016	49	57.0	38.0	42.2	13.3	40.0	12.5
CAASPP – Math % Met/Exceeded	2016	37	42.2	22.4	26.9	12.2	25.1	9.3
CAASPP Distance from Level 3 – ELA	2016							
CAASPP Distance from Level 3 – Math	2016							
% Suspension	2016	N/A	3.7	8.0	3.7	2.6	5.3	6.8
% Chronic Absenteeism		N/A						
% EL Progress to English Proficiency	2016					30.6		
% Completing One or More CTE Pathways	2015		23.8	23.3	25.2	22.0	0.0	0.0
Graduation Rate	2016	83.2	88.3	89.2	90.7	76.8	87.9	64.2
CAASPP – California Assessment of Student Performance and Progress CTE – Career Technical Education EAP – Early Assessment Program ELA – English Language Arts UC – University of California								

\*CAASPP Distance from Level 3 English Learner Student Group includes four-year Reclassified Fluent English Proficient (RFEP) students.

We offer the following commendations and inquiry questions to consider for the implementation of the 2017-18 Local Control and Accountability Plan and the refinement of the plan in the years 2018-19 and 2019-20.

### **Standards Met or Exceeded in ELA and Mathematics**

The district is to be commended for the overall increase in ELA and mathematics achievement. The district is to also be commended for the comprehensive training provided to teachers and support staff to increase the use of research-based practices that provide access to rigorous coursework for all students, particularly English Learners. Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals aligned to student achievement in ELA and mathematics:

- How might you determine the impact of supplemental instructional technology on the students' conceptual understanding of mathematics?
- What impact on various unduplicated student groups might you anticipate from the allocation of supplemental/concentration funds to school sites?
- What factors might be considered in determining the cause of the increase in EAP ELA College Readiness for the African American student group while other student groups decreased?
- What would it look like if you monitored implementation of district ELA and mathematics professional learning in addition to participation/attendance?

### **Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways**

The district is to be commended for promoting college and career readiness by providing access to the Middle School World Language program. The district is also commended for providing wireless hotspots to increase student equity and access to course content. Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals aligned to course access and student enrollment in rigorous coursework and CTE pathways:

- What impact would a focus on Tier 1 interventions have on equitable outcomes for English Learners and Students with Disabilities?
- What specific actions might be considered to increase the number of English Learners and Students with Disabilities completing A-G coursework?
- What actions might increase CTE program pathways access and completion rates for English Learners, Low Income students, and Students with Disabilities?
- What would it look like if goals for CTE and Advanced Placement participation rates reflected greater access for all students?

### **Pupil Engagement and School Climate**

Overall suspension rates decreased. The district is to be commended for the implementation of Positive Behavioral Interventions & Supports (PBIS) and Advancement Via Individual Determination (AVID). Also to be commended is the increase of over 200 parent volunteers. The commitment to support students with mental health services and counseling support is commendable to address the high suspension rates for Students with Disabilities, African American, and Native American students. Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals aligned to pupil engagement and school climate:

- What assessment criteria might you use to determine the impact of the various mental health services provided?

- What criteria will be used to determine the most effective PBIS intervention strategies for African American students, Low Income students, and Students with Disabilities as the district continues to implement and expand PBIS?

### **Monitoring Progress**

It is recommended that the district utilize a process that continually assesses the progress of each planned action and its effectiveness in achieving the expected annual measurable outcomes related to each goal specified in the Local Control and Accountability Plan (LCAP). Identifying leading indicators for progress on goals and developing a system to monitor those indicators throughout the year is encouraged. The information received from progress monitoring can support communication with stakeholders and provide information the district will need to clearly articulate, in the *Annual Update* section of the plan, the effectiveness of the planned actions/services.

To access resources and tools that will support future LCAP development, please go to <http://www.rcoe.us/educational-services/assessment-accountability-continuous-improvement/lcap-support/>.

### **Adopted Budget**

In accordance with California Education Code (EC) Section 42127, our office has completed its review of the district's 2017-18 Adopted Budget to determine whether it complies with the criteria and standards adopted by the (SBE) and whether it allows the district to meet its financial obligations for the 2017-18 fiscal year, as well as satisfy its multi-year financial commitments.

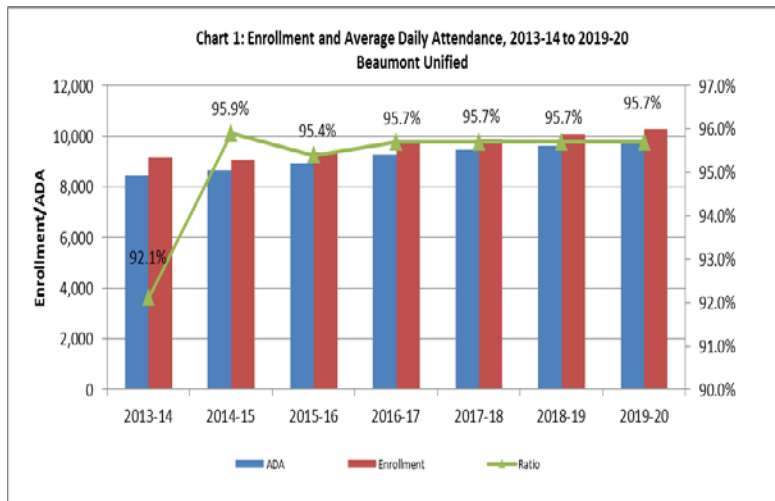
Based on our analysis of the information submitted, we approve the district's budget, but note the following concerns:

- *2019-20 Budget Shortfall* – Assuming no mitigating measures, the district projects a budget shortfall of \$2.2 million. However, the district has \$5.6 million in assigned ending fund balance in 2019-20.
- *Operating Deficit* – Multi-year financial projections indicate a substantial General Fund operating deficit for the current and two subsequent fiscal years.

### **Assumptions and Other Considerations**

The district's Adopted Budget was developed prior to adoption of the 2017-18 Adopted State Budget. Actual state budget data should be reviewed and incorporated into the district operating budget and multi-year projections during the First Interim Reporting process.

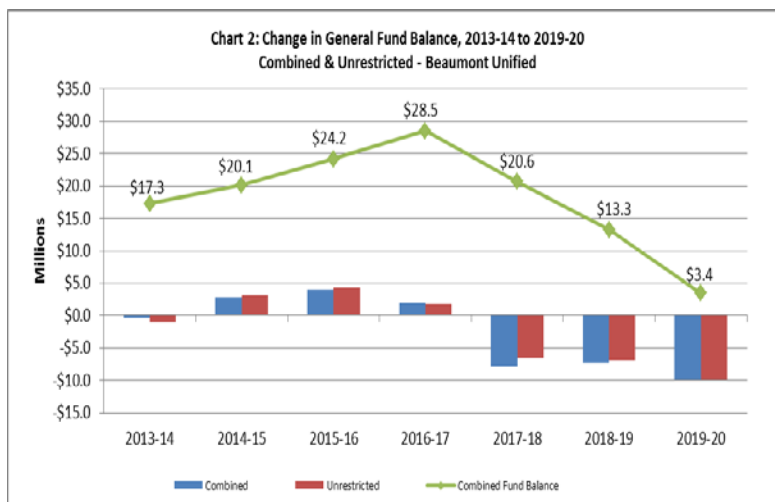
*Enrollment and Average Daily Attendance (ADA)* – The district's projected ADA to enrollment ratio (capture rate) for 2017-18 is 95.7 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 9,458 ADA for the current fiscal year, or a 2.0 percent increase from the 2016-17 P-2 ADA. For 2018-19 and 2019-20, the district projects a 2.0 percent increase in ADA each year.



**Unduplicated Pupil Percentage** – The district reports an unduplicated pupil percentage of 58.91 percent for 2017-18, 57.56 percent for 2018-19, and 56.45 percent for 2019-20. The district’s unduplicated pupil percentage included in the 2016-17 P-2 certification by the California Department of Education was 59.64 percent.

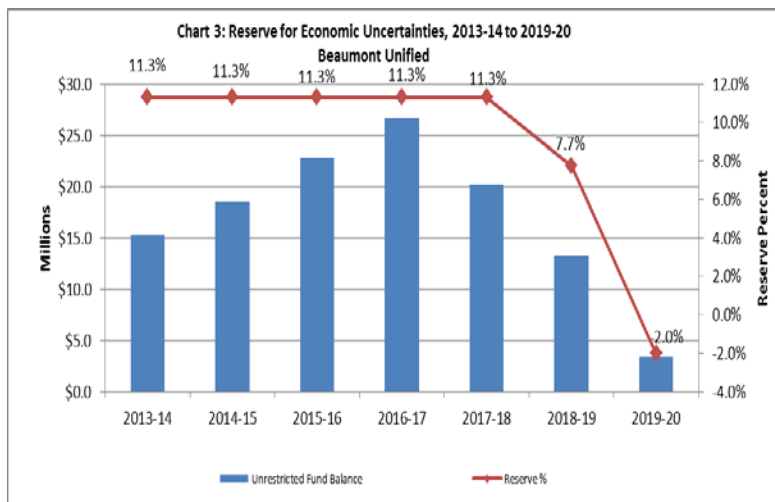
**LCFF Gap Funding** – For purposes of determining the potential gap funding increase, the district has estimated 43.97 percent for the 2017-18 fiscal year, 39.03 percent for 2018-19, and 41.51 percent for 2019-20. The district is utilizing lower projected LCFF gap percentages as their contingency plan should gap funding increases not materialize.

**Fund Balance** – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2017-18 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$7.9 million in 2017-18, \$7.4 million in 2018-19, and \$9.8 million in 2019-20. Chart 2 shows the district’s deficit spending historical trends and projections. The district cannot sustain deficit spending into future fiscal years.

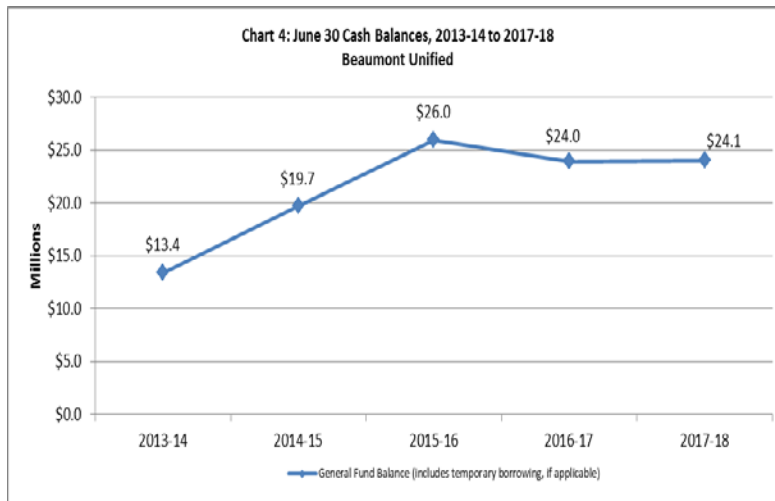


*Employee Negotiations* – As of the board date, June 27, 2017, the district reports salary and benefit negotiations continue with both the certificated and classified bargaining units for the 2017-18 fiscal year. Prior to entering into a written agreement, California Government Code (GC) Section 3547.5 requires a public school employer to publicly disclose the major provisions of a collective bargaining agreement, including but not limited to, the costs incurred in the current and subsequent fiscal years. The disclosure must include a written certification signed by the district superintendent and chief business official that the district can meet the costs incurred by the district during the term of the agreement. Therefore, please make available to the public and submit a disclosure to our office at least ten (10) working days prior to the date on which the governing board is to take action on a proposed agreement.

*Reserve for Economic Uncertainties* – The minimum state-required reserve for a district of Beaumont Unified School District’s size is 3.0 percent; however the governing board requires the district maintain a 3.0 percent plus one month’s operating expenditures in reserve for economic uncertainties. Chart 3 displays a summary of the district’s actual and projected unrestricted General Fund balance and reserves. The district projects to meet the minimum reserve requirement in the current and one subsequent fiscal year. However projections indicate the district will not meet the board required reserve in 2018-19 and 2019-20. In addition, the district is projecting that the minimum state required 3.0 percent reserve for economic uncertainties will not be met in the 2019-20 fiscal year. However, the district has \$5.6 million in assigned ending fund balance in 2019-20.

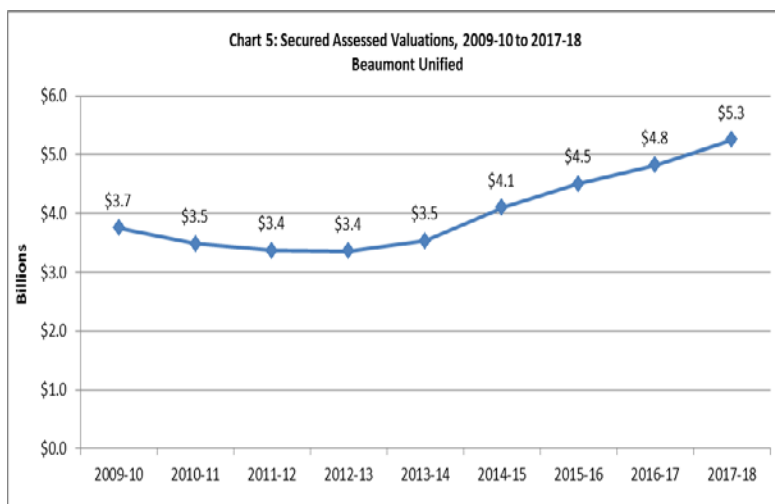


*Cash Management* – Chart 4 provides a historical summary of the district’s June 30<sup>th</sup> General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$24.1 million as of June 30, 2018. This balance does not include any temporary borrowings, and the district’s internal cash resources appear sufficient to address cash flow needs in the current year. Our office recommends the district continue to closely monitor cash in all funds to ensure sufficient resources are available. In addition, our office strongly advises districts to consult with legal counsel and independent auditors prior to using *Cafeteria Special Revenue Fund (Fund 13)* and *Building Fund (Fund 21)* for temporary interfund borrowing purposes to remedy cash shortfalls.



*AB 2756* – Current law, as enacted through AB 2756 (Chapter 52, Statutes of 2004), requires the County Superintendent to review and consider any studies, reports, evaluations, or audits that may contain evidence a district is showing fiscal distress. Our office did not receive any such reports for the district.

*Assessed Valuations* – The Riverside County Assessor’s Office has estimated secured assessed valuations will increase by 5.53 percent countywide in 2017-18. Chart 5 displays a historical summary of the district’s secured property tax assessed valuations.



**Conclusion**

As the State rapidly approaches full implementation of the LCFF, it is vital that districts exercise sound fiscal judgement and remain cognizant of the rapidly changing environment in which we currently operate. Districts should maintain cautious regard when planning future programs and preparing multi-year financial projections. Our office is committed to supporting districts in maintaining quality educational programs, while preserving fiscal solvency. If we can be of any further assistance, please do not hesitate to contact our office.