

2014-15 Plan Implementation

In a review of the *Annual Update*, we noted that while the plan addresses what the district did concerning last year’s actions and mentions effectiveness in the summary statements for each goal, it does not clearly include assessments of the **effectiveness** of a specific action. We recommend that Lake Elsinore include effectiveness statements which are reasonable, specific, transparent, and include metrics; additionally, to strengthen the plan, provide more detail in your actions/services to correlate how the action results in student achievement.

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 Lake Elsinore’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).

In addition, the plan would be strengthened by **differentiating actions and outcomes for significant subgroups** who are underperforming or overrepresented in suspension and expulsion data. Most of the subgroup actions were for all subgroups. Consider strengthening actions by subgroup based on data and priorities. For example,

- While the enrollment in A-G coursework is high, the completion rate for this course sequence is significantly below the state average for all subgroups and of particular concern for English Learners and Students with Disabilities. The plan indicates the following outcome under Goal 7: “A. 2% more students (based on 2013/2014 rates) will successfully complete A-G courses.” This goal maintains the district gap with the state average and does not close the achievement gap for any subgroups. We recommend accelerating and differentiating the target for those subgroups based upon the size of the gap. Then identify research-based actions that when implemented with fidelity will have a positive impact on students.
- In Goal 7, the district also includes the following outcome: “C. 2% more students (based on 2013/2014 data) will pass EAP exams to demonstrate college readiness.” Overall, the district, with the exception of the White subgroup, performs below the state average in Math and includes significant subgroups at 0 percent in both subjects. In most subgroups, performance in ELA is also below the state average.
- The district includes an outcome to maintain the graduation rate. While the district average at 88.7 percent exceeds the state average and most subgroups are graduating at high rates, a significant gap exists for English Learners and Students with Disabilities. Consider actions to ensure that those students increase graduation rates.

In reviewing district data we noticed these achievement rates for your subgroups compared to the state average.

Metric	State Average	White	African American	Hispanic	English Learner	Low Income	Students w/ Disabilities
% of Lake Elsinore USD		32.4	4.4	55.9	14.2	64.4	11.6
% UC A-G Enrollment		89.3	91.1	91.4	90.9	91.3	64.6
% UC A-G Completion	41.9	30.5	20.5	23.7	2.8	22.1	1.9

Metric	State Average	White	African American	Hispanic	English Learner	Low Income	Students w/ Disabilities
% EAP – ELA/Math	24.8 / 10.5	24.4 / 11.2	20.5 / 0.0	14.0 / 7.8	0.0 /	13.8 / 6.1	0.9 /
% CAHSEE – ELA/Math	83 / 85	88 / 89	76 / 81	81 / 82	50 / 50	79 / 80	35 / 38
% Graduation	80.8	90.3	87.6	87.4	73.9	86.1	72.7
% Suspension	4.36	4.24	8.80	4.29	3.38	5.35	12.86

*Please note that while the CAHSEE is currently suspended, the data illustrate the persistent achievement gap.

LCAP Goal 8 includes the following metric for the progress of English Learners toward English proficiency, “Meet or exceed state goal based on the District's 14/15 AMAO data.”

Although the 2014-15 Title III accountability data was published after the LCAP was approved by your local school board, we reviewed Annual Measurable Achievement Objectives (AMAO) data according to the 2014-15 Title III Accountability Report as well as historic AMAO data. (See table below.) The data reveal the performance of students in AMAO 1 and AMAO 2b have exceeded the target. Lake Elsinore has not met AMAO 2a (Less Than 5 Years) for 2014-15.

In reviewing the data, we observed that AMAO 1 has been increasing each year. However, while generally meeting the targets, the data for AMAO 2a and 2b have been generally flat.

Title III Annual Measurable Achievement Objectives (AMAO) Trends									
	AMAO 1			AMAO 2a (Less Than 5 Years Cohort)			AMAO 2b (5 Years or More Cohort)		
	LEUSD	Target	Met?	LEUSD	Target	Met?	LEUSD	Target	Met?
2014-2015	62.1%	60.5%	Yes	23.5%	24.2%	No	56.7%	50.9%	Yes
2013-2014	59.5%	59.0%	Yes	25.0%	22.8%	Yes	58.2%	49.0%	Yes
2012-2013	57.3%	57.5%	No	23.6%	21.4%	Yes	57.0%	47.0%	Yes

The evidence of the most recent data for AMAO 2 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, 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.

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 *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

On August 15, 2015, our office conditionally approved the district's 2015-16 Adopted Budget, and required the district close the prior fiscal year, certify 2014-15 Unaudited Actuals, and submit the following to our office by September 15, 2015:

- 2014-15 Unaudited Actuals, certified by the governing board.
- 2015-16 Revised General Fund Budget and Multi-Year Financial Projections, approved by the governing board to account for the changes resulting from the district's 2014-15 Unaudited Actuals and the enacted 2015-16 Budget Act.
- 2015-16 Cash Flow for the General Fund, reflecting revenues and disbursements through August 31, 2015, and reflecting the 2015-16 Advance Apportionment payment schedule.

The following pages provide further details on the district's 2015-16 Revised Budget.

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

- *Flat Enrollment* – The district's projections indicate flat enrollment for the two subsequent fiscal years.
- *Cash* – Absent temporary borrowing, the district's General Fund cash balance is not sufficient to cover cash flow needs throughout the 2015-16 fiscal year.
- *Negative Ending Fund Balance* – The district is projecting a negative ending fund balance of \$3.2 million in the Self Insurance Fund.
- *Audit Finding* – The 2013-14 audit report included a finding which indicates the district deficit spent \$8.3 million in the 2011-12 fiscal year, \$8.1 million in the 2012-13 fiscal year, and \$2.3 million in 2013-14, as a result from an audit adjustment to the financial statements in 2013-14. Plans to further deficit spend in the 2014-15 fiscal year resulted in the district's inability to meet future financial obligations and its reserve requirements. The audit report further indicated concerns with ongoing external borrowing and cash flow. The finding cited six consecutive recessionary years without offsetting budget reductions, internal and external borrowings which mask the significance of cash flow issues, and stagnant local enrollment of students as the cause for the condition.

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 notes the district issued a negative certification for the 2014-15 First and Second Interim Financial Reports.

LCFF Gap Funding – For purposes of determining the potential gap funding increase, the district has estimated 51.52 percent for the 2015-16 fiscal year, 35.55 percent for 2016-17, and 35.11 percent for 2017-18. The district has indicated expenditures will be reduced to align with revenues each year should the projected gap funding increase not materialize.

Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 66.39 percent for 2015-16, 66.38 percent for 2016-17, and 66.37 percent for 2017-18. The district’s unduplicated pupil percentage included in the 2014-15 P2 certification by the California Department of Education is 66.50 percent.

Employee Negotiations – The district reports salary and benefit negotiations continue with both the certificated and classified bargaining units 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:

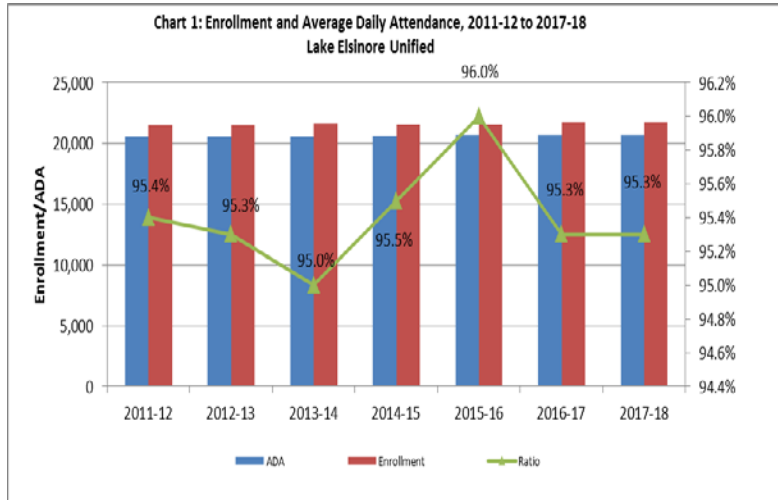
- The district’s LCAP included *Section 4: Expenditure Summary* which is not part of the template adopted by the State Board of Education. We recommend that the section be removed from the district's posted LCAP and that it be disclosed to your board. In like manner, that section will not be included on the County’s posting of the district's LCAP.
- 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.
- *Sections 3A* and *3B* did not correspond with the district’s Local Control Funding Formula Minimum Proportionality calculation. It was our recommendation that *Sections 3A* and *3B* be modified to \$17,949,894 and 11.51%, respectively. The district implemented the recommendations.

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

Lake Elsinore Unified School District

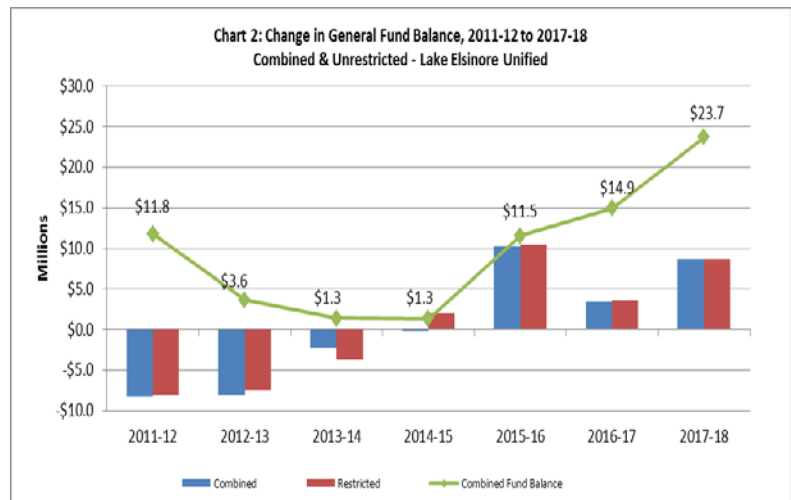
Enrollment and Average Daily Attendance (ADA)



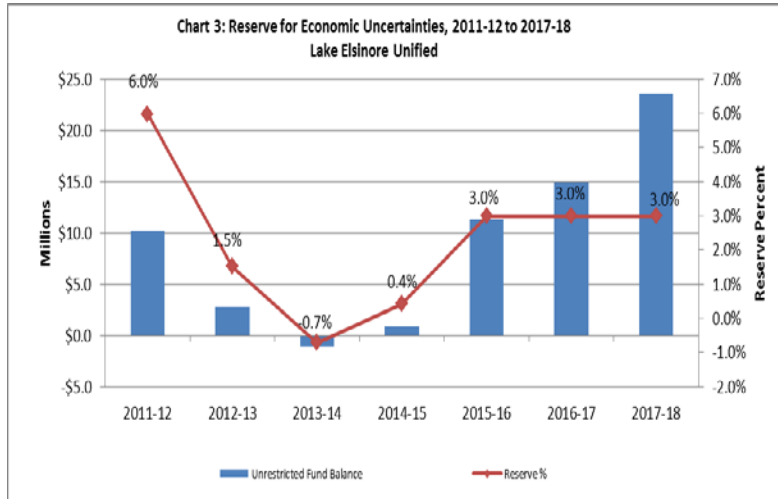
The district's projected ADA to enrollment ratio (capture rate) for 2015-16 is 96.0 percent, which is higher than the historical average ratio for the three prior fiscal years. The district estimates 20,692 ADA for the current fiscal year, or a 0.7 percent increase from the 2014-15 P-2 ADA. For 2016-17 and 2017-18, 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 except the Self Insurance Fund in the 2015-16 fiscal year. Chart 2 shows the district's deficit spending historical trends and projections.



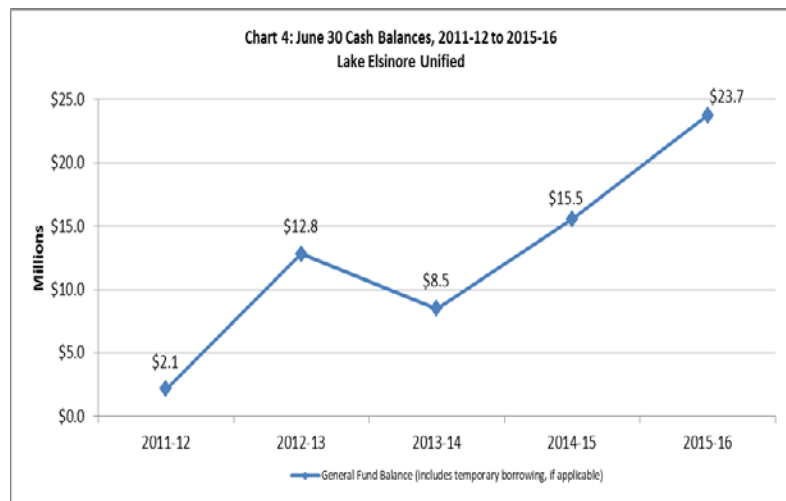
Reserve for Economic Uncertainties



The minimum state-required reserve for a district of Lake Elsinore 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 subsequent fiscal years.

Cash Management

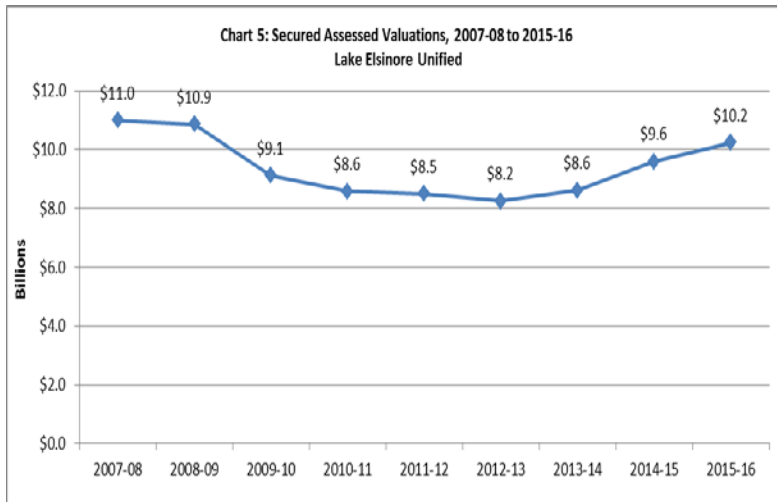
The district currently has a \$22 million 2015-16 tax and revenue anticipation note (TRAN) with repayments scheduled for March and May 2016. The district also had a 2014-15 cross-fiscal year TRAN, with repayment of \$8.3 million in July 2015. Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$12.2 million as of June 30, 2016. This balance includes a \$2.6 million



temporary loan from the County School Facilities Fund, but does not appear sufficient to cover July 2016 expenditures based on the submitted 2015-16 cashflow. We will be requesting a 2016-17 cashflow projection with the First Interim Report. 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)* for temporary interfund borrowing purposes to remedy cash shortfalls.

Since the district filed a negative certification during the 2014-15 fiscal year, California Education Code Section 42133(a) prohibits the district from issuing non-voter approved debt (e.g., certificates of participation, tax and revenue anticipation notes (TRANs), and capital leases) in the 2015-16 fiscal year unless the county superintendent of schools 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.

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.