



DATE: September 15, 2015

TO: Dr. Steve Kennedy, District Superintendent
Mr. Robert O'Donnell, Board President
Mrs. Pam Lauzon, Interim Assistant Superintendent
Dr. Karen Valdes, Assistant Superintendent
Menifee Union School District

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

BY: Teresa Hyden Chief Business Official (951) 826-6790
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Subject: **2015-16 ADOPTED BUDGET and LCAP - APPROVAL**

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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.

**Riverside County
Board of Education**

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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 Menifee’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). For example,

- Goal 2 includes needs, metrics, and actions addressing the percentage of English Learners attaining the proficient level and addressing the reclassification rate. 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 a steady gap in the performance of students in AMAO 1 and AMAO 2b and minimal growth in those areas in which the target was met.

The state target for AMAO 1 is 60.5 percent and Menifee’s 2014-15 rate is at 57.2 percent. English Learners in AMAO 1 have underperformed in two of the last three years. Consider identifying formative measures of progress and intervening immediately if actions are not producing expected results.

Menifee has consistently met its AMAO targets for English Learners in AMAO 2a and 2b. 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)		
	MUSD	Target	Met?	MUSD	Target	Met?	MUSD	Target	Met?
2014-2015	57.2%	60.5%	No	27.0%	24.2%	Yes	53.1%	50.9%	Yes
2013-2014	63.9%	59.0%	Yes	30.7%	22.8%	Yes	51.9%	49.0%	Yes
2012-2013	57.2%	57.5%	No	25.8%	21.4%	Yes	49.2%	47.0%	Yes

The plan would be strengthened by differentiating outcomes for significant subgroups in terms of suspension rates. While the plan addresses suspension rates for the whole district, there is evidence of

disproportionality for certain subgroups. For example, African American and Students with Disabilities suspension rates are both higher than their respective percentages of the district student population, and Foster Youth are significantly higher. We encourage you to consider differentiating the actions for all underperforming and/or overrepresented subgroups.

Suspension Rates by Subgroup								
District Average	White	African American	Hispanic	English Learner	Low Income	Students w/ Disabilities	Foster Youth	Reclassified Fluent English Proficient
2.57%	2.39%	4.74%	2.69%	2.77%	3.62%	4.62%	13.21%	4.16%

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. Menifee is in the unique position to ensure that each student who enters high school is prepared for a rigorous curriculum.

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 (as applicable to the district grade span) 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)

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. For a district such as Menifee, the additional standard requires identifying the research and/or educational practice which supports that using the funds districtwide and/or schoolwide is the most effective. While the description in *3A* references research, we recommend being more explicit in the description about why this is the most effective use and identifying specific research and/or theory to support this use for specific areas. For example, there is a large body of research supporting AVID and PBIS; both of these must be implemented schoolwide and/or districtwide in order to have the effect identified in the research.

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 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.

Menifee provides an excellent description of the services for each of the unduplicated student groups identified in the targeted funding. 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 or expanded 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.

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, 37.40 percent for 2016-17 and 36.74 percent for

2017-18. The district has assigned funds each year in the unrestricted ending General Fund balance that will cover a portion of the projected gap funding increase should it not materialize.

Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 46.19 percent for 2015-16, 44.40 percent for 2016-17 and 43.50 percent for 2017-18. The district’s unduplicated pupil percentage included in the 2014-15 P2 certification by the California Department of Education is 47.28 percent.

Employee Negotiations – Subsequent to the Adopted Budget, the district settled with both the certificated and classified units for the 2014-15 fiscal year. The certificated agreement increased the district’s certificated salary schedules by 5.0 percent, retroactive to January 1, 2015. The classified agreement increased the district’s classified salary schedules by 5.0 percent, retroactive to January 1, 2015. In addition, all individual maintenance workers working on-call duty, shall be compensated at \$350 per week, increased from \$300 per week, and are eligible for an additional \$100 for weeks which included a district recognized holiday.

The district reports salary and benefit negotiations continue with both the certificated and classified bargaining units for the 2015-16 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.

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:

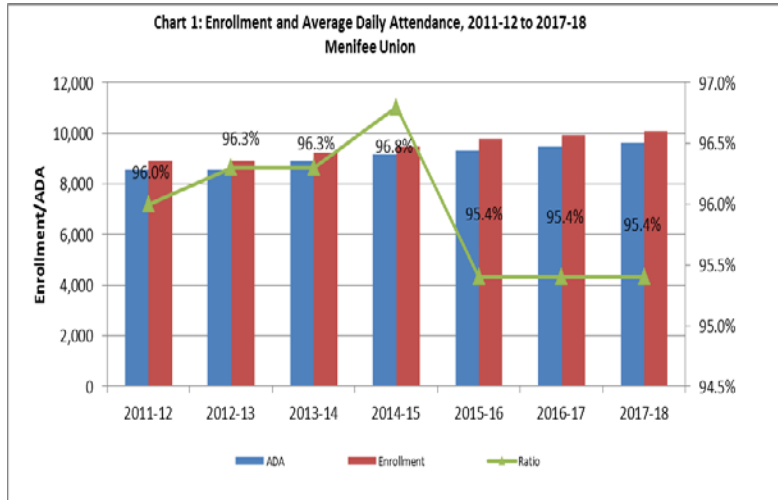
- *Section 3B* did not correspond with the district’s Local Control Funding Formula Minimum Proportionality calculation. It was our recommendation that *Section 3B* be modified to 6.04 percent. The district implemented the recommendation.
- Supplemental and Concentration (S&C) grant funding is included 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

Menifee Union School District

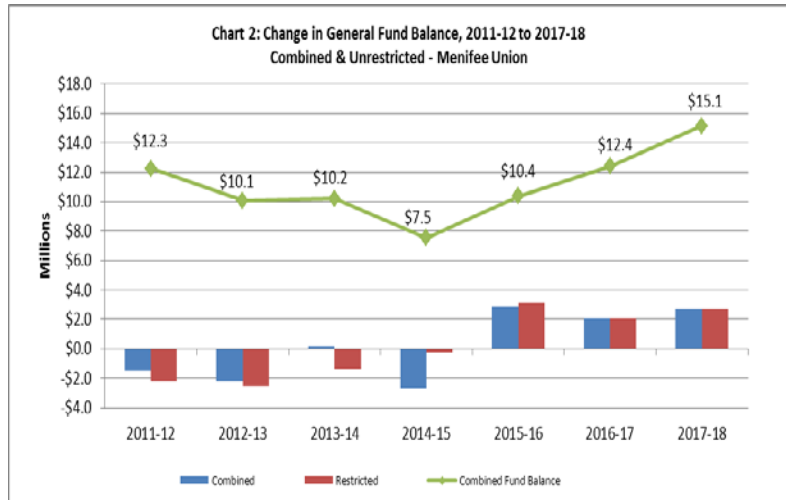
Enrollment and Average Daily Attendance (ADA)



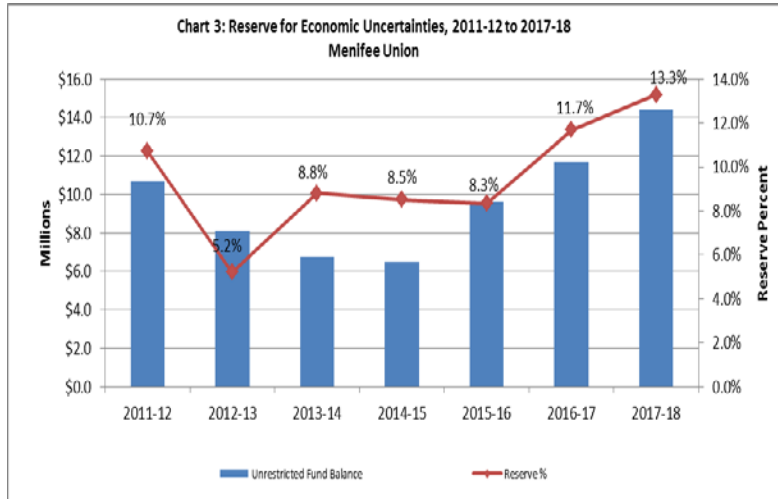
The district's projected ADA to enrollment ratio (capture rate) for 2015-16 is 95.4 percent, which is lower than the historical average ratio for the three prior fiscal years. The district estimates 9,329 ADA for the current fiscal year, or a 2.5 percent increase from the 2014-15 P-2 ADA. For 2016-17 and 2017-18, the district projects a 1.5 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. Chart 2 shows the district's deficit spending historical trends and projections.



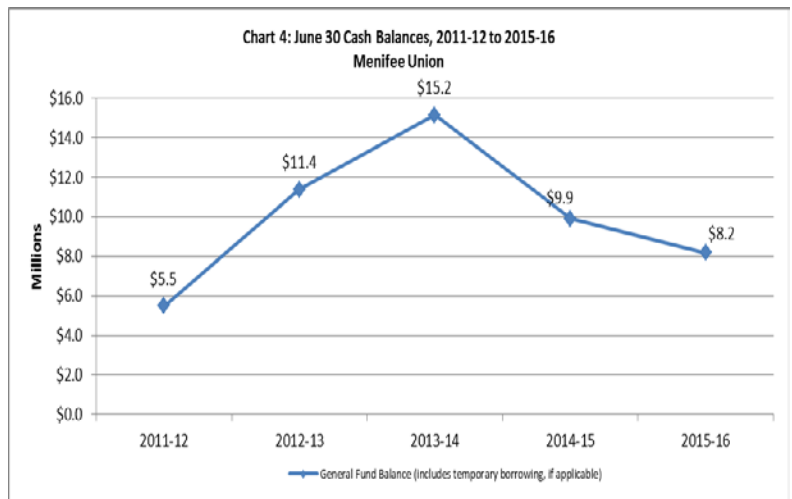
Reserve for Economic Uncertainties



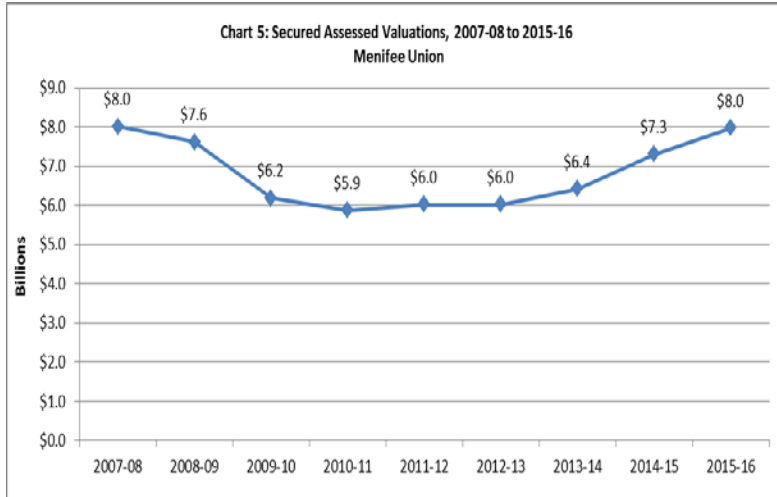
The minimum state-required reserve for a district of Menifee Union’s size is 3.0 percent. Chart 3 displays a summary of the district’s actual and projected unrestricted General Fund balance and reserves. The district projects to meet the minimum reserve requirement in the current and two subsequent fiscal 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 \$8.2 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.