

We commend Temecula Valley Unified School District for its continuing leadership and support of students. TVUSD is among the highest performing districts in Riverside County. Our goal is to further enhance the performance of students by offering suggestions for the implementation of the plan and the development of the *Annual Update* and the 2016-17 LCAP.

2014-15 Plan Implementation

In a review of the *Stakeholder Engagement* section, we noted the plan provided a very clear description of stakeholder engagement and impact on the *Annual Update*. In a review of the *Annual Update*, we noted that while the plan addresses what the district did concerning last year's actions and clearly states the district's next steps for a given action, it does not clearly include assessments of the **effectiveness** of a specific action. The effectiveness of a specific action should be judged on the evidence collected in order to help the district determine the next steps. During the process of evaluating an action the LCAP Committee will be able to determine next steps clearly and justify those next steps based on clear evidence. We recommend that Temecula Valley include effectiveness statements which are reasonable, specific, transparent, and include metrics.

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 Temecula Valley'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 outcomes and actions for significant subgroups** who are underperforming academically or overrepresented in suspension and expulsion data when significant gaps exist. Most of the outcomes were for all students based upon the district's aggregated performance. Most of the subgroup actions were for all subgroups. We also recommend setting aspirational and challenging targets for all outcomes and for all subgroups. In addition, we encourage you to consider differentiating actions to accelerate underperforming subgroups based on data and priorities. For example,

- The 2015-16 LCAP focuses on college and career readiness. In the *Expected Annual Measurable Outcomes* (EAMO) section, the metrics focus only on all students, and only when a subgoal focuses on a specific population is there a subgroup target. When targets are not differentiated by subgroup, they are unlikely to close the achievement gap. By including subgroup targets, the district will be able to show they are closing the achievement gap for all students.
- While the enrollment in A-G coursework is typically high in Temecula Valley, the completion rate for this course sequence is significantly below the state average for English Learners and Students with Disabilities. Other subgroups perform above the state average, but an achievement gap is apparent between those subgroups and the White subgroup. The EAMO for this metric is to increase the district average by 1 percent. When targets are not aspirational nor differentiated by subgroup, they are unlikely to close the achievement gap.
- College readiness as measured by the Early Assessment Program (EAP) is 33.8 percent in English Language Arts (ELA) and 8.0 percent in Math for the districtwide average. With the exception of the White subgroup, the district (Math) and each subgroup perform below the state average in both ELA and Math, with significant gaps in mathematics. The EAMO for this metric is to increase the district average by 1 percent. When targets are not aspirational nor differentiated by subgroup, they are unlikely to close the achievement gap.

- In Goal 5, Temecula Valley identified an EAMO to reduce suspensions for all students by .5 percent. We recommend that the district differentiate the target for reducing suspensions for African American students and Students with Disabilities. We recommend that specific actions be added to ensure the disproportionality is reduced along with the district suspension rate.

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 TVUSD		45.7	3.8	31.6	5.7	21.8	12.2
<i>Goal 2</i>							
% UC A-G Enrollment		97.7	93.8	95.5	87.1	93.8	86.0
% UC A-G Completion	41.9	64.0	55.7	52.3	17.6	52.8	15.1
% EAP – ELA/Math	24.8 / 10.5	40.4 / 9.8	19.8 / 1.8	23.6 / 3.9	0.0 / 9.1	22.5 / 5.6	3.9 / 2.9
% CAHSEE – ELA/Math	83 / 85	96 / 94	84 / 85	90 / 89	40 / 57	85 / 84	59 / 54
% Suspension	4.36	3.46	7.66	4.93	5.21	5.95	9.01
*Please note that while the CAHSEE is currently suspended, the data illustrate the persistent achievement gap.							

LCAP Goal 1 includes an EAMO for the progress of English Learners toward English proficiency, described as increasing the percentage of English Learners meeting proficiency levels (AMAO 2) on the CELDT test. 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 measureable 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.) The data reveal the performance of students in AMAO 1 and AMAO 2a and 2b have exceeded the target.

In reviewing the data, we observed that AMAO 1 has been essentially flat for two years. Also, while meeting or exceeding the targets, the data for AMAO 2b has been generally flat. Progress of your English Learners in AMAO 2a has significantly exceeded the target the last three years.

Temecula Valley has consistently met its AMAO targets for English Learners. We recommend that the district review the historic data to determine which strategies were implemented fully to produce these results and consider identifying the significant and replicable factors for this success so that they may be implemented consistently across schools and shared with underperforming districts who are struggling to increase the English proficiency of similar students.

Title III Annual Measurable Achievement Objectives (AMAO) Trends									
	AMAO 1			AMAO 2a (Less Than 5 Years Cohort)			AMAO 2b (5 Years or More Cohort)		
	TVUSD	Target	Met?	TVUSD	Target	Met?	TVUSD	Target	Met?
2014-2015	61.7%	60.5%	Yes	38.3%	24.2%	Yes	52.8%	50.9%	Yes
2013-2014	61.8%	59.0%	Yes	32.5%	22.8%	Yes	53.9%	49.0%	Yes
2012-2013	54.8%	57.5%	No	32.7%	21.4%	Yes	47.9%	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.

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. For a district such as Temecula Valley, the additional standard requires identifying the research and/or educational practice which supports that using the funds districtwide and/or schoolwide is the most effective. While the description in 3A references research, we recommend being more explicit in the description about why this is the most effective use and identifying specific research and/or theory to support this use for specific areas. For example, there is a large body of research supporting AVID and PBIS; both of these must be implemented schoolwide and/or districtwide in order to have the effect identified in the research.

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 addition to those implemented in the previous 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.

Temecula Valley provides a detailed description of the services for each of the focus areas that will increase or improve services for unduplicated students. 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 or expanded 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:

- *Operating Deficit* – Multi-year financial projections indicate a General Fund operating deficit for the two subsequent fiscal years.
- *Declining Enrollment* –The district's projections indicate declining enrollment for the current year and flat enrollment for the two subsequent 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 23.83 percent for 2015-16, 23.85 percent for 2016-17 and 23.86 percent for 2017-18. The district's unduplicated pupil percentage included in the 2014-15 P2 certification by the California Department of Education is 23.81 percent.

Employee Negotiations – The district reports salary and benefit negotiations are complete with the both the certificated and classified bargaining units for the 2015-16 fiscal year. The certificated bargaining unit agreed to a 3.0 percent salary increase for all certificated members, effective July 1, 2015. Additionally, the agreement provided for a \$565 health and welfare benefit cap increase (from \$8,955 to \$9,520) for eligible full-time unit members enrolled in district health plans. The classified bargaining unit agreed to a 3.0 percent salary increase based on a collective bargaining agreement inclusion clause as was provided for in the agreement. Additionally, the agreement provided for a \$565 health and welfare benefit cap increase (from \$9,638 to \$10,203) for eligible full-time unit members enrolled in district health plans.

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:

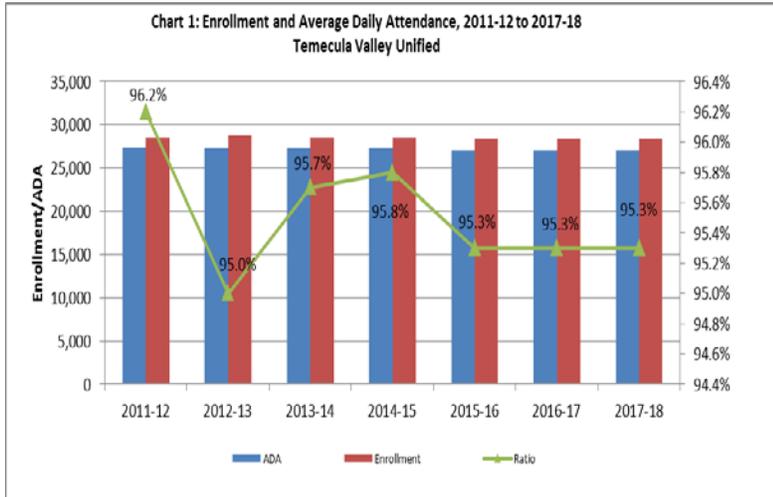
- As a district with unduplicated pupils less than 55 percent of the district's total enrollment and expenditures for supplemental and concentration grant funds on a district-wide basis, the district must describe how these services are the most effective use of the funds to meet the district's goals for its unduplicated pupils in the state and any local priority area. This includes providing the basis for this determination including, but not limited to, any alternatives considered and any supporting research, experience, or educational theory according to 5 CCR 15496(b). It was our recommendation that the basis of the determination be added to section 3A. The district implemented the recommendation.
- 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

Temecula Valley Unified School District

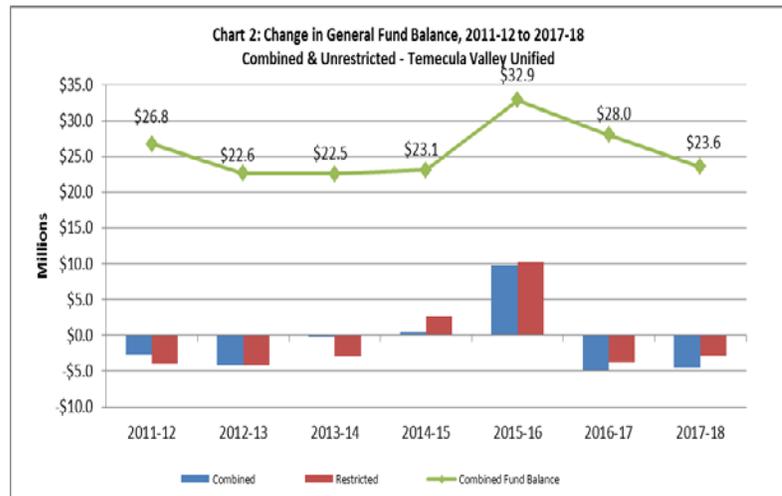
Enrollment and Average Daily Attendance (ADA)



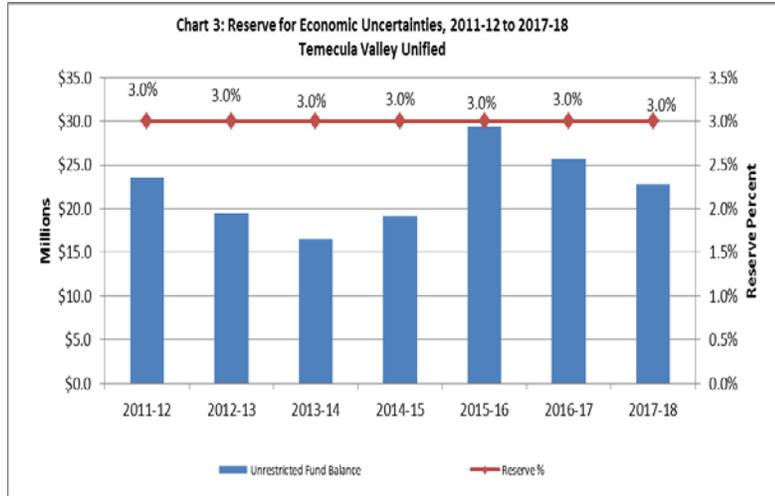
The district's projected ADA to enrollment ratio (capture rate) for 2015-16 is 95.3 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 27,099 ADA for the current fiscal year, or a 0.2 percent decrease from the 2014-15 P-2 ADA. For 2016-17 and 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 in the 2015-16 fiscal year. However, for the General Fund, the district anticipates expenditures will exceed revenues by \$4.8 million in 2016-17, and \$4.5 million in 2017-18. Chart 2 shows the district's deficit spending historical trends and projections.



Reserve for Economic Uncertainties

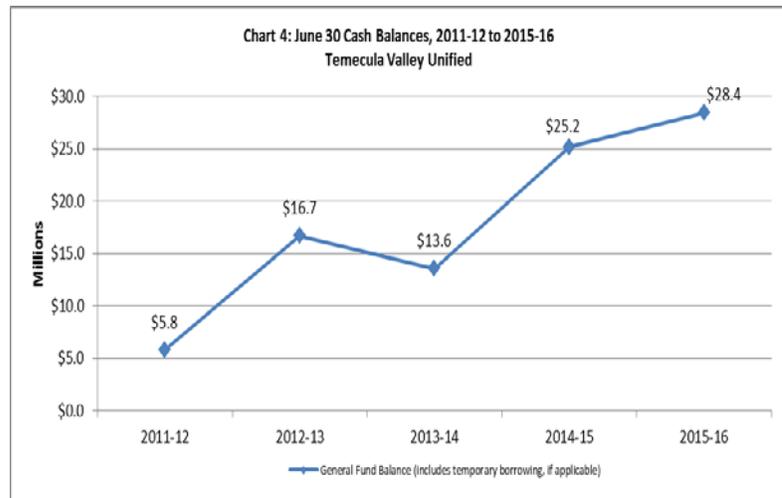


The minimum state-required reserve for a district of Temecula Valley Unified's size is 3.0 percent; however the governing board requires the district maintain a 3.0 percent reserve for economic uncertainties and an additional 1.0 percent reserve in the assigned unrestricted general fund. In light of 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

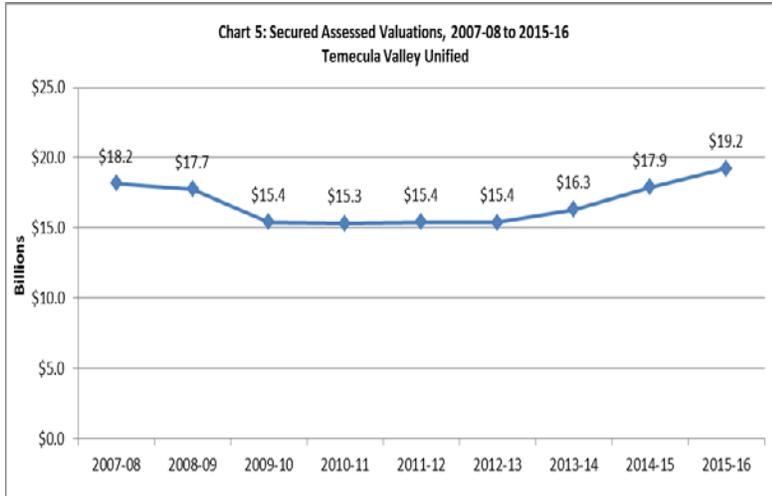
projected unrestricted General Fund balance and reserves. The district projects to meet the minimum reserve requirement, and the board required additional 1.0 percent reserve, in the current and two subsequent fiscal years.

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 \$28.4 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.



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.