



**Riverside County  
Board of Education**

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**DATE:** October 8, 2019

**TO:** Dr. Charles Bush, District Superintendent  
Mr. Alfonso Hernandez, Board President  
Mr. Meliton Sanchez, Director of Business Services  
Ms. Tracie Kern, Director of Curriculum and Instruction  
Ms. Lois Shaffer, Director of Data, Assessment, and Accountability  
Palo Verde Unified School District

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

**BY:** Tina Daigneault *TD* Chief Business Official (951) 826-6790  
Cynthia Glover Woods *CW* Chief Academic Officer (951) 826-6648

**SUBJECT: 2019-20 LCAP and REVISED BUDGET – 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 2019-20 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 2019-20 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 2019-20 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 LEAs closely monitor the metrics listed in the data table below for all student groups.

Palo Verde Unified School District											
Indicator	District	African American	American Indian or Alaska Native	Hispanic or Latino	White	Two or more Races	Socioeconomically Disadvantaged	English Learners	Students with Disabilities	Foster Youth	Homeless Youth
Dashboard: Academic Indicator for English Language Arts	Orange	Orange	*	Orange	Orange	*	Orange	Red	Orange	*	*
Dashboard: Academic Indicator for Mathematics	Red	Red	*	Red	Yellow	*	Red	Red	Orange	*	*
Dashboard: Chronic Absenteeism	Yellow	Yellow	No Color	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Orange	No Color
Dashboard: High School Cohort Graduation	Green	*	*	Blue	Green	*	Green	*	*	*	*
Dashboard: Suspension	Yellow	Yellow	*	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Red	*
Dashboard: Prepared for College and Career	Orange	*	*	Red	Orange	*	Red	*	*	*	*
Cohort A-G Completion Rate	0.5%	0.0%	*	0.0%	2.1%	*	0.0%	0.0%	0.0%	*	0.0%
English Learner Reclassification Rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5.8%	N/A	N/A	N/A
Cohort High School Dropout Rate	9.8%	23.5%	*	8.6%	12.1%	*	12.0%	10.0%	13.3%	*	16.7%
Expulsion Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
* – To protect student privacy, data are suppressed when student population (cohort students) is 10 or less.											

To access additional data information, please go to <https://www.caschooldashboard.org/>.

We offer the following commendations and inquiry questions to consider for the implementation of the 2019-20 Local Control and Accountability Plan and the refinement of the plan in future years.

### **Student Success in English Language Arts and Mathematics**

The district is to be commended for the analysis of targeted needs and responding by providing after school programs, summer learning, and alternative/online classes to at-risk student groups.

Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals aligned to student achievement in English language arts and mathematics:

- In addition to the effective administrator walk-throughs, in what ways might the district support teachers and students in ensuring increased implementation of state standards?
- What processes might the district use in an effort to explore additional strategies designed to increase the level of instructional rigor in English language arts and mathematics in order to improve student achievement?

### **Course Access and Student Enrollment in Rigorous Coursework and Career Technical Education (CTE) Pathways**

The district is to be commended for increasing the graduation rate to 93.8 percent. Additionally, the district is to be commended on the targeted expansion of their CTE Pathways linked to their College and Career Readiness initiatives.

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:

- How might district systems be further utilized, or modified, in order to increase the percentage of targeted student groups completing Advanced Placement courses, A-G courses, and CTE pathways?

### **Pupil Engagement and School Climate**

The district is to be commended for implementing multiple actions to increase pupil engagement, such as involving parents more deeply in the learning process, providing counseling, and adding behavioral supports at all school sites. The district is also to be commended on the decrease in the overall suspension and chronic absenteeism rates.

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:

- In what ways might district systems support the desired outcome of further decreasing the chronic absenteeism and suspension rates?
- What are the potential advantages of having the district, including the drop-out specialists, focus their system of support on reducing the African American student group drop-out rate?

### **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. Failure to provide evidence in the district's LCAP that adequately demonstrates how supplemental and concentration grant funding is being used to increase and/or improve services may result in an LCAP that cannot be approved, and may trigger technical assistance from the County Office of Education. The district should closely monitor this requirement as budget constraints are addressed and the district navigates the impacts of reductions to the budget on the LCAP.

### **Adopted Budget**

On August 16, 2019, our office conditionally approved the district's 2019-20 Adopted Budget, and required the district to submit the following to our office by September 16, 2019:

- *2018-19 Unaudited Actuals* – Finalize and certify 2018-19 Unaudited Actuals.
- *2019-20 Revised Budget & Multi-Year Financial Projections* – Revise and provide our office with a board adopted budget, multi-year financial projections, and an updated LCFF calculator to account for changes resulting from the district's 2018-19 Unaudited Actuals, the enacted 2019-20 Budget Act, and updated ADA and enrollment estimates.

After an analysis of the information submitted, the County Superintendent approves the district's Revised Budget, but notes the following remaining concerns:

- *Budget Shortfall* – Assuming no mitigating measures, the district projects a \$0.8 million budget shortfall in 2021-22. This budget shortfall results in an unrestricted ending fund balance of **negative \$0.7 million**.
- *Plugged Reductions* – The district's projections include \$1.9 million of yet-to-be-identified or approved reductions in 2020-21. The district will be unable to meet the state-required reserve in 2020-21 if the plugged reductions fail to materialize.
- *Operating Deficit* – Multi-year financial projections indicate a substantial unrestricted General Fund operating deficit for the current and two subsequent fiscal years.
- *Declining Enrollment* – The district's projections indicate declining enrollment for the current and two subsequent fiscal years.
- *Position Control* – This district has budgeted approximately \$0.7 million of employee positions that remain vacant. Reconciliation of position control for the current year budget remains critical for the solvency of the district.

### **Lack of Going Concern Determination**

Due to the concerns noted above, in accordance with the provisions of EC Section 42127.6, the County Superintendent has determined that the district may be unable to meet its financial obligation for the current or two subsequent fiscal years and is taking action to identify the district as a "lack of going concern." Based on this determination, education code requires the county superintendent, to do at least one of the following, and all actions necessary, to ensure that the district meets its financial obligations:

- Assigning a fiscal expert, paid for by the county superintendent, to advise the district on its financial problems.

- Conducting a study of the financial and budgetary conditions of the district that includes, but is not limited to, a review of internal controls.
- Directing the school district to submit a financial projection of all fund and cash balances of the district as of June 30 for the current and subsequent fiscal years.
- Requiring the district to encumber all contracts and other obligations, to prepare appropriate cash flow analyses and monthly or quarterly budget revisions, and to appropriately record all receivables and payables. The district is currently providing monthly cash flow statements for county review, due on the 15<sup>th</sup> of each month.
- Directing the district to submit a proposal for addressing the fiscal conditions that resulted in the determination that the district may not be able to meet its financial obligations. **By December 15, 2019, submit a detailed list of solutions with your financial stabilization plan.**
- Withholding compensation of the members of the governing board and the district superintendent for failure to provide requested financial information.
- Assigning the Fiscal Crisis and Management Assistance Team to review teacher hiring practices, teacher retention rate, percentage of provision of highly qualified teachers, and the extent of teacher misassignments.

The items checked indicate those actions the County Superintendent is taking at this time.

In addition, the district's fiscal status results in the following additional requirements under current law.

*Non-Voter Approved Debt* – Since the district financial status mirrors that of a district with a qualified certification, EC Section 42133 prohibits the district from issuing non-voter approved debt (e.g., certificates of participation, tax and revenue anticipation note (TRAN), and capital leases) in 2018-19 and 2019-20, unless the county superintendent determines that the district's repayment is probable. Please submit a non-voter approved debt disclosure to our office at least 30 days prior to the governing board's approval to proceed with all non-voter approved debt issuance, excluding TRANs. For TRANs, please contact our office for a list of requirements.

*Employee Negotiations* – Government Code Section 3540.2(a) requires a school district that has a qualified or negative certification to allow the county office of education at least 10 working days to review and comment on any proposed collective bargaining agreement. Therefore, please provide us any forthcoming agreements or re-openers within this timeframe, along with a signed certification by the district superintendent and chief business official that the district can fulfill the agreement's costs.

#### **Subsequent Event**

On October 2, 2019, the district submitted a collective bargaining disclosure which included an increase of 1.25 percent to the certificated salary schedule and a \$400 annual increase for certificated employee medical premiums, retroactive to July 1, 2019. The projected cost of agreement, set to go to board on October 15, 2019, is approximately \$0.2 million. Due to the "lack of going concern" determination as stated above, **please submit an expenditure reduction plan to address the additional cost of this proposed agreement prior to October 15, 2019.**

#### **Conclusion**

Our office acknowledges the difficult financial decisions the district is facing in the near future, and looks forward to continue working closely and collaboratively with the district to strengthen its financial condition. Please do not hesitate to contact me or the District Fiscal Services staff with any questions or concerns.