

2014-15 Plan Implementation

In a review of the *Annual Update*, sixteen (16) planned actions were not implemented or were partially implemented, resulting in \$1,381,192 not being expended. This amounts to 32 percent of what was budgeted for increased or improved services not being expended, and the corresponding actions not being provided to students.

Our review leads us to conclude that the reason for this is primarily related to insufficient staffing to implement the plan as written. We recommend building the staffing capacity in Educational Services that will directly impact student success in order to meet the LCAP goals.

In addition, for those actions that were implemented, the plan does not clearly include assessments of the **effectiveness** of a specific action. We recommend the district include effectiveness statements which are reasonable, specific, transparent, and include metrics. We additionally recommend that the district provide more detail in the actions/services to correlate how the action results in student achievement.

Additional detail will be important, as there are actions in the 2015-16 plan that do not appear to correlate to the goals. For example, the plan includes a goal that states, "All students will be provided a school climate that is conducive to student achievement, provides a sense of safety and school connectedness as measured by suspension rates, expulsion rates, attendance rates, middle school dropout rates will decrease." One of the corresponding actions is, "Two charter buses will be purchased for field trips and athletic trips." The amount allocated to this action is \$300,000. It is unclear how the effectiveness will be measured in evaluating whether and how this action has contributed to achieving the goal as stated.

Student Achievement

Once baseline scores have been identified, we recommend 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 Banning'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 who are 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,

- The White student population data demonstrates needs in multiple areas in comparison to other significant subgroups. The district has 629 White students but their current A-G enrollment rate is 76.6 percent in comparison to your Hispanic students who are enrolled at 83.4 percent. The White students are also the subgroup with the lowest A-G completion rate at 14.3 percent and highest dropout rate at 28.6 percent, which is higher than Students with Disabilities and English Learners. White students have a graduation rate of 59.5 percent compared to the district average of 78.6 percent.
- College ready scores district-wide as measured by the Early Assessment Program (EAP) are 6.1 percent in English Language Arts and 0.7 percent in Math, with a few subgroups at zero (example: African American). Consider developing specific actions to increase college ready based on the new CAASPP results, with an initial focus on mathematics. These scores for all subgroups are significantly below the state average.
- The dropout rate among significant subgroups is disproportionate – English Learners is 21.4 percent and Students with Disabilities is 24 percent.

- Graduation rate for English Learners is 64.3 percent, Students with Disabilities is 52 percent, and, as noted above, for White students is 59.5 percent. The district average graduation rate is 78.6 percent. While these two groups will be served through other areas in the LCAP, consider specific actions to ensure their graduation rates increase.
- Suspension rates for Special Education students are the highest in the district at 15.04 percent. The district has included in the LCAP a plan to hire additional teachers to support the special education population; however, actions should be considered to meet the needs of this population in multiple areas.

As noted in the table below, significant gaps are evident between several subgroups and between all students in comparison to statewide performance.

Metric	State Average	White	African American	Hispanic	English Learner	Low Income	Students w/ Disabilities
% of Banning USD		13.7	8.6	65.7	20.6	88.7	9.3
% UC A-G Enrollment		76.6	84.1	83.4	77.2	84.7	73.5
% UC A-G Completion	41.9	14.3	39.1	32.9	10.5	37.3	0.0
% EAP – ELA/Math	24.8 / 10.5	15.2 / 0.0	0.0 / 0.0	6.7 / 1.1	0.0 / 0.0	5.3 / 0.8	0.0 / -
% Dropout	11.6	28.6	11.1	13.1	21.4	14.4	24.0
% Graduation	80.8	59.5	85.2	82.1	64.3	80.5	52.0
% Suspension	4.36	10.27	12.63	7.70	6.74	8.81	15.04

Although the 2014-15 Title III accountability data was published after the LCAP was developed and 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 a steady gap in the performance of students in AMAO 1 and AMAO 2b and minimal growth in those areas in which the target was met.

Banning has a population that consists of 20.6 percent English Learners. Overall, the 2015-16 plan to improve achievement for English Learners is strong; however, the evidence of the most recent data does not demonstrate the impact from previous actions that will ensure success for the students, particularly for those who are new language learners. The district plan would be further strengthened by including specific research-based actions targeted to addressing this data. In addition, particularly for English Learners, the district should identify formative measures of progress and should intervene immediately if actions are not producing expected results. Finally, the district should ensure it has the staffing capacity to implement the plan as written.

Title III Annual Measurable Achievement Objectives (AMAO) Trends									
	AMAO 1			AMAO 2a (Less Than 5 Years Cohort)			AMAO 2b (5 Years or More Cohort)		
	Banning USD	Target	Met?	Banning USD	Target	Met?	Banning USD	Target	Met?
2014-2015	54.3%	60.5%	No	16.5%	24.2%	No	47.1%	50.9%	No
2013-2014	52.6%	59.0%	No	19.9%	22.8%	No	42.2%	49.0%	No
2012-2013	52.8%	57.5%	No	24.1%	21.4%	Yes	37.7%	47.0%	No

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 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.

We recommend in *Section 3B* that the district broadly describe the services identified in the previous year(s) and then describe those services being added in the current LCAP year, which is 2015-16. This demonstrates that the district is 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 concern:

- *Flat Enrollment* – The district's projections indicate flat enrollment for the current and two subsequent fiscal 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 notes the district issued a qualified certification for the 2014-15 First Interim Financial Report.

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 36.74 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 86.42 percent for 2015-16, 85.92 percent for 2016-17 and 85.95 percent for 2017-18. The district's unduplicated pupil percentage included in the 2014-15 P2 certification by the California Department of Education is 86.75 percent.

Employee Negotiations – The district reports salary and benefit negotiations are complete with both the certificated and classified bargaining units for the 2015-16 fiscal year. The Banning Teacher’s Association (BTA) agreement provided for a 3.0 percent salary increase effective July 1, 2015. In addition, they agreed to add two additional work days for professional development to the 2015-16 work year only. Also, contingent upon an increase in ADA to enrollment of 96 percent (per school site), they agreed to a one-time 2.0 percent off schedule bonus.

The Classified School Employees Association (CSEA) agreement provided for a 5.0 percent increase to the salary schedules, effective July 1, 2015. In addition, the district and CSEA agreed to an MOU, which creates two new job descriptions and reclassifies ten existing job descriptions.

Additionally, both agreements placed a freeze on the employee out-of-pocket cost for each health and welfare plan at the 2014-15 levels until June 30, 2016. The district agreed to pay any increase in medical premiums on self-selected plan design in the 2015-16 fiscal year.

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:

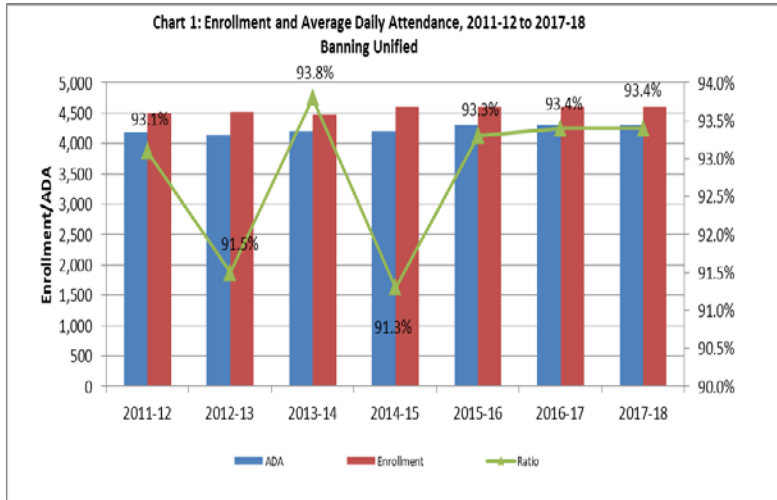
- The district’s LCAP included *Section 4: Expenditure Summary* which is not part of the template adopted by the State Board of Education. We recommend that the section be removed from the district's posted LCAP and that it be disclosed to your board. In like manner, that section will not be included 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.

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

Banning Unified School District

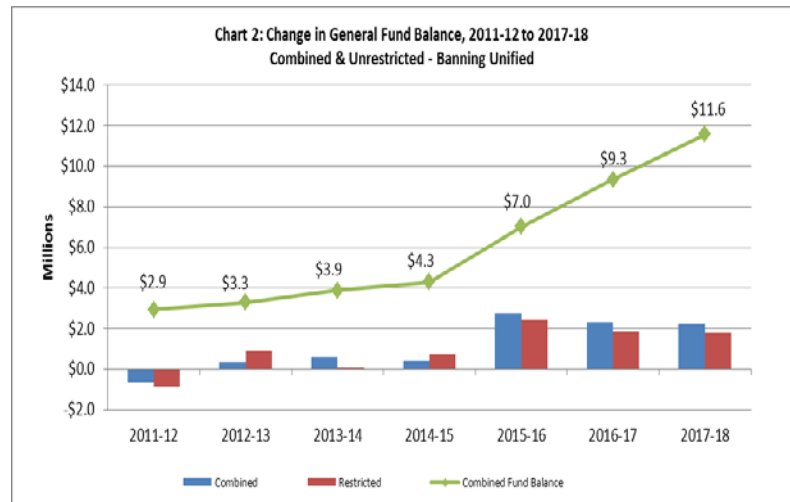
Enrollment and Average Daily Attendance (ADA)



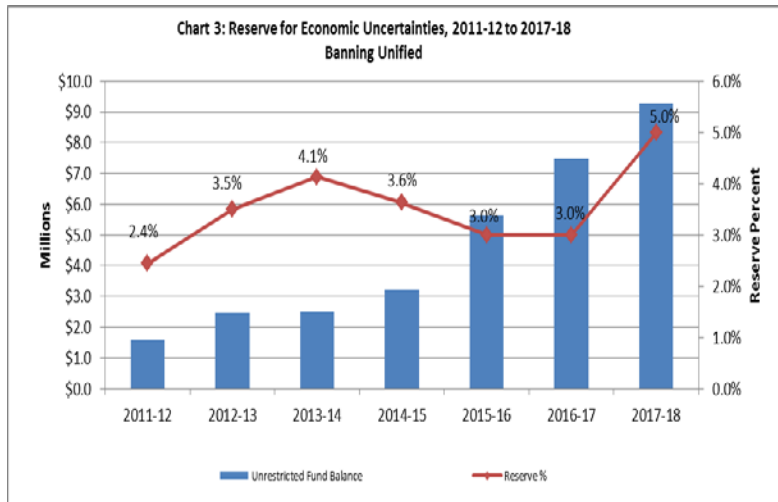
The district's projected ADA to enrollment ratio (capture rate) for 2015-16 is 93.3 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 4,296 ADA for the current fiscal year, or no change from the 2014-15 P-2 ADA. For 2016-17 and 2017-18, ADA is projected 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. Chart 2 shows the district's deficit spending historical trends and projections.



Reserve for Economic Uncertainties

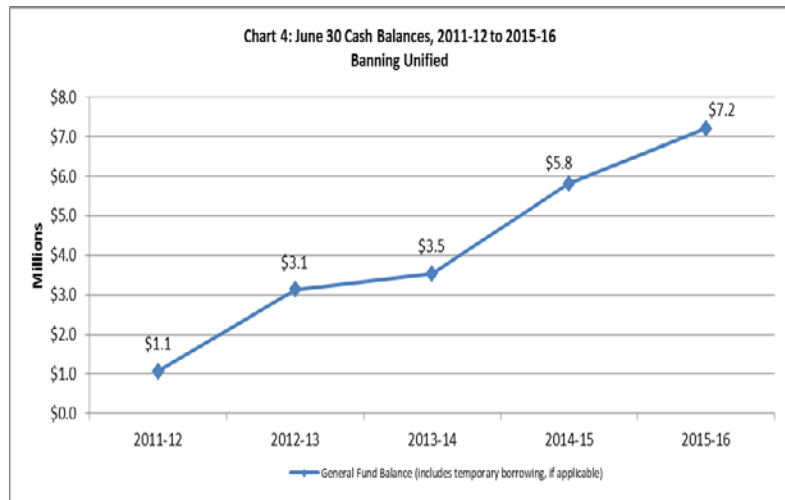


The minimum state-required reserve for a district of Banning Unified’s size is 3.0 percent; however the governing board requires the district maintain a 4.5 percent reserve for economic uncertainties. The amount above 3 percent is currently held in the General Fund Assignments and should be placed in the Unassigned Reserve for Economic Uncertainties. Please adjust at First Interim. 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 board required 4.5 percent reserve, in the current and two subsequent fiscal years.

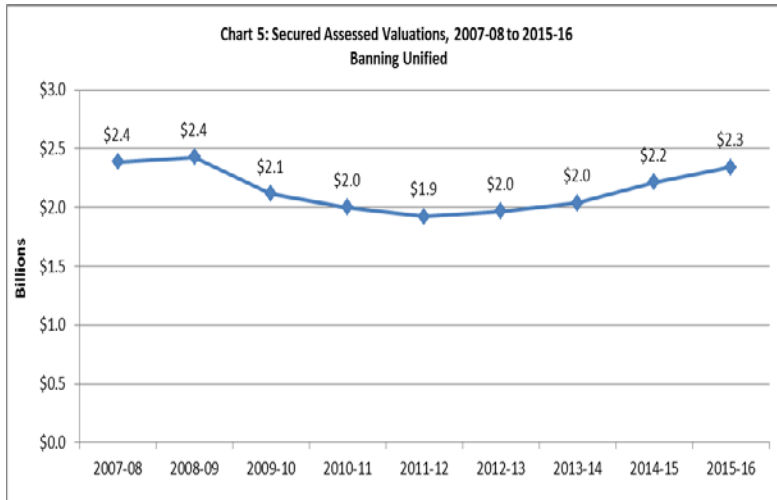
Cash Management

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 \$7.2 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.



Since the district filed a qualified 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.