



Riverside County
Board of Education

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DATE: October 9, 2017

TO: Mr. Edwin Gomez, District Superintendent
Ms. Blanca Hall, Board President
Dr. Donna L. Salazar, Assistant Superintendent of Educational Services
Coachella Valley Unified School District

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

BY: Teresa Hyden  Chief Business Official
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SUBJECT: 2017-18 LCAP and REVISED BUDGET – 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 September 7, 2017, 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.

Metric	Year	State Average	White	African American	Hispanic	English Learner (EL)*	Low Income (LI)	Students w/ Disabilities (SWD)
% of Enrollment	2017		0.8	0.2	97.7	50.2	94.3	9.7
% UC A-G Enrollment	2017		100.0	100.0	97.2	96.8	97.1	92.0
% UC A-G Completion	2016	45.4	50.0	100.0	35.0	7.1	34.6	7.5
EAP – % ELA College Ready	2016	26	0.0	0.0	10.0	0.0	10.0	0.0
EAP – % Math College Ready	2016	13	0.0	0.0	2.0	0.0	2.1	1.7
CAASPP – Grade 3 ELA % Met/Exceeded	2016	43	38		18	10	17	3
CAASPP – ELA % Met/Exceeded	2016	49	32.7	23.1	22.2	5.1	21.9	3.2
CAASPP – Math % Met/Exceeded	2016	37	21.2	15.4	14.0	6.0	13.9	3.1
CAASPP Distance from Level 3 – ELA	2016							
CAASPP Distance from Level 3 – Math	2016							
% Suspension	2016	N/A	7.3	19.6	4.6	4.6	4.8	9.7
% Chronic Absenteeism		N/A						
% EL Progress to English Proficiency	2016					11.9		
% Completing One or More CTE Pathways	2015		6.7	0.0	15.7	16.9	0.0	0.0
Graduation Rate	2016	83.2	65.0	50.0	84.3	79.6	83.4	71.2
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 providing additional resources and supports for students not meeting achievement targets.

Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals listed in the plan:

- How is the district addressing English Learner and Students with Disabilities mathematics data?
- What plan is in place to support implementation of literacy coaches, professional learning communities, and instructional materials adoption?
- What method is in place to monitor the effectiveness of the various actions and services such as professional learning communities, coaches, parent centers, and counselors throughout the year? How might the district regularly monitor the implementation and effectiveness of the numerous interventions, programs, and initiatives to adjust or “strategically abandon” the intervention/program/initiative?
- What method is in place to ensure data collection, data analysis, and response to student learning is occurring throughout the year?
- How is the district providing additional support for schools with lower student outcomes? How is the district differentiating support?

Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways

The district is to be commended for its focus on college and career readiness and the actions implemented to improve graduation rates and A-G enrollment.

Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals listed in the plan:

- How is the district measuring the effectiveness of CTE programs?
- What considerations in terms of timing and budget have been made in regards to the addition of additional graduation requirements (i.e., Ethnic Studies class) when a gap exists with students meeting the current requirements and having access to the curriculum?
- What might be some of the reasons for the gap between A-G enrollment and CAASPP performance? How might the district address this?
- How is the district planning on reaching the EAP goals for ELA and math?

Pupil Engagement and School Climate

The district is to be commended for providing actions and services to address the student’s behavioral and social emotional needs through utilization of positive behavior supports, restorative justice practices, and social emotional resources for students. Additionally, the district is to be commended for exploring innovative practices such as technology integration, personalized learning, and coding to encourage student engagement.

Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals listed in the plan:

- How might the district strategically increase the utilization of the parent centers/liasons?

- How might the district address the suspension rate of Students with Disabilities, African American, and American Indians?

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/>.

Fiscal Recommendations

Supplemental and Concentration grant funding is included in the Local Control Funding Formula to increase and/or improve services to targeted student populations. Failure to provide evidence in the district's LCAP that adequately demonstrates how supplemental and concentration grant funding is being used to increase and/or improve services may result in an LCAP that cannot be approved, and may trigger technical assistance from the County Office of Education. The district should closely monitor this requirement.

During our review of the district's LCAP, we noted the following:

- Total General Fund Budget Expenditures for the LCAP year listed in the *LCAP Budget Summary* did not correspond to the district's Adopted Budget. We recommended that the total be updated to the General Fund Budgeted Expenditures listed within the district's Adopted Budget.

Adopted Budget

On September 1, 2017, our office conditionally approved the district's 2017-18 Adopted Budget, and required the district close the prior fiscal year, certify 2016-17 Unaudited Actuals, and submit the following to our office by September 30, 2017:

- *2017-18 Revised Budget & Multi-Year Financial Projections* – Revise and provide our office with a budget, multi-year financial projections, and an updated LCFF calculator to account for changes resulting from the district's 2016-17 Unaudited Actuals, the enacted 2017-18 Budget Act, and updated ADA and enrollment estimates.
- *Cash Flow* – Provide our office with updated 2017-18 General Fund cash flow projections with actuals through August 31, 2017.

The following pages provide further details on the district's 2017-18 Revised Budget.

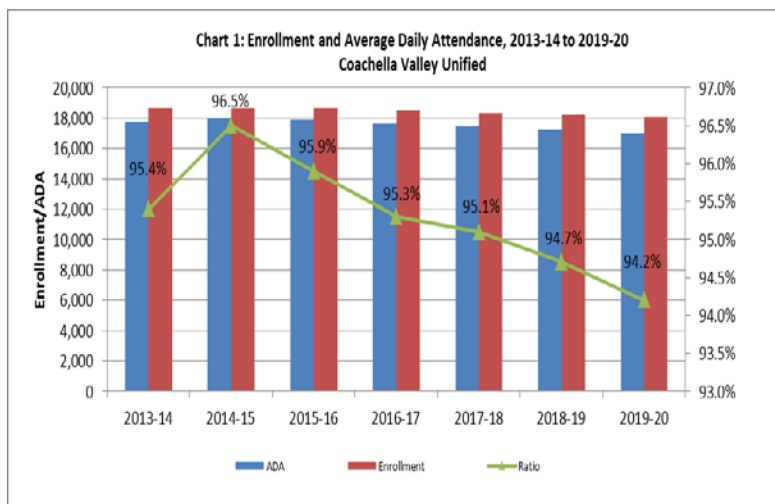
After an analysis of the information submitted, the County Superintendent approves the district's Revised Budget, but notes the following remaining concerns:

- *Budget Shortfalls* – Assuming no mitigating measures, the district projects a \$3.0 million budget shortfall in 2018-19 and a \$11.5 million budget shortfall in 2019-20.

- *Operating Deficit* – Multi-year financial projections indicate a substantial General Fund operating deficit for the current and two subsequent fiscal years.
- *Declining Enrollment* – The district’s projections indicate declining enrollment for the current and two subsequent fiscal years.

Assumptions and Other Considerations

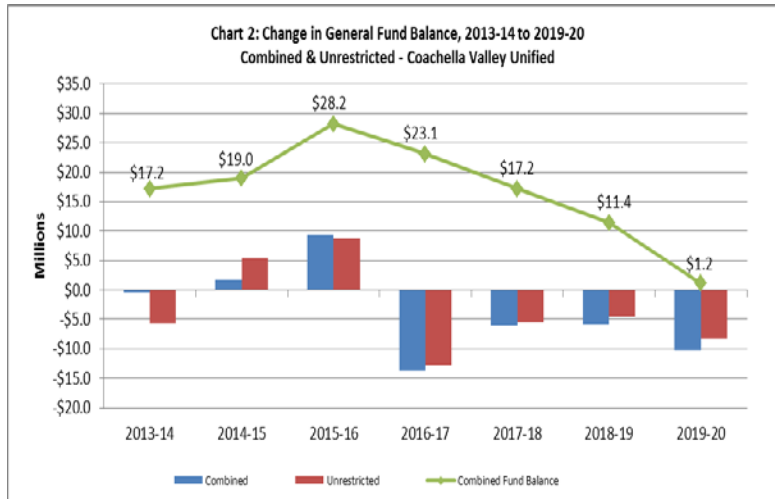
Enrollment and Average Daily Attendance (ADA) – The district’s projected ADA to enrollment ratio (capture rate) for 2017-18 is 95.1 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 17,447 ADA for the current fiscal year, or a 1.2 percent decrease from the 2016-17 P-2 ADA. For 2018-19 and 2019-20, the district projects a 1.2 percent decrease in ADA each year.



Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 95.21 percent for 2017-18, 95.19 percent for 2018-19, and 95.42 percent for 2019-20. The district’s unduplicated pupil percentage included in the 2016-17 P2 certification by the California Department of Education was 95.42 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, 71.53 percent for 2018-19, and 73.51 percent for 2019-20. The district has yet to identify a contingency plan should gap funding increases not materialize. Please provide this contingency plan with the submission of the 2017-18 First Interim Report.

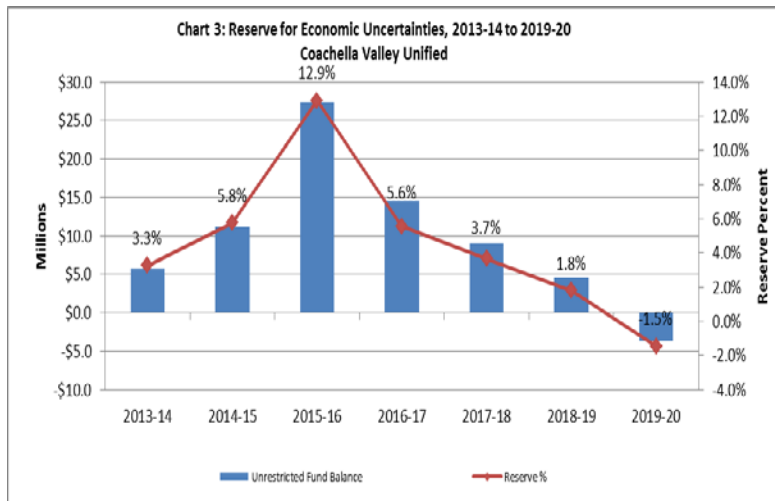
Fund Balance – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2017-18 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$5.9 million in 2017-18, \$5.8 million in 2018-19, and \$10.2 million in 2019-20. Chart 2 shows the district’s deficit spending historical trends and projections.



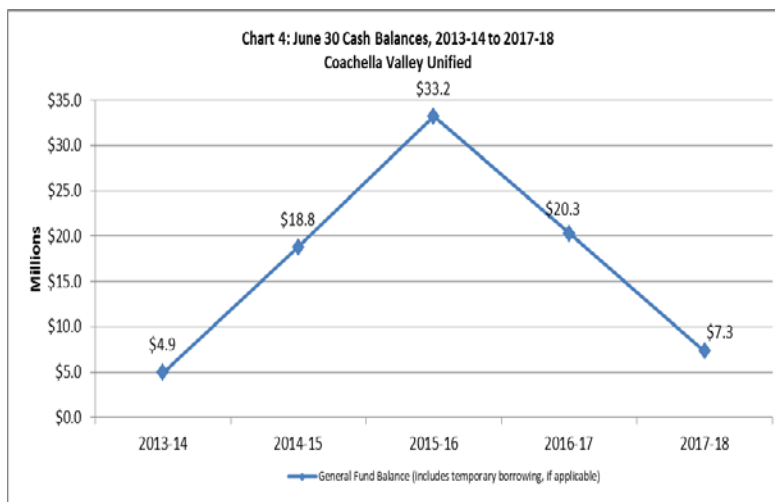
Employee Negotiations – As of the board date, September 7, 2017, the district reports salary and benefit negotiations are complete with the certificated bargaining unit for the 2017-18 fiscal year. Effective July 1, 2017, the negotiated salary schedules increased by 3.0 percent plus an additional 4.75 percent increase in compensation for an increase of twenty minutes, bringing the teacher work day to seven hours and twenty minutes. The parties agreed to maintain the current health and welfare cap of \$20,694; however, effective July 1, 2016, through September 30, 2018, the district agreed to cover the cost of any plan that exceeds the negotiated cap. Effective October 1, 2018, the district’s obligation shall not exceed the negotiated cap and the difference, if any, will be deducted from employees’ salary warrants.

As of the board date, September 7, 2017, the district reports salary and benefit negotiations continue with the classified bargaining unit 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 Coachella Valley Unified’s size is 3.0 percent. 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 fiscal year. However, projections indicate the district will not meet the state-required reserve in 2018-19 and 2019-20.



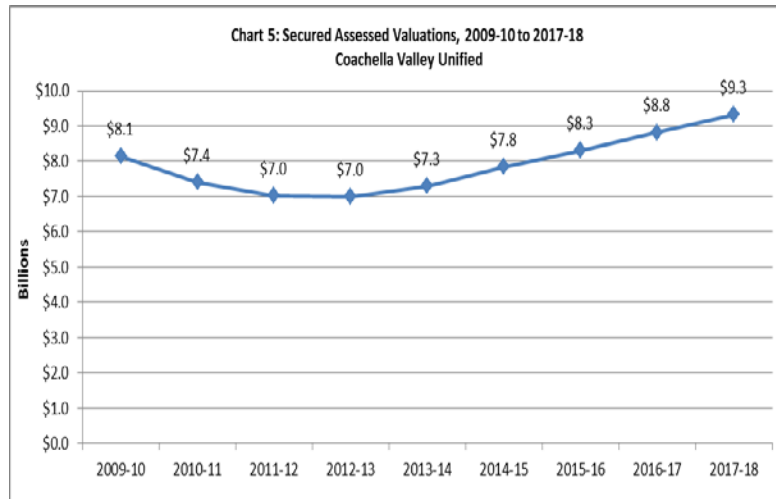
Cash Management – Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$7.3 million as of June 30, 2018. This balance does not include any temporary borrowings, and does not appear sufficient to cover July 2018 expenditures (estimated at \$8.7 million based on July 2018 disbursements). 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.



Next Steps

In November, our office will provide the district with detailed guidance regarding the preparation of the 2017-18 First Interim Financial Report. In addition to the requirements noted in that guidance letter, please provide our office with the following **by December 15, 2017**:

- *Fiscal Stabilization Plan* – Provide our office with a detailed plan on how the district plans to address the \$3.0 million budget shortfall in 2018-19 and \$11.5 million budget shortfall in 2019-20. This plan, at a minimum, should include a review of all expenditures, in particular certificated and classified salaries, employee benefit costs, staffing ratios, and review and analyze in detail the special education program and the increasing encroachment on the district’s unrestricted general fund. **Our office recommends that the board issue, at a minimum, a qualified certification for the First Interim Financial Report if the district is unable to meet the state required minimum three percent reserve in the current or subsequent fiscal years.**
- *Multi-Year Financial Projections* – Submit revised board approved multi-year financial projections, reflecting up-to-date ADA and enrollment estimates, and accurate revenue and expenditure projections that include only final, board-approved, budget solutions. Include a contingency plan in the multi-year financial projections should gap funding not materialize as planned for the two subsequent fiscal years. In addition, please include detailed multi-year assumptions, showing the budget adjustments from one year to the next.

Our office acknowledges the difficult financial decisions the district is facing in the near future, and looks forward to continue working closely and collaboratively with the district to strengthen its financial position. If we can be of further assistance, please do not hesitate to contact me or the District Fiscal Services staff with any questions or concerns at (951) 826-6429.