



**Riverside County
Board of Education**

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DATE: September 14, 2017

TO: Mr. David Pyle, District Superintendent
Mr. Edward Repucci, Board President
Mr. Jeff Simmons, Chief Business Official
Mr. John Huber, Assistant Superintendent
Nuview Union 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 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.

Nuvview Union School District								
Metric	Year	State Average	White	African American	Hispanic	English Learner (EL)*	Low Income (LI)	Students w/ Disabilities (SWD)
% of Enrollment (2017)	2017		16.8	1.5	77.5	25.6	75.8	6.9
CAASPP – Grade 3 ELA % Met/Exceeded	2016	43	34		26	21	26	0
CAASPP – ELA % Met/Exceeded	2016	49	55.9	0.0	38.1	14.6	37.4	3.1
CAASPP – Math % Met/Exceeded	2016	37	40.0	0.0	24.4	11.8	26.2	1.3
CAASPP Distance from Level 3 – ELA	2016							
CAASPP Distance from Level 3 – Math	2016							
% Suspension	2016	N/A	1.5	0.0	1.6	2.5	1.7	5.6
% Chronic Absenteeism		N/A						
% EL Progress to English Proficiency	2016					33.0		
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 their attendance rates and the increase in the percentage of students meeting or exceeding standards across all student groups. The increase in EL reclassification is also significant. The district used data to identify goals that targeted the student groups needing the greatest improvement. 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 the implementation of additional actions impact the percentage of teachers trained and effectively implementing district initiatives?

- How might the incorporation of literacy/ELA standards and other interdisciplinary opportunities into the Science, Technology, Engineering, and Mathematics (STEM) Lab impact pupil achievement metrics?

Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways

The district is to be commended for implementing a successful STEM and an arts program. The district is also commended for increasing access to the core curriculum and core intervention through the addition of instructional minutes. 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:

- How might you hold school sites accountable for dollars designated for site use in relation to the LCAP goals?
- How might you identify the factors that led to a higher suspension rate, especially for African American, American Indian, and Students with Disabilities student groups?
- How is parent engagement being leveraged to decrease suspensions, improve attendance, and meet academic goals?

Pupil Engagement and School Climate

The district is to be commended for the implementation of multiple programs and systems of support related to increasing pupil engagement and connection to school. Additional dialogue related to the question below may support the achievement of the expected annual measurable outcomes and goals aligned to pupil engagement and school climate:

- How might you increase feedback from stakeholders and capture the broader perspectives of these stakeholders on the success and implementation of current programs and systems of support?

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. If supplemental and concentration grant funds have been underinvested each fiscal year, it may be difficult for the district to demonstrate compliance with the LCFF spending regulations at full implementation.

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

- Certain goals, actions, and services listed within the district's LCAP did not contain all budget reference codes. We recommended that all goals, actions, and services contain all required items in accordance with the LCAP template. The district implemented our recommendation.

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.

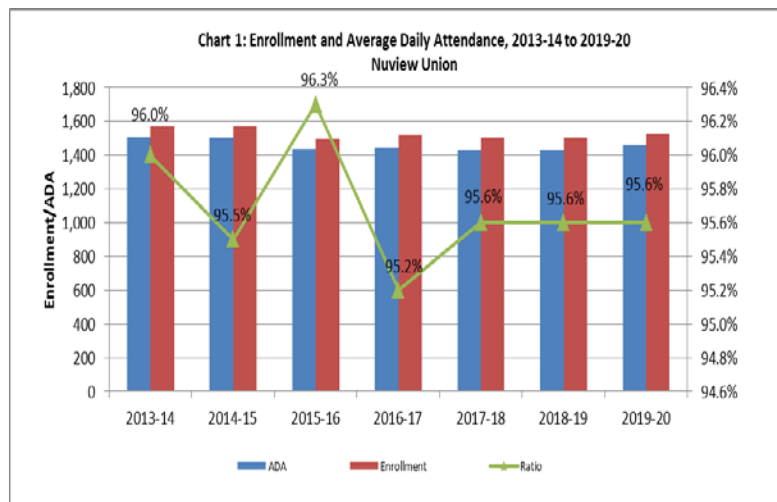
Based on our analysis of the information submitted, we approve the district’s budget, but note the following concerns:

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

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.

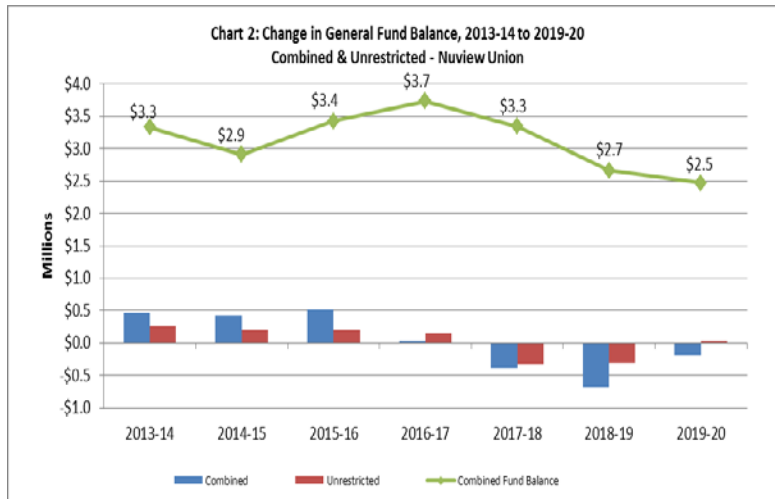
Enrollment and Average Daily Attendance (ADA) – The district’s projected ADA to enrollment ratio (capture rate) for 2017-18 is 95.6 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 1,435 ADA for the current fiscal year, or a 0.6 percent decrease from the 2016-17 P-2 ADA. For 2018-19 and 2019-20, the district projects ADA to remain flat and a 1.7 percent ADA increase, respectively.



Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 81.19 for 2017-18, 80.52 percent for 2018-19, and 80.32 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 81.07 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, 55.25 percent for 2018-19, and 57.51 percent for 2019-20. The district is utilizing lower projected LCFF gap percentages in 2018-19 and 2019-20, and have also committed balances in the unrestricted General Fund, as their contingency plan should gap funding increases not materialize.

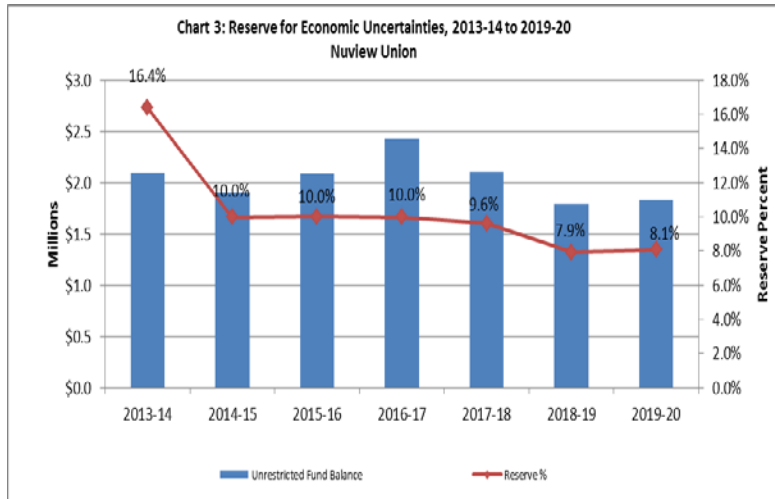
Fund Balance – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2017-18 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$388,637 in 2017-18, \$681,869 in 2018-19, and \$188,963 in 2019-20. Chart 2 shows the district’s deficit spending historical trends and projections.



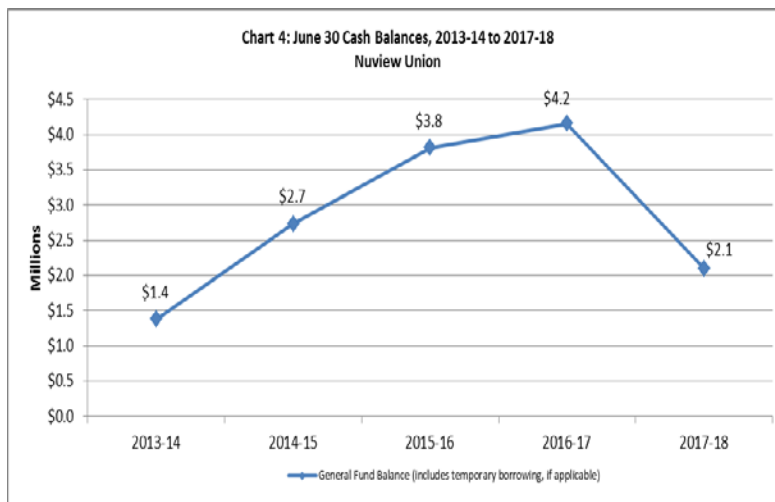
Employee Negotiations – As of the board date, June 15, 2017, the district reports salary and benefit negotiations are complete with both the certificated and classified bargaining units for the 2017-18 fiscal year. The certificated agreement provided for a 1.0 percent salary schedule increase, effective July 1, 2017. The agreement also included a \$1,000 health and welfare benefit cap increase (from \$10,000 to \$11,000) beginning July 1, 2017. Other language noted in the agreement included one day of compensatory time off per night of overnight supervision. Dual enrollment/dual credit teachers will be compensated through a stipend of \$200 per unit, per college class, per semester. There was an increase to discretionary days, from two days per year, to four days per year, limited to no more than two consecutive days at one time, unless approved. In addition, select performing arts courses increased to 48:1 student to teacher ratio.

The classified agreement provided for a 1.0 percent salary schedule increase effective July 1, 2017. The agreement also provided for a \$1,000 health and welfare benefit cap increase (from \$10,000 to \$11,000) beginning July 1, 2017. Other language noted in the agreement included modifications to longevity pay. An article in the agreement defined proportionate sick leave based on the days and hours worked in one week by each unit member. The agreement allowed for up to three days of personal necessity days to be taken as discretionary leave days at the sole discretion of the member. Unit members may request to use up to two more days for discretionary leave if the member has accumulated in excess of twenty or more sick leave days at the time of the request.

Reserve for Economic Uncertainties – The minimum state-required reserve for a district of Nuvview Union School District’s size is 3.0 percent; however the governing board requires the district maintain a 10.0 percent 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 subsequent fiscal years; however the projections indicate the district will not meet the board required reserve.

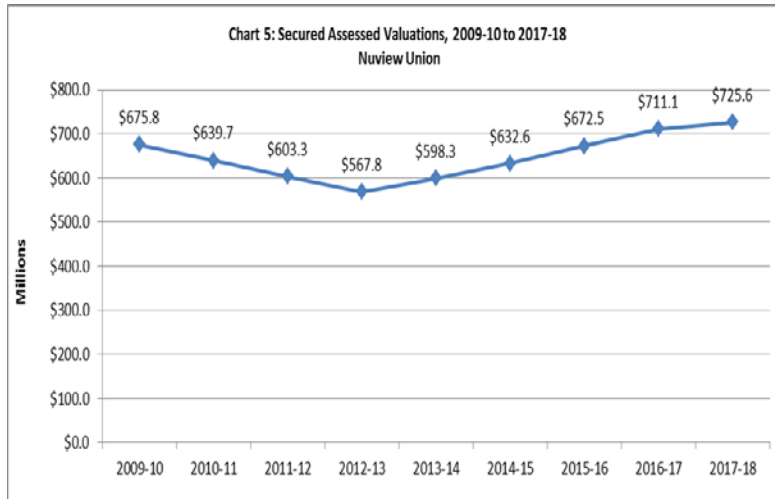


Cash Management – Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$2.1 million as of June 30, 2018. This balance does not include any temporary borrowings, 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.