



Riverside County
Board of Education

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DATE: October 8, 2018

TO: Mr. Robert Guillen, District Superintendent
Mr. Alejandro Cassadas, Board President
Mrs. Cathy Bagnara, Director, Fiscal Services
Ms. Felicia Adkins, Director, Educational Services
Banning Unified School District

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

BY: Teresa Hyden  Chief Business Official (951) 826-6790
Cynthia Glover Woods  Chief Academic Officer (951) 826-6648

SUBJECT: 2018-19 REVISED 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 2018-19 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 2018-19 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 2018-19 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.

Banning Unified School District									
Metric	Year	State Average	District Average	White	African American	Hispanic	English Learner (EL)*	Low Income (LI)	Students w/ Disabilities (SWD)
% of Enrollment	2018			12.9	7.9	67.8	16.9	87.2	12.5
% UC A-G Completion	2017	46.8	42.9	57.1	23.8	40.5	11.1	42.9	
EAP – % ELA College Ready	2017	27.7	12.8	22.7	8.3	11.3	0.0	13.6	3.6
EAP – % Math College Ready	2017	12.9	4.2	9.3	4.3	3.0	0.0	4.5	0.0
CAASPP – Grade 3 ELA % Met/Exceeded	2017	43.9	30.3	29.7	32.0	29.6	16.9	30.3	8.7
CAASPP – ELA % Met/Exceeded	2017	48.6	28.1	31.3	24.3	27.6	7.4	26.9	6.5
CAASPP – Math % Met/Exceeded	2017	37.6	17.3	20.7	13.6	16.8	6.2	16.5	4.4
CAASPP Distance from Level 3 – ELA	2017								
CAASPP Distance from Level 3 – Math	2017								
% Suspension ♦	2017	3.6	2.6	3.5	4.7	2.1	1.6	2.7	5.4
% Chronic Absenteeism ♦	2017	10.8	17.6	20.6	17.6	17.3	12.0	17.7	23.5
% EL Progress to English Proficiency**	2017						59.9		
Graduation Rate	2017	82.7	68.0	50.0	62.9	70.5	69.8	68.5	60.5
CAASPP – California Assessment of Student Performance and Progress CTE – Career Technical Education EAP – Early Assessment Program ELA – English Language Arts UC – University of California									
*CAASPP Distance from Level 3 English Learner Student Group includes Four-Year Reclassified Fluent English Proficient (RFEP) students. ♦ Suspension / Chronic Absenteeism - District data excludes charter schools. Statewide data includes both charters and non-charters. **% EL Progress to English Proficiency is calculated by taking the number of ELs meeting their annual growth target and dividing by the number of ELs with the required prior CELDT scores. This data represents the final year of CELDT assessment results.									

We offer the following commendations and inquiry questions to consider for the implementation of the 2018-19 Local Control and Accountability Plan and the refinement of the plan in the years 2019-20 and 2020-21:

Standards Met or Exceeded in English Language Arts and Mathematics

The district is to be commended for the range of professional development including administrator training for English Learner intervention placement and shadowing of Long-Term English Learners.

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:

- How might the district specifically explore the causal factors and remedies for district math data as well as the significant achievement gap of English Learner and Students with Disabilities student groups in English language arts and mathematics?
- How might differentiation of metrics support district efforts to close the achievement gap?
- How might the district monitor and support the implementation of strategies for high-quality instruction of Common Core State Standards provided in professional development?

Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways

The district is to be commended for establishing metrics and actions to increase enrollment in Advancement Via Individual Determination (AVID), CTE Pathways, and completing A-G requirements.

Additional dialogue related to the questions 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 targeted actions to address specific needs of student groups support increasing enrollment in AVID, CTE Pathways, and A-G requirements to close achievement gap?
- How might differentiation of metrics support district efforts to close the achievement gap?
- How might the district monitor and support targeted actions to address specific needs of student groups to increase enrollment in AVID, CTE Pathways, and A-G requirements to close achievement gap?

Pupil Engagement and School Climate

The district is to be commended for providing additional counseling support targeted to at-risk unduplicated students by expanding counseling staff to include a marriage family therapist.

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:

- What types of actions might help improve the parent/student/staff perceptions of school connectedness on the district Parent Satisfaction and School Climate surveys?
- In what ways might the district monitor and evaluate the impact of Positive Behavioral Interventions and Supports (PBIS), bullying prevention, additional counseling, and other district initiatives in order to improve the parent/student/staff perceptions of school connectedness on the district Parent Satisfaction and School Climate surveys?

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.roe.us/educational-services/assessment-accountability-continuous-improvement/lcap-support/>.

Fiscal Recommendations

During our review we identified opportunities to improve data accuracy between the district's LCAP and fiscal documents. The following technical corrections were incorporated into the district's LCAP:

- The district modified the Total General Fund Budget Expenditures For LCAP Year listed in the Budget Summary to correspond to the district's Adopted Budget.
- The district modified the Total Projected LCFF Revenues for LCAP year listed in the Budget Summary to correspond to the district's LCFF calculator.
- In the *Annual Update* section, the district added a sufficient explanation to certain material changes between Budgeted Expenditures and Estimated Actual Expenditures.
- In the *Goals, Actions, and Services* section, the district added a Budgeted Expenditure Amount, Source, or Budget Reference for certain goals, actions, and services.
- In the *Demonstration of Increased or Improved Services for Unduplicated Pupils* section, the district modified Estimated Supplemental and Concentration Grant Funds and the Percentage to Increase or Improve Services to correspond with the district's LCFF minimum proportionality calculation.

Adopted Budget

On August 29, 2018, our office conditionally approved the district's 2018-19 Adopted Budget, and required the district close the prior fiscal year, certify 2017-18 Unaudited Actuals, and submit the following to our office by September 24, 2018:

- *2018-19 Revised Budget & Multi-Year Financial Projections* – Revise and provide our office with a budget, multi-year financial projections, and an updated LCFF calculator to account for changes resulting from the district's 2017-18 Unaudited Actuals, the enacted 2018-19 Budget Act, and up-to-date ADA and enrollment estimates.
- *Cash Flow* – Provide our office with updated 2018-19 General Fund cash flow projections with actuals through August 31, 2018.

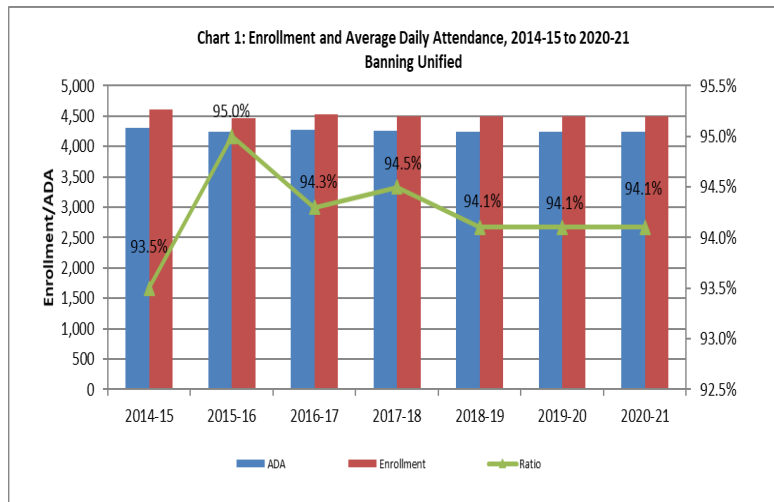
The following pages provide further details on the district's 2018-19 Revised Budget.

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

- *Operating Deficit* – Multi-year financial projections indicate a General Fund operating deficit for the current and first subsequent fiscal year.
- *Flat Enrollment* – The district's projections indicate flat enrollment for the current and two subsequent years.

Assumptions and Other Considerations

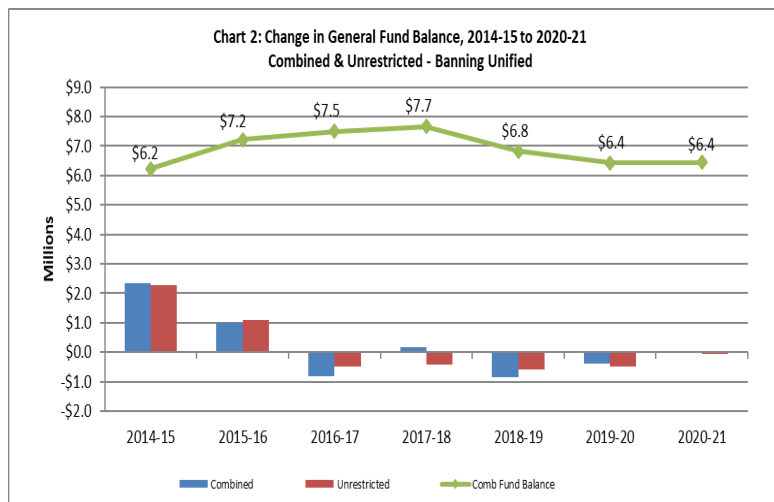
Enrollment and Average Daily Attendance (ADA) – The district's projected ADA to enrollment ratio (capture rate) for 2018-19 is 94.1 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 4,235 ADA for the current fiscal year, or a 0.4 percent decrease from the 2017-18 P-2 ADA. For 2019-20 and 2020-21, the district projects ADA to remain flat.



Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 86.89 percent for 2018-19, and 86.97 percent for 2019-20 and 2020-21. The district’s unduplicated pupil percentage included in the 2017-18 P-2 certification by the California Department of Education was 87.52 percent.

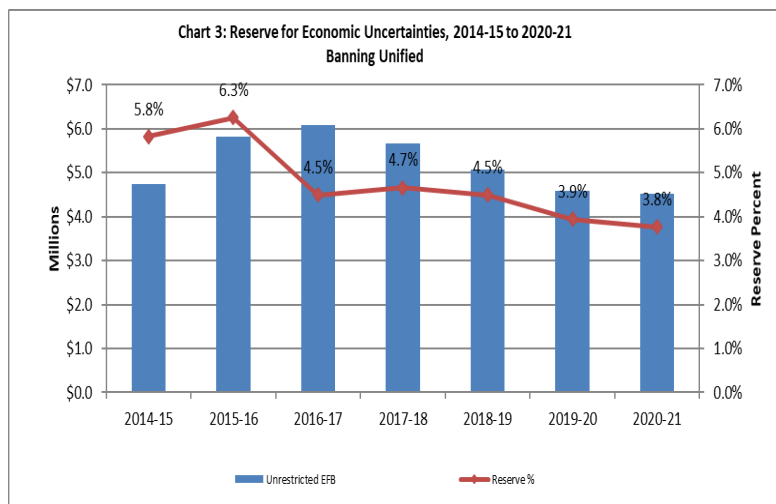
Local Control Funding Formula (LCFF) – The district has incorporated target funding as proposed in the Governor’s 2018-19 budget projections. Additionally, the district estimated COLAs of 3.7 percent, 2.57 percent, and 2.67 percent for the 2018-19, 2019-20, and 2020-21 fiscal years, respectively. Our office recommends a contingency plan should LCFF funding not materialize as projected in the Governor’s 2018-19 budget.

Fund Balance – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2018-19 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$0.8 million in 2018-19 and \$0.4 million in 2019-20. Chart 2 shows the district’s deficit spending historical trends and projections. The district cannot sustain deficit spending into future fiscal years.

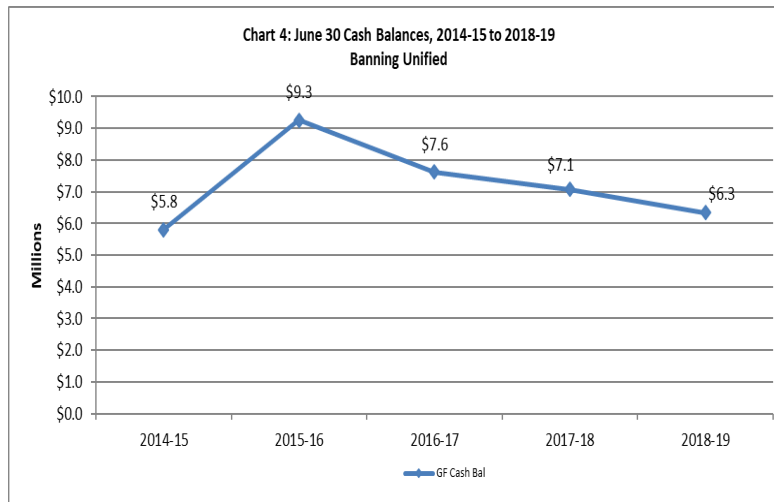


Employee Negotiations – As of September 27, 2018, the district reports salary and benefit negotiations continue with both the certificated and classified bargaining units for the 2018-19 fiscal year. Prior to entering into a written agreement, California Government Code (GC) Section 3547.5 requires a 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.

Reserve for Economic Uncertainties – The minimum state-required reserve for a district of Banning Unified’s size is 3.0 percent; however the governing board requires the district maintain a 4.5 percent reserve for economic uncertainties. 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 reserve in 2018-19. However, projections indicate the district’s board required 4.5 percent reserve will not be met in 2019-20 and 2020-21.

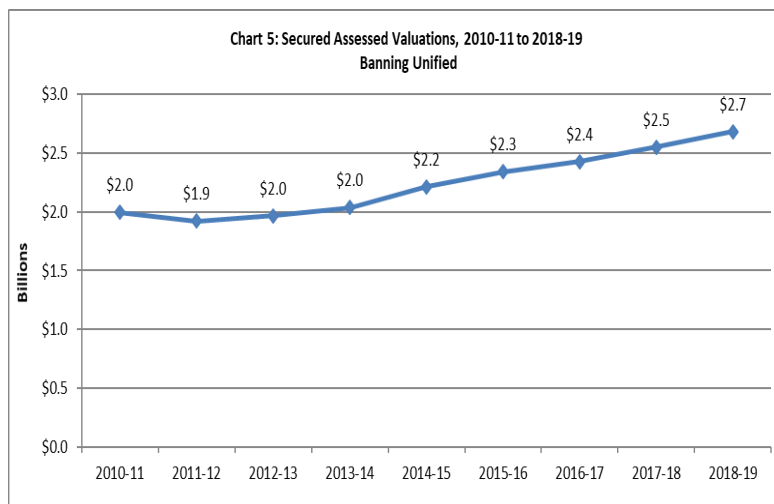


Cash Management – Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$6.3 million as of June 30, 2019. This balance does not include any temporary borrowings, 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.



AB 2756 – Current law, as enacted through *AB 2756* (Chapter 52, Statutes of 2004), 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.

Assessed Valuations – The Riverside County Assessor’s Office has estimated secured assessed valuations will increase by 6.26 percent countywide in 2019-20. Chart 5 displays a historical summary of the district’s secured property tax assessed valuations.



Conclusion

As we enter a new era in California school finance, it is crucial that districts maintain prudent budget practices. Changes in State and Federal legislation, which remain uncertain, could lead to significant changes in future funding levels and compliance requirements. Additionally, there is increasing pressure for public agencies to provide additional layers of spending transparency. We encourage districts to begin assessing program contributions and reducing any structural deficits so that fiscal solvency can be preserved through changes in the operational landscape. Our office is committed to supporting districts in maintaining quality educational programs, while preserving fiscal solvency. If we can be of any further assistance, please do not hesitate to contact our office.