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**DATE:** September 15, 2015

**TO:** Mr. Vincent Ponce, District Superintendent  
Mr. Tom Elliot, Board President  
Mrs. Tina Daigneault, Chief Business Official  
Ms. Jean Marie Frey, Assistant Superintendent  
Perris Elementary 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. However, following are concerns and suggestions for the implementation of the plan and the development of the *Annual Update* and the 2016-17 LCAP.

**Riverside County  
Board of Education**

Jeanie B. Corral

Bruce N. Dennis

Jay N. Hoffman, Ed.D.

Susan J. Rainey, Ed.D.

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Wendel W. Tucker, Ph.D.

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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 Perris’ 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 outcomes and actions for significant subgroups** who are underperforming or overrepresented in suspension and expulsion data. Most of the *Expected Annual Measurable Outcomes* (EAMOs) were for all students and the subgroup actions were for all subgroups. Create EAMO targets that accelerate expected achievement for specific subgroups to close the achievement gap. Consider strengthening outcomes and actions by subgroup based on data and priorities. For example,

- In Goal 4 the district identifies the following *Expected Annual Measurable Outcomes*:
  - A. Increase the attendance rate to at least 96%.
  - B. Maintain chronic absenteeism below 10%.
  - C. Decrease the number of suspensions by 2% maintain, as a maximum, current expulsion rates. Continue to reinforce Positive Behavior Supports and continue daily social skills instruction.

Research in the areas of attendance, chronic absenteeism, and suspensions indicates that the actual incidences and the corresponding interventions differ greatly by grade level and subgroup. Disaggregating the data in this manner, setting grade level and subgroup targets, and differentiating the actions as appropriate would make this a stronger plan.

The chart below represents Perris’ suspension rate by subgroup compared to the state average. Perris’ overall suspension rate is 3.01, below the state average. However, when disaggregated, the data represent that African American and Students with Disabilities are suspended in disproportionate numbers.

Metric	State Average	White	African American	Hispanic	English Learner	Low Income	Students w/ Disabilities
% of Perris SD		3.3	6.3	86.5	52.2	81.4	5.5
% Suspension	4.36	5.44	7.37	2.55	2.23	3.14	7.63

Considering the large percentage of unduplicated pupils, and considering the achievement gap noted in areas where data is available, we recommend that the district develop more robust research-based actions/services that will target the specific academic and social needs of the student population. We recommend that Perris ESD expand Goal 1 actions/services to include actions that will more closely impact the increase in student proficiency indicated in the related EAMO, and expand Goal 2 actions/services to include actions that will have a more direct impact on the following selected related state priorities: pupil achievement, pupil engagement, and school climate. We recommend that the district expand Goal 3 actions and services to target specific subgroups and address the disproportionality in suspensions.

Goal 3 includes the following EAMOs:

- C. Meet targets for percentage of English Learners attaining the English proficient level on the CELDT exam as measured by AMAO targets.
- D. 2 % more EL students will be reclassified over the previous year.

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 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.)

Perris ESD has met its AMAO targets for English Learners in 2014-15. However, the results have been inconsistent over the past three years. The evidence of the most recent data does not demonstrate the impact from previous actions that will ensure success for these students. 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, 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 ongoing success for all English Learners.

Title III Annual Measurable Achievement Objectives (AMAO) Trends									
	AMAO 1			AMAO 2a (Less Than 5 Years Cohort)			AMAO 2b (5 Years or More Cohort)		
	PESD	Target	Met?	PESD	Target	Met?	PESD	Target	Met?
2014-2015	60.8%	60.5%	Yes	26.8%	24.2%	Yes	55.5%	50.9%	Yes
2013-2014	56.0%	59.0%	No	22.4%	22.8%	No	58.8%	49.0%	Yes
2012-2013	57.7%	57.5%	Yes	25.6%	21.4%	Yes	52.9%	47.0%	Yes

**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. Perris is in the unique position to ensure that each student who enters middle school and 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 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 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.

Perris ESD provided a comprehensive description of the increased and improved services for 2015-16 in proportion to the increase in 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 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:

- *Flat Enrollment* – The district's projections indicate flat enrollment 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, 37.40 percent for 2016-17 and 36.70 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 92.07 percent for 2015-16, 90.72 percent for 2016-17 and 90.72 percent for 2017-18. The district's unduplicated pupil percentage included in the 2014-15 P2 certification by the California Department of Education is 92.81 percent.

*Employee Negotiations* – The district reports salary and benefit negotiations are complete with the certificated bargaining unit for the 2015-16 fiscal year. The agreement provided a 4.25 percent salary increase retroactive to July 1, 2014, and provided a \$774 health and welfare benefit cap increase effective July 1, 2015.

The district reports salary and benefit negotiations continue with the classified bargaining unit 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:

- 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

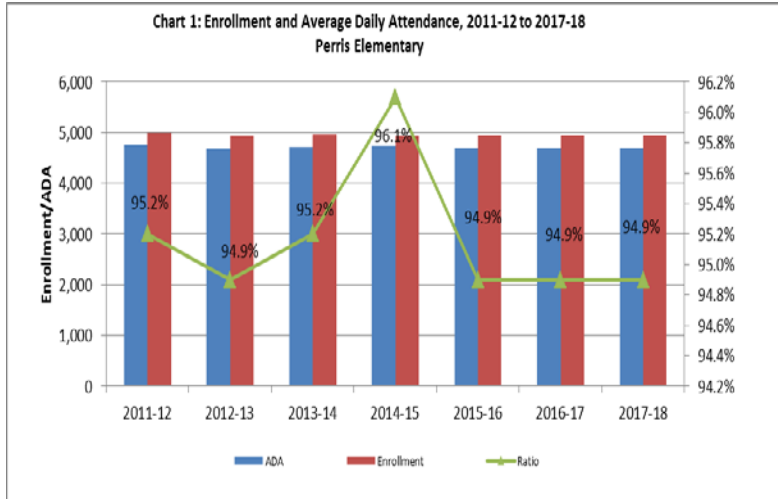
for the district to meet the Minimum Proportionality Percentage at full implementation if S&C grant dollars have not been expended in each fiscal year to serve the targeted students who generated the funding.

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

### Perris Elementary School District

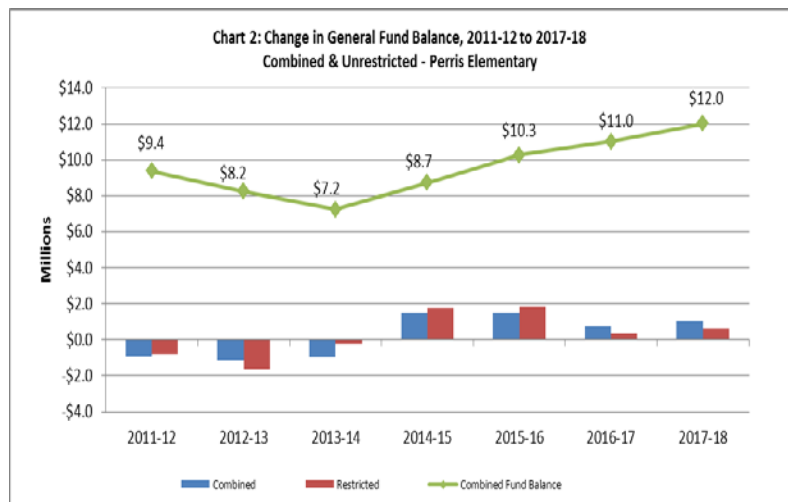
#### Enrollment and Average Daily Attendance (ADA)



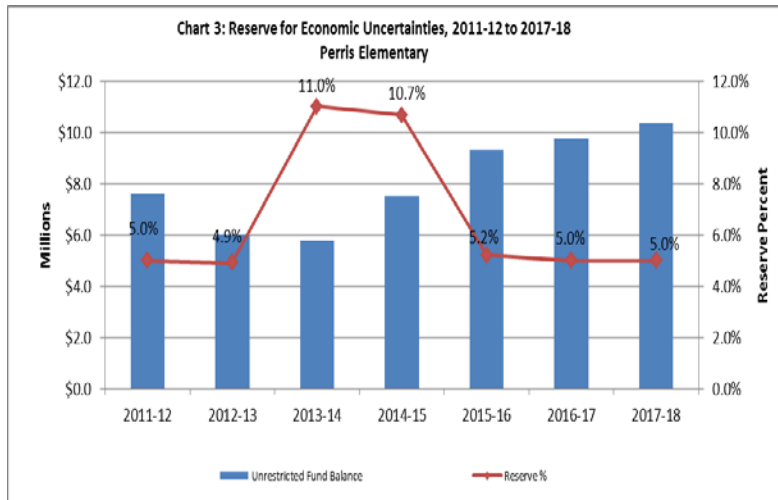
The district's projected ADA to enrollment ratio (capture rate) for 2015-16 is 94.9 percent, which is lower than the historical average ratio for the three prior fiscal years. The district estimates 4,693 ADA for the current fiscal year, or a 0.2 percent increase from the 2014-15 P-2 ADA. For 2016-17 and 2017-2018, the district projects ADA to remain flat. 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

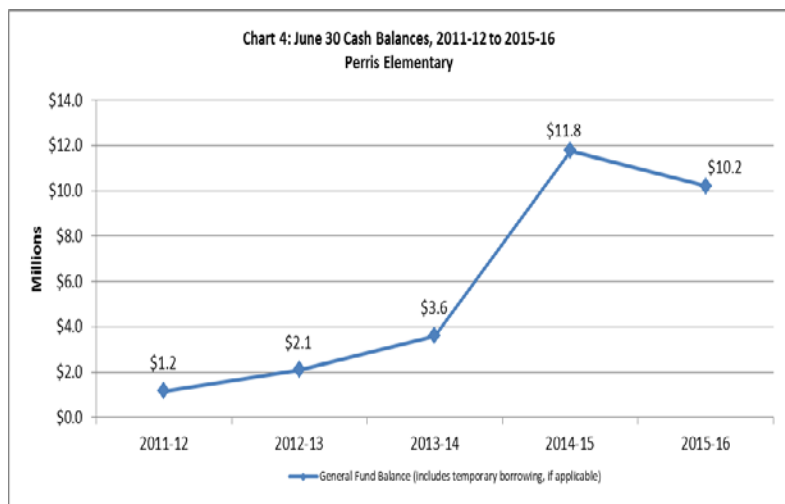


The minimum state-required reserve for a district of Perris Elementary School District's size is 3.0 percent; however the governing board requires the district to maintain a 5.0 percent reserve for economic uncertainties. In light of the current fiscal environment, our office recommends districts maintain 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, and board required 5 percent reserve, in the current and two subsequent fiscal years.

### Cash Management

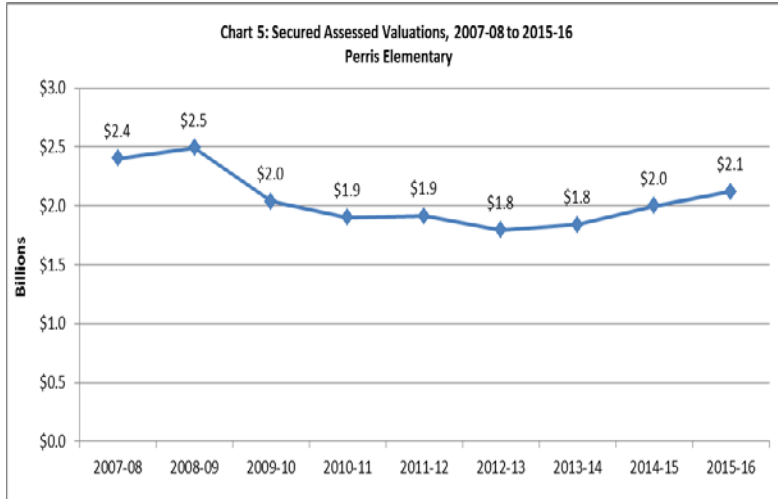
Chart 4 provides a historical summary of the district's June 30<sup>th</sup> General Fund cash balance. Based on the budget's cash flow analysis, the district projects a positive General Fund cash balance of \$10.2 million as of June 30, 2016. This balance does not include any temporary borrowings, and 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.





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## 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.