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DATE: September 15, 2015

TO: Dr. Maureen Latham, District Superintendent
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Beaumont Unified School District

FROM: Kenneth M. Young, Riverside County Superintendent of Schools

BY: Teresa Hyden
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Subject: **2015-16 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 2015-16 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 2015-16 fiscal year has been approved by the Riverside County Superintendent of Schools. Our goal is to further enhance the performance of students by offering suggestions for the implementation of the plan and the development of the *Annual Update* and the 2016-17 LCAP.

2014-15 Plan Implementation

In a review of the *Stakeholder Engagement* section, we noted the plan provided a very clear description of stakeholder engagement and impact on the *Annual Update*. In a review of the *Annual Update* in *Section 2*, we noted that while the plan addresses what the district did concerning last year's actions, it does not clearly include assessments of the **effectiveness** of a specific action. We recommend that Beaumont include effectiveness statements which are reasonable, specific, transparent, and include metrics; additionally, to strengthen the plan, provide more detail in your actions/services to correlate how the action results in student achievement.

Student Achievement

Once baseline scores have been identified, consider setting differentiated improvement targets on the California Assessment of Student Performance and Progress (CAASPP) results for those significant subgroups who have consistently struggled based on Beaumont's historic Standardized Testing and Reporting (STAR) data. Closing the achievement gap and ensuring all students are prepared for college and career is a priority under the Local Control Funding Formula (LCFF).

In addition, the plan would be strengthened by **differentiating actions and outcomes for significant subgroups** who are underperforming or overrepresented in suspension and expulsion data. Most of the subgroup actions were for all subgroups. For example, Goal 3 which addresses college and career readiness indicators provides one target for all students in each metric. Consider strengthening actions by subgroup based on data and priorities. For example,

- Reclassified English Learners (788 students) are underperforming in both UC/CSU course completion and the Early Assessment Program (EAP). While the plan addresses English Learners, the needs of Reclassified English Learners are not addressed.
- College readiness as measured by EAP is 19.9 percent in English Language Arts (ELA) and 1.2 percent in Math for the districtwide average. Overall, the district and each subgroup performs significantly below the state average in Math and with significant subgroups at 0 percent. In most subgroups, performance in ELA is also significantly below the state average. The EAP objective as identified in Goal 3 of the plan is to increase the ready or conditional ready rate in ELA by 3 percent from 37 percent to 40 percent and in Math by 5 percent from 5 percent to 10 percent. We recommend differentiating the growth targets for your lowest performing subgroups and identifying specific research-based actions to address the college readiness gap.
- The plan addresses the dropout rate but would be enhanced by strategic actions for your English Learners who are at 22.3 percent dropout and Students with Disabilities at 19 percent.
- Generally, the average graduation rate of 84.9 percent in Beaumont exceeds the state average. However, there is a significant gap between the White subgroup and others, particularly Students with Disabilities at 58.6 percent and English Learners at 65.3 percent. These two subgroups are mentioned in the *Needs Assessment* section; however the *Expected Annual Measurable Outcome* (EAMO) only addresses the total cohort rate for improvement.

Metric	State Average	White	African American	Hispanic	English Learner	Low Income	Students w/ Disabilities	Reclassified Fluent English Proficient
% of Beaumont USD		33.7	5.6	50.6	13.5	57.0	9.5	8.7
Goal 3								
% UC A-G Completion	41.9	28.0	20.5	24.9	19.4	21.4	6.5	27.1
% EAP – ELA/Math	24.8 / 10.5	25.3 / 1.3	24.1 / 0.0	12.0 / 0.5	0.0 / 0.0	14.5 / 1.0	0.0 / 0.0	16.3 / 1.4
% CAHSEE – ELA/Math	83 / 85	90 / 91	82 / 81	85 / 86	40 / 60	75 / 83	39 / 42	92 / 93
% Graduation Rate	80.8	87.3	83.3	80.9	65.3	80.4	58.6	
Goal 4								
% Dropout	11.60	10.10	10.34	11.50	22.20	12.60	19.00	
% Suspension	4.36	5.02	10.34	5.33	4.67	7.11	7.86	4.43
*Please note that while the CAHSEE is currently suspended, the data illustrate the persistent achievement gap.								

Beaumont USD LCAP Goal 3 includes the *Expected Annual Measurable Outcome*: “Meet AMAO targets for English Learner Reclassification and attainment of English Proficiency.” The education code language under 52060(a)(4) states,

- (D) The percentage of **English learner pupils who make progress toward English proficiency** as measured by the California English Language Development Test (CELDT) or any subsequent assessment of English proficiency, as certified by the state board.
- (E) The English learner reclassification rate.

“Progress toward English proficiency” is measured via the Title III Accountability Report by AMAO 1, which is the measure of annual progress. AMAO 2a and 2b are the indicators that measure achieving proficiency in English, which assists in identifying students for reclassification. For the 2016-17 LCAP, goals and EAMOs in the plan must include targets for AMAO 1. In order to ensure that pupils are ready for reclassification, we recommend that the plan include AMAO 2a and 2b in the measureable outcomes.

Although the 2014-15 Title III accountability data was published after the LCAP was developed and approved by your local school board, we reviewed AMAO data according to the 2014-15 Title III Accountability Report as well as historic AMAO data. (See table below.) The data reveal that English Learners have made significant progress for the past three years and have met AMAO 1 for 2014-15 for the first time in three years.

The evidence of the most recent data demonstrates the impact from previous actions that will ensure success for these students. We recommend the district review historic data to determine which strategies were implemented fully and produced the desired results so that these may be replicated to ensure continued success for all English Learners. In addition, particularly for English Learners, the district should identify formative measures of progress and intervene immediately if actions are not producing expected results. Finally, consider identifying the significant and replicable factors for this success so that they may be implemented consistently across schools and shared with underperforming districts who are struggling to increase the English proficiency of similar students.

Title III Annual Measurable Achievement Objectives (AMAO) Trends									
	AMAO 1			AMAO 2a (Less Than 5 Years Cohort)			AMAO 2b (5 Years or More Cohort)		
	Beaumont USD	Target	Met?	Beaumont USD	Target	Met?	Beaumont USD	Target	Met?
2014-2015	62.3%	60.5%	Yes	27.0%	24.2%	Yes	56.5%	50.9%	Yes
2013-2014	58.2%	59.0%	No	29.9%	22.8%	Yes	51.9%	49.0%	Yes
2012-2013	52.3%	57.5%	No	26.0%	21.4%	Yes	45.5%	47.0%	No

Monitoring Progress

In order to be responsive to those actions that are working or not working, consider developing a process to frequently assess the progress of each planned action and adjust as needed to ensure all goals are met. Identifying leading indicators for progress on goals that can be shared with stakeholders on a regular basis will increase the community commitment to the plan.

Additional Metrics to Consider

The purpose of the LCAP is to ensure that all students graduate from high school with the skills to be successful in both college and career. This work cannot wait until high school, nor can it be successful without more specific focus by grade level and by subgroup.

A focus group was convened by the Riverside County Office of Education in 2014-15 to review research on K – 12 college readiness indicators and identify those that would align with the LCAP and have greatest impact. As a result of the focus group research, we recommend that LEAs consider additional college readiness indicators for various grades including but not limited to:

- Score of Level 3 or Level 4, “Standard Met” or “Standard Exceeded,” as indicated on the Smarter Balanced Summative Assessment in Reading and Mathematics at grades 3, 5, 8, and 11 by subgroup; (State Priority 4)
- Chronic absentee rates by grade level and subgroup at the following grades – Kindergarten, 1, 2; last grade of elementary (5 or 6); first grade of middle school (6 or 7); first grade of high school (9 or 10); (State Priority 5)
- Percent of students earning passing grades – C or better – in English and Mathematics at the exit grades from elementary (5 or 6) and middle school (8 or 9) by subgroup and gender; (State Priority 8)
- Suspension and expulsion rates by subgroup and gender for “disproportionality”; (State Priority 6)
- Percent of students failing two or more classes at grade 9 by subgroup and gender; (State Priority 8)

We commend Beaumont for adding several of these metrics to its plan for 2015-16. We recommend that the district further disaggregate its data to monitor subgroup progress.

Describing Use of Supplemental and Concentration Grant Funds and Proportionality

The purpose of the LCAP *Section 3* is to ensure that all unduplicated and underperforming students receive increased or improved services in proportion to the increased funding received to serve those

identified students in order for them to graduate from high school with the skills to be successful in both college and career.

In *Section 3A*, the justification for using funds districtwide and/or schoolwide should include a description of why this use of funds is most effective and why it is more effective than using the funds to target the students by subgroup in order to meet the district goals. Having a high population of unduplicated students is not in and of itself a justification for districtwide and/or schoolwide use. In addition, when funding is allocated to schools for schoolwide use, a description of how the district will ensure that the schools are implementing actions and that those actions are effective in meeting the district's goals in the eight state priority areas is necessary.

In *Section 3A*, the description noted above is for the dollars received for the 2015-16 school year and should reference the actions that are being implemented for the 2015-16 LCAP year in addition to those implemented in the previous year.

In *Section 3B*, the district is asked to describe how services for the unduplicated students have increased or improved as compared to services provided to all students in proportion to the increase in funding received to serve those students. This is a cumulative process of increasing services until the district is fully funded.

We recommend in *Section 3B* that the district broadly describe the services identified in the previous year(s) LCAP, and then describe those services being added in the current LCAP year, which is 2015-16. This demonstrates that the district is maintaining and building its support for unduplicated students proportionally each year and increases the transparency of the plan for the stakeholders. This will be important as, by 2020-21, this section will need to demonstrate that the district has increased or improved services to reflect 100 percent of its supplemental and concentration funds at full implementation.

Adopted Budget

In accordance with California Education Code (EC) Section 42127, our office has completed its review of the district's 2015-16 Adopted Budget to determine whether it complies with the criteria and standards adopted by the State Board of Education (SBE) and whether it allows the district to meet its financial obligations for the 2015-16 fiscal year, as well as satisfy its multi-year financial commitments.

The district's adopted budget has been analyzed in the context of guidance provided by our office, based on the Governor's 2015-16 May Budget Revision. 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 two subsequent fiscal years.

The following pages provide further details on the district's 2015-16 Adopted Budget. In addition to this analysis, current law as enacted through AB 2756 (Chapter 52, Statutes of 2004) also 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.

LCFF Gap Funding – For purposes of determining the potential gap funding increase, the district has estimated 53.08 percent for the 2015-16 fiscal year, 12.62 percent for 2016-17 and 18.24 percent for 2017-18. The district is utilizing lower projected LCFF gap percentages as their contingency plan should gap funding increases not materialize.

Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 60.34 percent for 2015-16, 59.60 percent for 2016-17 and 59.60 percent for 2017-18. The district’s unduplicated pupil percentage included in the 2014-15 P2 certification by the California Department of Education is 60.67 percent.

Employee Negotiations – The district reports salary and benefit negotiations are complete with both the certificated and classified bargaining units for the 2015-16 fiscal year. The certificated agreement increased the work year for all unit members by one day for the 2015-16 fiscal year, and provided for a \$3,636 health and welfare benefit cap increase (from \$9,096 to \$12,732) beginning July 1, 2015. The classified agreement included no changes for the 2015-16 fiscal year.

The district’s adopted budget was developed prior to adoption of the 2015-16 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.

During our review of the district’s Local Control and Accountability Plan, we noted the following:

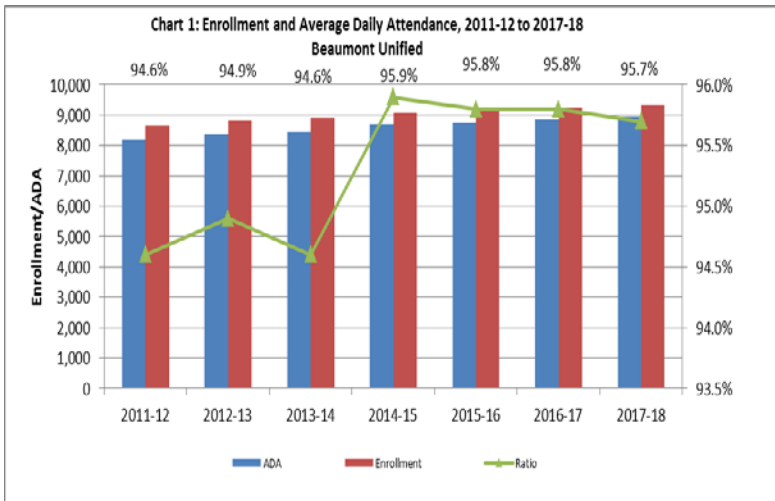
- *Sections 3A* and *3B* did not correspond with the district’s Local Control Funding Formula Minimum Proportionality calculation. It was our recommendation that *Sections 3A* and *3B* be modified to \$5,454,925 and 8.21%, respectively. The district implemented the recommendations.
- In the LCFF calculator, the Prior Year Estimated Expenditures field, required to calculate the current year supplemental and concentration funding, was left blank. We recommend that the district review its LCFF calculation and modify *3A* and *3B* accordingly.
- Supplemental and Concentration (S&C) grant funding is included in the Local Control Funding Formula to increase and/or improve services to targeted student populations. It may be difficult for the district to meet the Minimum Proportionality Percentage at full implementation if S&C grant dollars have not been expended in each fiscal year to serve the targeted students who generated the funding.

Our office commends the district for its efforts thus far to preserve its fiscal solvency and maintain a quality education program for its students. If we can be of further assistance, please do not hesitate to contact our office.

2015-16 Adopted Budget Report

Beaumont Unified School District

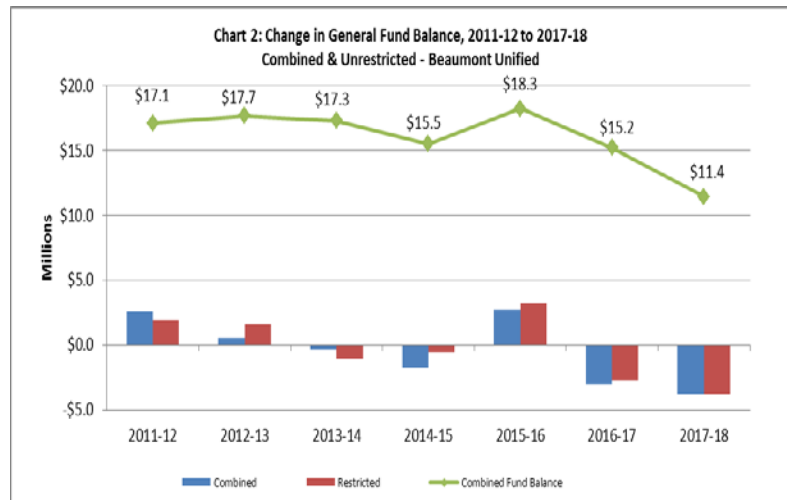
Enrollment and Average Daily Attendance (ADA)



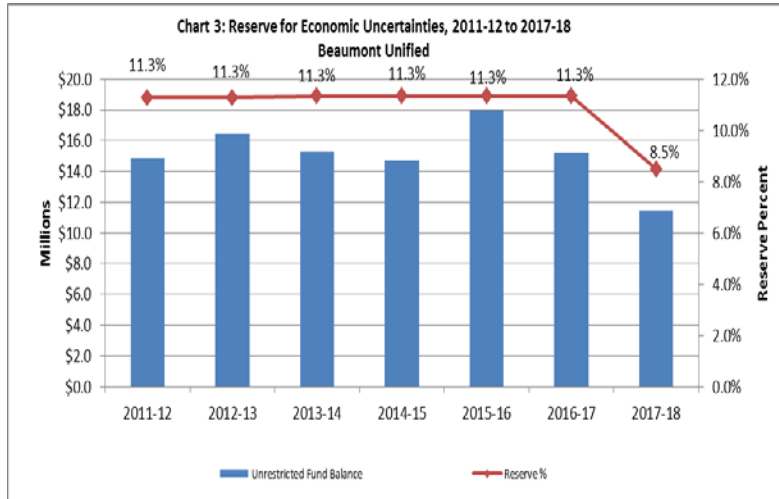
The district's projected ADA to enrollment ratio (capture rate) for 2015-16 is 95.8 percent, which is above the historical average ratio for the three prior fiscal years. The district estimates 8,762 ADA for the current fiscal year, or a 0.9 percent increase from the 2014-15 P-2 ADA. For 2016-17 and 2017-18, the district projects a 1.0 percent increase in each year. These projections appear reasonable based on the district's recent enrollment and ADA trends, as summarized in Chart 1.

Fund Balance

The district's Adopted Budget indicates a positive ending balance for all funds in the 2015-16 fiscal year. However, for the General Fund, the district anticipates expenditures will exceed revenues by \$3.0 million in 2016-17 and \$3.8 million in 2017-18. Chart 2 shows the district's deficit spending historical trends and projections.



Reserve for Economic Uncertainties

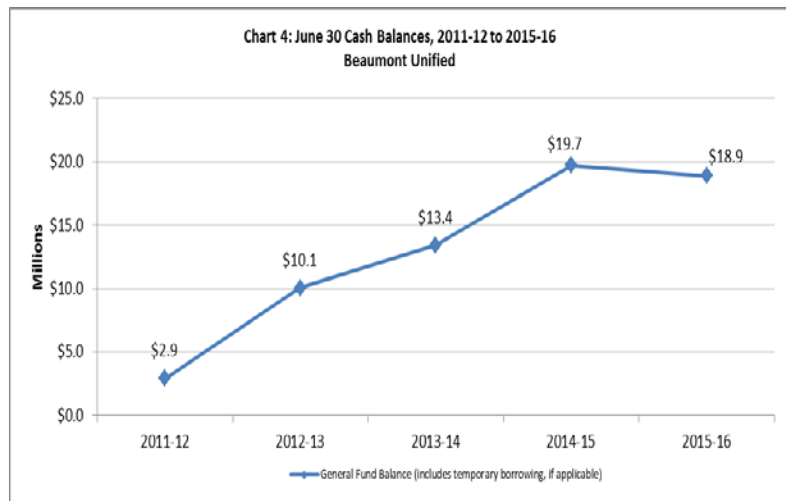


The minimum state-required reserve for a district of Beaumont Unified's size is 3.0 percent; however the governing board requires the district maintain a reserve equivalent to 3.0 percent plus one month of operating expenditures. In light of the current fiscal environment, our office recommends districts maintain reserves higher than the minimum, and commends the district's board for this fiscally prudent practice. 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 two subsequent fiscal years.

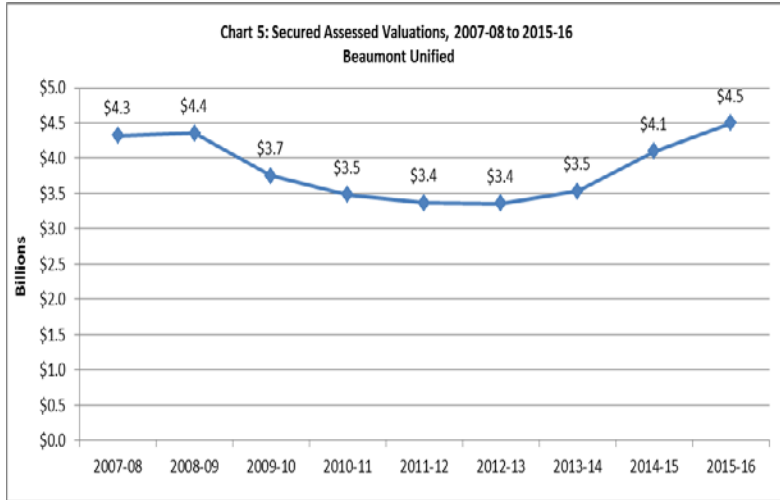
Cash Management

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 \$18.9 million as of June 30, 2016. 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.

Assessed Valuations



The Riverside County Assessor's Office has estimated secured assessed valuations will increase by 5.78 percent countywide in 2015-16. Chart 5 displays a historical summary of the district's secured property tax assessed valuations.