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DATE: September 15, 2015

TO: Dr. David Hansen, District Superintendent
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FROM: Kenneth M. Young, Riverside County Superintendent of Schools

BY: Teresa Hyden Diana Asseier
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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.

We commend Riverside Unified School District for its continuing leadership and support of students. RUSD is among the highest performing districts in Riverside County and is one of the top performing districts among those with significant populations of unduplicated students. 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.

Student Achievement

Once baseline scores have been identified, continue 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 Riverside’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).

The district has set aspirational and challenging targets for all outcomes and for all subgroups. In addition, the plan would be strengthened by **differentiating actions and outcomes for significant subgroups** who are underperforming academically or overrepresented in suspension and expulsion data. In most areas, the White subgroup (23.8 percent of the population) is the highest performing subgroup, consistently performing above the state average; however, in most cases the achievement gap target is the district average for all students. Most of the subgroup actions were checked for all subgroups. Consider strengthening actions by specific subgroup based on data and priorities. For example,

- Goal 2 reflects the district’s vision to “Prepare all students to be college, career and world ready upon graduation.” In reviewing the data for A-G completion compared to A-G enrollment, the access is exceptional while there are significant gaps in success. The plan comprehensively addresses this issue; however, it is not always clear how actions are differentiated for subgroups. For example, the Heritage program is specifically identified for African American youth. The plan states that this program will be expanded to English Learners and Foster Youth this year. However, it is not clear why this will be effective for those students.
- In order to continue to progress on closing the achievement gap, review the *Expected Annual Measurable Outcomes* for Goal 2 (Prepare all students to be college, career and world ready upon graduation) to ensure the outcomes for Years 2 and 3 reflect stakeholder input related to subgroup growth. With the exception of the Foster Youth subgroup, Years 2 and 3 do not reflect incremental increases for all subgroups. (See pages 20, 24, and 28.)

In reviewing the district data, we noticed these achievement rates for your subgroups compared to the performance of the White subgroup.

Metric	State Average	White	African American	Hispanic	English Learner	Low Income	Students w/ Disabilities
% of Riverside USD		23.8	7.0	60.6	17.2	63.3	10.6
% UC A-G Enrollment		92.6	93.0	96.1	96.8	97.6	86.3
% UC A-G Completion	41.9	48.0	33.2	34.4	7.2	34.9	4.4
% EAP – ELA/Math	24.8 / 10.5	31.5 / 9.1	14.6 / 3.9	14.5 / 5.2	0.4 / 7.3	14.3 / 5.6	1.0 / 0.0
% CAHSEE – ELA/Math	83 / 85	94 / 95	88 / 85	81 / 85	33 / 53	81 / 84	38 / 45
% Suspension	4.36	3.97	7.99	4.47	4.68	5.44	9.70
*Please note that while the CAHSEE is currently suspended, the data illustrate the persistent achievement gap.							

Riverside’s LCAP Goal 2 includes metrics for the progress of English Learners toward English proficiency (defined as a progress towards reclassification) using a locally developed tool. The *Annual Update* reflected a similar goal, outcome, and metric but was not assessed for effectiveness as no data was available to measure this outcome. There is currently no assessment in the plan to measure the progress of English Learners. Riverside Unified has a population with 17.2 percent English Learners, which is significant.

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 measurable 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.

Title III Annual Measurable Achievement Objectives (AMAO) Trends									
	AMAO 1			AMAO 2a (Less Than 5 Years Cohort)			AMAO 2b (5 Years or More Cohort)		
	RUSD	Target	Met?	RUSD	Target	Met?	RUSD	Target	Met?
2014-2015	57.9%	60.5%	No	24.5%	24.2%	Yes	48.4%	50.9%	No
2013-2014	55.2%	59.0%	No	21.1%	22.8%	No	45.4%	49.0%	No
2012-2013	55.8%	57.5%	No	21.9%	21.4%	Yes	47.3%	47.0%	Yes

The evidence of the most recent data does not demonstrate the impact from previous actions that will ensure success for these students. In two of three measures, the district performs below the target and in the third measure the district barely meets the target. The district plan would be strengthened by including specific, research-based actions targeted to accelerate growth for students as reflected by these data. 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, the district should review historic data to determine which strategies were implemented fully and produced the desired results so that these may be replicated to ensure success for all English Learners.

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. Riverside has incorporated some of these measures in its plan, but the research supports a deeper look at specific grade levels in order to have the greatest impact.

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)

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 General Fund operating deficit for the two subsequent fiscal years.
- *Declining Enrollment* – The district's projections indicate declining enrollment for the current and 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, 37.40 percent for 2016-17 and 36.70 percent for 2017-18. The district has unassigned funds each year in the unrestricted ending General Fund balance that will cover the projected gap funding increase should it not materialize.

Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 65.89 percent for 2015-16, 65.73 percent for 2016-17 and 65.89 percent for 2017-18. The district's unduplicated pupil percentage included in the 2014-15 P2 certification by the California Department of Education is 65.90 percent.

Employee Negotiations – The district reports salary and benefit negotiations are complete for the certificated bargaining unit for the 2015-16 fiscal year, however, remain open for health and welfare purposes. The agreement provided for a 4.55 percent increase to the district's existing certificated salary schedules beginning July 1, 2015. Additionally, the agreement provided for a modification of the 2015-16 teacher work year to include two professional development days prior to the instruction year.

Subsequent to the Adopted Budget, the district settled with the classified bargaining unit for the 2015-16 fiscal year. The agreement provided for a 4.55 percent increase to the district's existing classified salary schedules beginning July 1, 2015, however negotiations remain open for health and welfare purposes.

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:

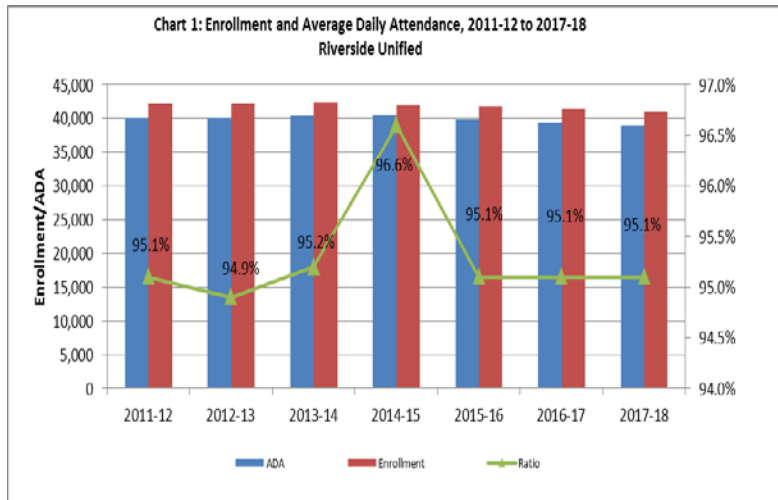
- Supplemental and Concentration (S&C) grant funding is included in the Local Control Funding Formula to increase and/or improve services to targeted student populations. It may be difficult for the district to meet the Minimum Proportionality Percentage at full implementation if S&C grant dollars have 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

Riverside Unified School District

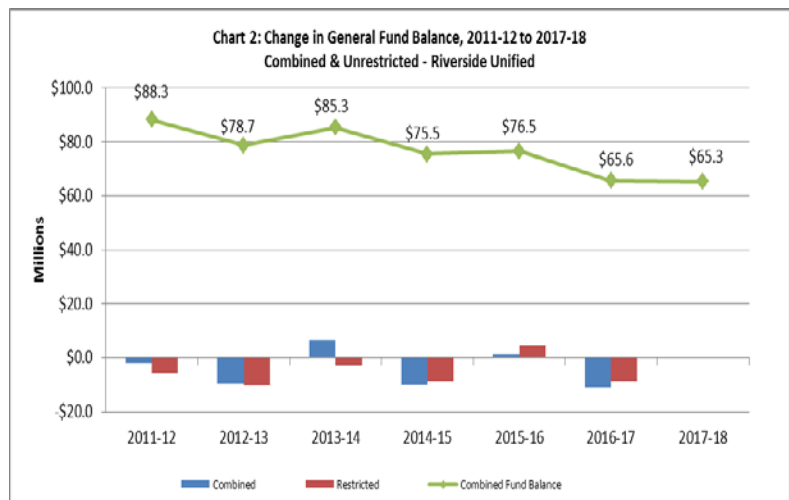
Enrollment and Average Daily Attendance (ADA)



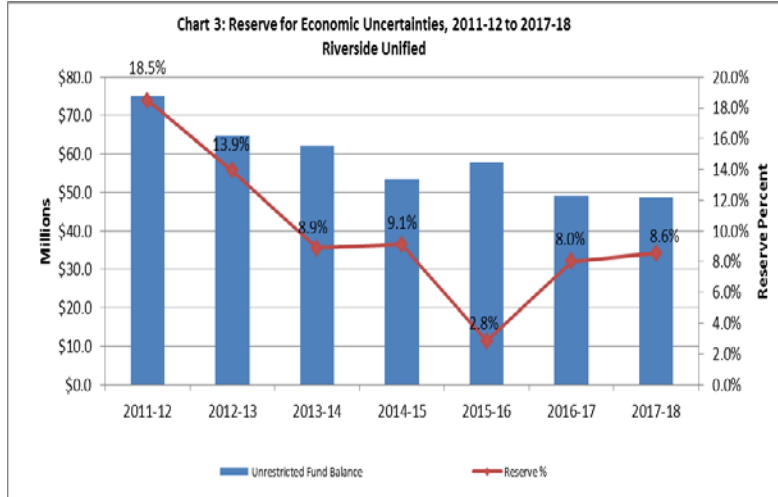
The district's projected ADA to enrollment ratio (capture rate) for 2015-16 is 95.1 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 39,821 ADA for the current fiscal year, or a 0.4 percent decrease from the 2014-15 P-2 ADA. For 2016-17 and 2017-18, the district projects a 1.1 and 1.0 percent decrease each year respectively. 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 \$10.9 million in 2016-17 and \$0.3 million in 2017-18. Chart 2 shows the district's deficit spending historical trends and projections.



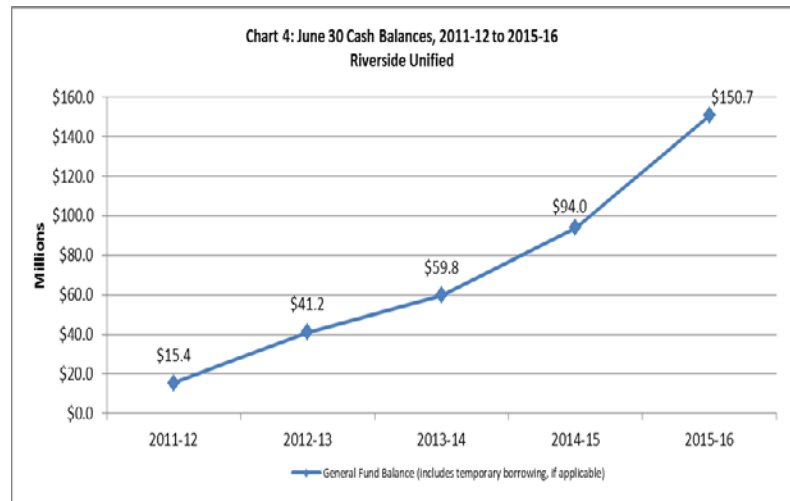
Reserve for Economic Uncertainties



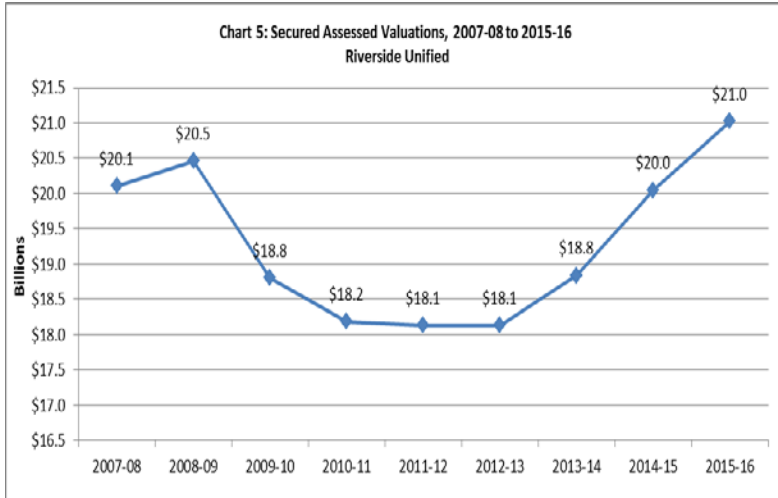
The minimum state-required reserve for a district of Riverside Unified’s size is 2.0 percent. Chart 3 displays a summary of the district’s actual and projected unrestricted General Fund balance and reserves. The district projects to meet the minimum reserve requirement in the current and two subsequent 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 \$150.7 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.