



**Riverside County
Board of Education**

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DATE: September 14, 2017

TO: Dr. Sid Salazar, District Superintendent
Mr. Art Kaspereen Jr., Board President
Ms. Susana Lopez, Assistant Superintendent, Business Services
Ms. Angela Gallardo-Hopkins, Executive Director, Elementary
Ms. Julie Koehler-Mount, Executive Director, Secondary
Alvord Unified School District

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

BY: Teresa Hyden  Chief Business Official
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SUBJECT: 2017-18 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 2017-18 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 2017-18 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 2017-18 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 local educational agencies closely monitor the metrics listed in the data table below for all student groups.

Alvord Unified School District								
Metric	Year	State Average	White	African American	Hispanic	English Learner (EL)*	Low Income (LI)	Students w/ Disabilities (SWD)
% of Enrollment	2017		10.6	3.7	78.7	37.1	79.1	10.4
% UC A-G Enrollment	2017		98.0	99.2	97.4	95.3	97.4	83.7
% UC A-G Completion	2016	45.4	47.6	37.7	36.5	14.7	36.4	13.6
EAP – % ELA College Ready	2016	26	26.3	16.4	15.1	0.0	15.1	1.6
EAP – % Math College Ready	2016	13	11.2	7.5	4.0	0.0	5.0	1.7
CAASPP – Grade 3 ELA % Met/Exceeded	2016	43	41	38	28	25	28	10
CAASPP – ELA % Met/Exceeded	2016	49	55.0	41.4	36.0	17.0	35.8	7.3
CAASPP – Math % Met/Exceeded	2016	37	43.1	28.5	23.9	11.1	23.7	5.0
CAASPP Distance from Level 3 – ELA	2016							
CAASPP Distance from Level 3 – Math	2016							
% Suspension	2016	N/A	2.7	3.8	2.1	2.3	2.4	5.4
% Chronic Absenteeism		N/A						
% EL Progress to English Proficiency	2016					29.6		
% Completing One or More CTE Pathways	2015		22.3	18.6	21.9	21.9	0.0	0.0
Graduation Rate	2016	83.2	93.6	88.7	88.6	86.9	89.7	73.5
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.

We offer the following commendations and inquiry questions to consider for the implementation of the 2017-18 Local Control and Accountability Plan and the refinement of the plan in the years 2018-19 and 2019-20.

The district is to be commended for providing a clear connection between goals, data analysis, actions and services throughout the plan. Additionally, there is clear evidence of a district focus on increasing course access, ensuring all high school courses are A-G compliant, and a process for continuous improvement. Finally, utilizing the Multi-Tiered System of Support (MTSS) Framework will enhance the district's focus on the success of all students academically and behaviorally.

As your district continues to refine your MTSS system to support students in academic achievement, course access, and pupil engagement, additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals listed in the plan:

- How might the district accelerate growth for Students with Disabilities and English Learners in English language arts and math?
- How might the district incorporate a plan, within the MTSS system, to ensure more English Learners perform at the college ready level on the EAP in English Language Arts?
- What impact would refinement of the alignment between units of study and common formative assessments have on English Learners and their performance on the EAP in mathematics?
- How can engagement of Foster Youth students and community resources increase the graduation rate for the Foster Youth student group?

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. If supplemental and concentration grant funds have been underinvested each fiscal year, it may be difficult for the district to demonstrate compliance with the LCFF spending regulations at full implementation.

During our review of the district's LCAP, we noted the following:

- The Estimated Supplemental and Concentration Grant Funds in the *Demonstration of Increased or Improved Services for Unduplicated Pupils* section did not correspond with the district's LCFF Minimum Proportionality calculation. It was our recommendation that the amount be modified to \$42,318,804. The district implemented our recommendation.
- The Percentage to Increase or Improve Services in the *Demonstration of Increased or Improved Services for Unduplicated Pupils* section did not correspond with the district's LCFF Minimum

Proportionality calculation. It was our recommendation that the percentage be modified to 29.88 percent. The district implemented our recommendation.

Adopted Budget

In accordance with California Education Code (EC) Section 42127, our office has completed its review of the district’s 2017-18 Adopted Budget to determine whether it complies with the criteria and standards adopted by the (SBE) and whether it allows the district to meet its financial obligations for the 2017-18 fiscal year, as well as satisfy its multi-year financial commitments.

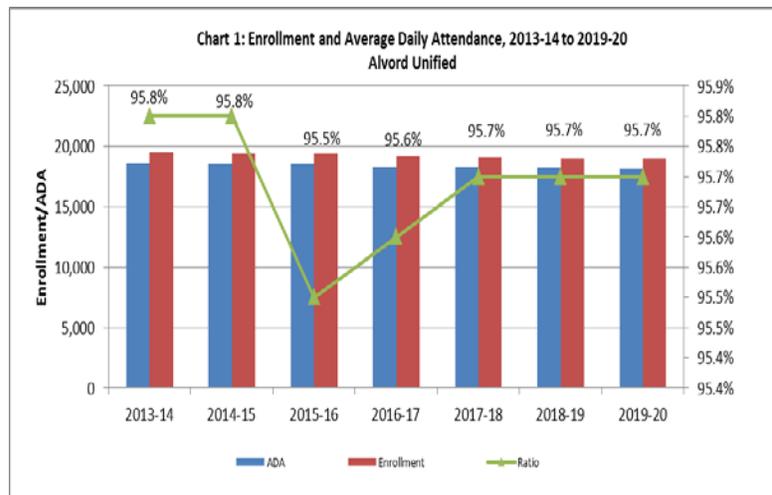
Based on our analysis of the information submitted, we approve the district’s budget, but note the following concerns:

- *2019-20 Budget Shortfall* – Assuming no mitigating measures, the multi-year financial projections indicate a budget shortfall of \$20,266 in the 2019-20 fiscal year.
- *Operating Deficit* – Multi-year financial projections indicate a 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.

Assumptions and Other Considerations

The district’s Adopted Budget was developed prior to adoption of the 2017-18 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.

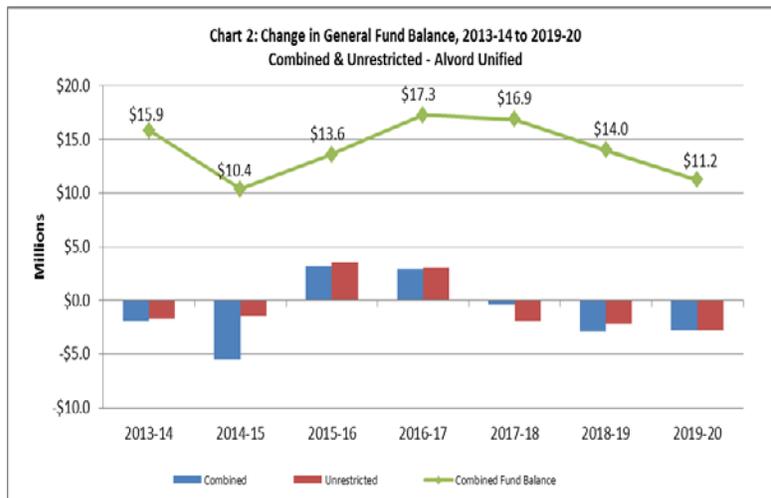
Enrollment and Average Daily Attendance (ADA) – The district’s projected ADA to enrollment ratio (capture rate) for 2017-18 is 95.7 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 18,268 ADA for the current fiscal year, or a 0.2 percent decrease from the 2016-17 P-2 ADA. For 2018-19 and 2019-20, the district projects a 0.3 percent decrease in ADA each year.



Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 80.45 percent for 2017-18 and 80.40 percent for 2018-19 and 2019-20. The district’s unduplicated pupil percentage included in the 2016-17 P-2 certification by the California Department of Education was 79.95 percent.

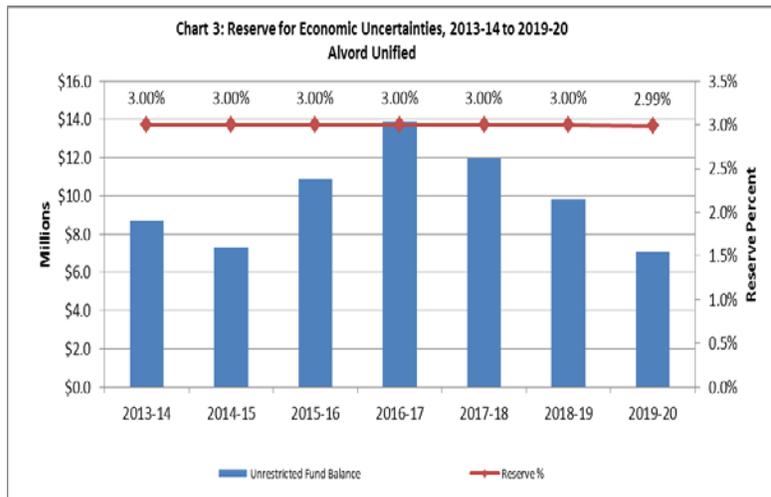
LCFF Gap Funding – For purposes of determining the potential gap funding increase, the district has estimated 43.20 percent for the 2017-18 fiscal year, 71.53 percent for 2018-19, and 73.51 percent for 2019-20. The district has yet to identify a contingency plan should gap funding increases not materialize. Please provide this contingency plan with the submission of the 2017-18 First Interim Report.

Fund Balance – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2017-18 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$0.4 million in 2017-18, \$2.9 million in 2018-19, and \$2.8 million in 2019-20. Chart 2 shows the district’s deficit spending historical trends and projections.

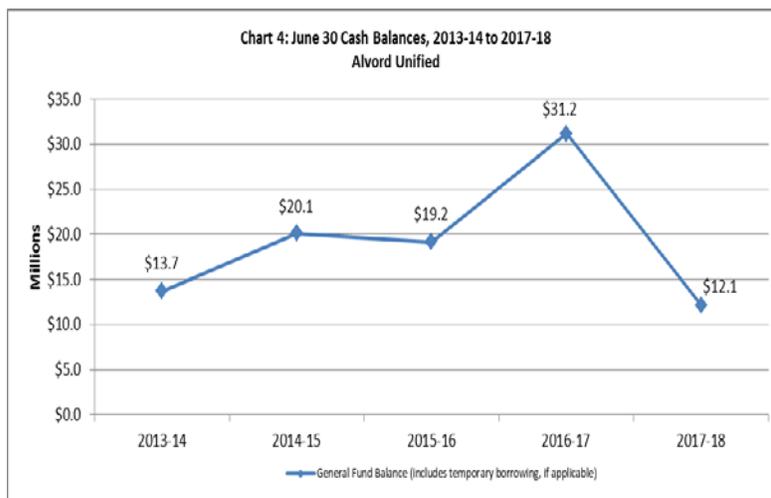


Employee Negotiations – As of the board date, June 22, 2017, the district reports salary and benefit negotiations continue with both the certificated and classified bargaining units for the 2017-18 fiscal year. Prior to entering into a written agreement, California Government Code (GC) Section 3547.5 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 Alvord Unified’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 first subsequent fiscal year. However, the district falls short of the minimum reserve requirement in the second subsequent fiscal year by \$20,266.

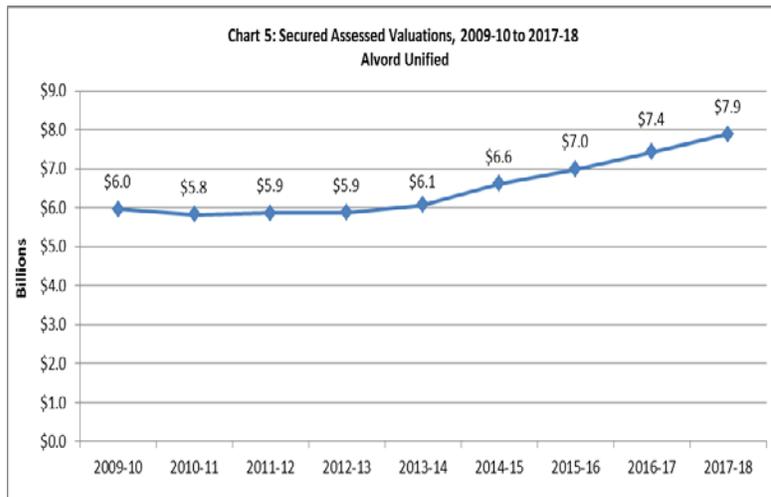


Cash Management – Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$12.1 million as of June 30, 2018. This balance does not include any temporary borrowings, 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 5.53 percent countywide in 2017-18. Chart 5 displays a historical summary of the district’s secured property tax assessed valuations.



Conclusion

As the State rapidly approaches full implementation of the LCFF, it is vital that districts exercise sound fiscal judgement and remain cognizant of the rapidly changing environment in which we currently operate. Districts should maintain cautious regard when planning future programs and preparing multi-year financial projections. 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.