



Riverside County
Board of Education

Jeanie B. Corral

Ray "Coach" Curtis

Bruce N. Dennis

Barbara Hale

Susan J. Rainey, Ed.D.



Elizabeth F. Romero

Wendel W. Tucker, Ph.D.

DATE: September 14, 2017

TO: Dr. David Hansen, District Superintendent
Mr. Brent Lee, Board President
Mrs. Mays Kakish, Chief Business Officer
Mrs. Lynn Carmen Day, Chief Academic Officer
Riverside Unified School District

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

BY: Teresa Hyden  Chief Business Official (951) 826-6790
Cynthia Glover Woods  Chief Academic Officer (951) 826-6648

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.

Riverside Unified School District								
Metric	Year	State Average	White	African American	Hispanic	English Learner (EL)*	Low Income (LI)	Students w/ Disabilities (SWD)
% of Enrollment	2017		22.3	6.7	62.5	17.2	63.2	10.6
% UC A-G Enrollment	2017		95.6	96.4	97.6	97.0	97.9	90.7
% UC A-G Completion	2016	45.4	55.2	45.6	44.7	12.3	44.5	6.2
EAP – % ELA College Ready	2016	26	35.1	17.3	14.0	0.0	13.0	2.3
EAP – % Math College Ready	2016	13	14.1	4.0	4.0	0.0	4.0	0.0
CAASPP – Grade 3 ELA % Met/Exceeded	2016	43	59	37	36	12	33	13
CAASPP – ELA % Met/Exceeded	2016	49	63.8	42.9	41.1	7.8	38.9	8.8
CAASPP – Math % Met/Exceeded	2016	37	51.2	27.3	27.3	7.4	26.0	6.2
CAASPP Distance from Level 3 – ELA	2016							
CAASPP Distance from Level 3 – Math	2016							
% Suspension	2016	N/A	3.4	8.4	3.9	4.1	4.9	8.8
% Chronic Absenteeism		N/A						
% EL Progress to English Proficiency	2016					22.4		
% Completing One or More CTE Pathways	2015		2.4	2.1	3.3	4.2	0.0	0.0
Graduation Rate	2016	83.2	92.4	87.4	87.1	80.9	86.0	66.5
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 the percentage of students that met or exceeded standards in English language arts and mathematics. 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:

- What factors might be considered when establishing ongoing measurable metrics to monitor success and growth in math, English language arts, and English Language Development for student groups with the highest needs?
- How might the District Leadership Team partner with the Site Leadership Teams to develop criteria for progress monitoring of the districtwide implementation of collaboration?
- In what ways might the district leverage the availability of instructional technology to increase student achievement in mathematics?

Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways

The district is to be commended for its support of CTE teacher credentialing and CTE pathway development. Additional dialogue related to the question 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 actions might be considered to increase student completion rates in CTE pathway courses?

Pupil Engagement and School Climate

The district is to be commended for the graduation rate increase overall and in the English Learner student group. 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 systems might support monitoring the effectiveness of implementation of the current Multi-Tiered System of Support?
- In what ways might you engage your Native American and Foster Youth students with resources to reduce the dropout rate in these student groups?
- In what ways might you further engage your African American students and Students with Disabilities with resources to reduce their suspension rates?

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 a budgeted expenditure dollar amount or a budget reference. 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.

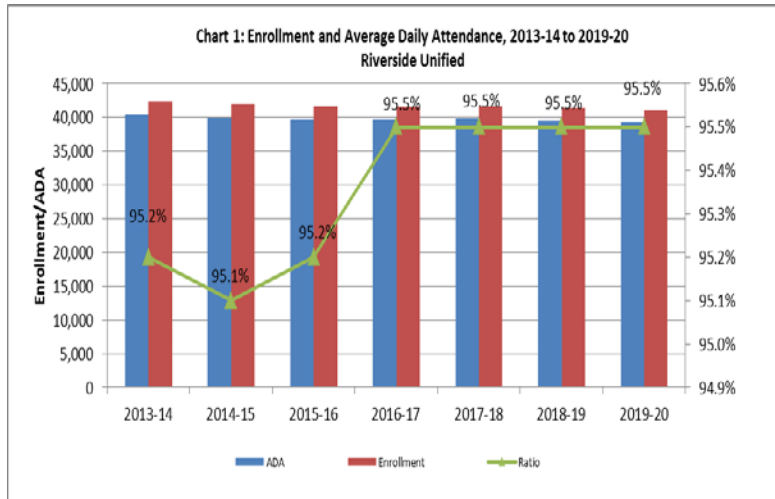
Based on our analysis of the information submitted, we approve the district's budget, but note the following concerns:

- *Operating Deficit* – Multi-year financial projections indicate a substantial General Fund operating deficit for the current and two subsequent fiscal years.
- *2019-20 Budget Shortfall* – Assuming no mitigating measures, the multi-year financial projections indicate a budget shortfall of \$9.6 million which reduces the reserve for economic uncertainties to 0.05 percent in the 2019-20 fiscal year.
- *Declining Enrollment* – The district's projections indicate declining enrollment for the 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.

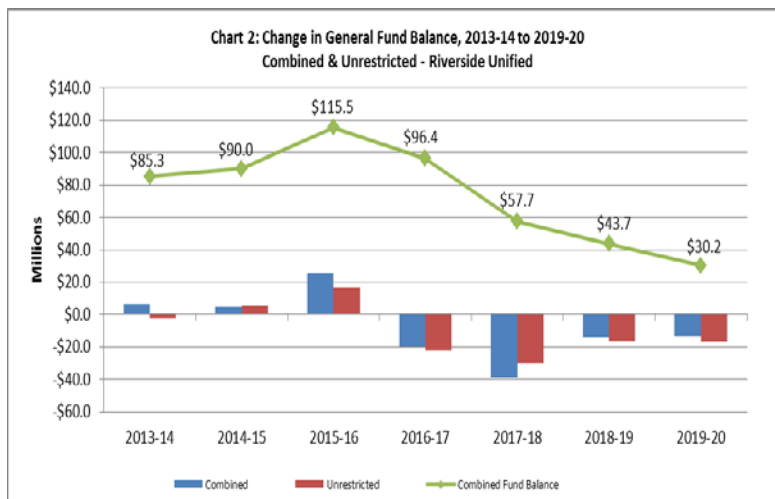
Enrollment and Average Daily Attendance (ADA) – The district's projected ADA to enrollment ratio (capture rate) for 2017-18 is 95.5 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 39,810 ADA for the current fiscal year, or a 0.2 percent increase from the 2016-17 P-2 ADA. For 2018-19 and 2019-20, the district projects a 0.8 percent decrease and 0.4 percent ADA decrease, respectively.



Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 64.93 for 2017-18, 64.60 percent for 2018-19, and 64.86 percent for 2019-20. The district’s unduplicated pupil percentage included in the 2016-17 P-2 certification by the California Department of Education is 65.05 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.

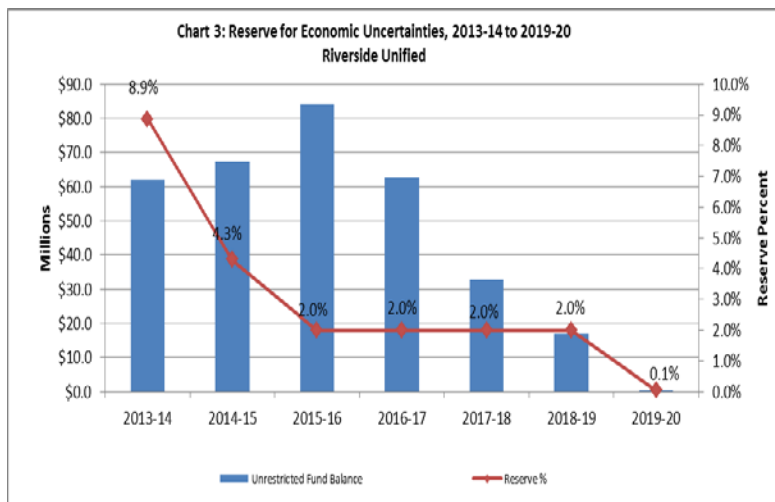
Fund Balance – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2017-18 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$38.7 million in 2017-18, \$14.0 million in 2018-19, and \$13.5 million in 2019-20. Chart 2 shows the district’s deficit spending historical trends and projections. Projections indicate the district’s restricted ending fund balance will grow to an estimated \$29.9 million in 2019-20. The district should review to ensure restricted resources are being appropriately leveraged.



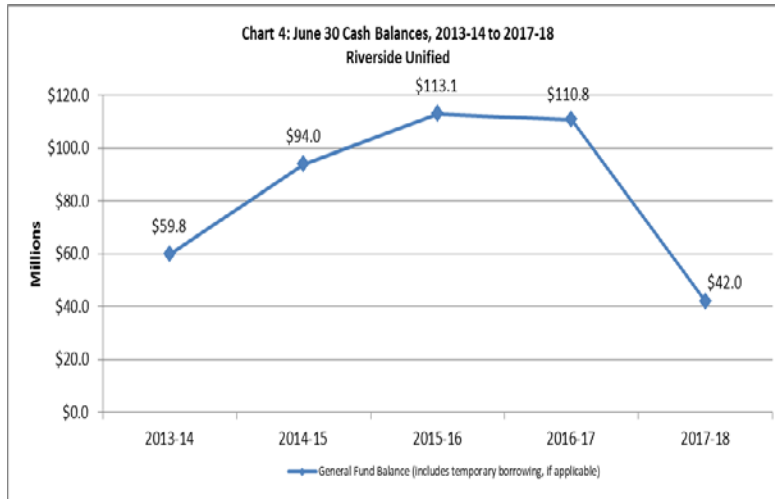
Employee Negotiations – As of the board date, June 29, 2017, the district reports salary and benefit negotiations are complete with both the certificated and classified bargaining units for the 2017-18 fiscal year. The certificated unit agreement provided for a modification to the 2017-18 teacher work year by adding one professional development day. The agreement also included a 2.0 percent annual stipend paid to preschool instructors who received a bachelor’s degree, effective July 1, 2017. Additionally, for the 2017-18 school year, preschool instructors with a bachelor’s degree will receive a 2.0 percent off-schedule salary increase.

The classified unit agreement provided for a modification to the 2017-18 work year by adding one professional development day. The agreement also provided for an increase in the High School Health Assistants work year, and an increase in the Registrar II work year, effective July 1, 2017. Additionally, the CSEA Chapter #506 President will have full-time release from his/her regular work assignment to support activities and functions related to classified employees.

Reserve for Economic Uncertainties – The minimum state-required reserve for a district of Riverside Unified’s size is 2.0 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 and first subsequent fiscal year. However, projections indicate the district will not meet the State required reserve in 2019-20. If this problem persists, please submit a contingency plan with the submittal of the 2017-18 First Interim Report.

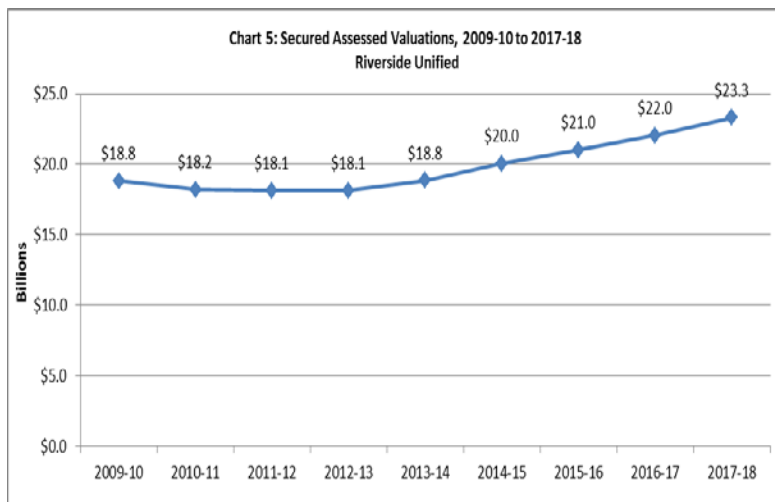


Cash Management – Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$42.0 million as of June 30, 2018. This balance does not include any temporary borrowings, 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.