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DATE: September 15, 2015

TO: Dr. Darryl Adams, District Superintendent
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Mr. Gregory Fromm, Assistant Superintendent
Dr. Jason Angle, Assistant Superintendent
Coachella Valley Unified School District

FROM: Kenneth M. Young, Riverside County Superintendent of Schools

BY: Teresa Hyden
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Subject: 2015-16 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 2015-16 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 2015-16 fiscal year has been approved by the Riverside County Superintendent of Schools. However, following are concerns and suggestions for the implementation of the plan and the development of the *Annual Update* and the 2016-17 LCAP.

**Riverside County
Board of Education**

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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 Coachella 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 actions and outcomes for significant subgroups** who are underperforming or overrepresented in suspension and expulsion data. Most of the subgroup actions were for the district overall (DO), English Learners (EL), and low income (SED). In every *Expected Annual Measurement Outcome* (EAMO), the growth target was the same for all students and the two identified subgroups; in order to meet Goal 1: “Increase student achievement and other pupil outcomes to prepare all students for college, career, and citizenship in the 21st Century,” growth targets must be set that will close the achievement gap rather than maintain it. The overall plan would be strengthened by differentiating outcomes and actions for significant subgroups who are underperforming. For example,

- In *Section 2*, Goal 1, the (EAMO) indicates all key subgroups for outcome F, “Increase A-G Requirement completion rate by 1% for all student groups”; however, the district is performing significantly below the state average for most subgroups, with major gaps in performance among the district groups. We recommend the district consider adding specific aspirational and differentiated targets for the unduplicated subgroups based on the data and the percent of the achievement gap and include appropriate specific actions for targeted subgroups to close the gap.
- In *Section 2*, Goal 3, the district addresses graduation rate with the following “EAMO: B. Increase 4-Yr Cohort Graduation rate for all student groups (DO, EL, SED) by 2%.” While this target will bring the district close to the state average, it does not address the extremely low graduation rates for White and African American students. While these are small subgroups, they are still significant subgroups under LCFF.

In reviewing district data we noticed, Coachella Valley students consistently underperform compared to the state average.

Metric	State Average	White	African American	Hispanic	English Learner	Low Income	Students w/ Disabilities
% of CVUSD		.9	.2	97.2	53.1	95.0	8.6
% UC A-G Enrollment		87.3	88.9	95.2	91.9	95.2	78.7
% UC A-G Completion	41.9	0.0	100.0	32.3	10.9	35.6	2.4
% EAP – ELA/Math	24.8 / 10.5			7.8 / 3.0	0.0 / 0.0	7.8 / 2.7	1.1 / 0.0
% CAHSEE – ELA/Math	83 / 85	94 / 69		74 / 80	40 / 55	74 / 79	31 / 39
% Graduation	80.8	53.3	33.3	78.8	67.4	78.5	67.2
% Suspension	4.36	6.4	8.77	4.25	4.24	4.52	9.41
*Please note that while the CAHSEE is currently suspended, the data illustrate the persistent achievement gap.							

Coachella Valley has a population that consists of 53 percent English Learners. Goal 1 is to “Increase student achievement and other pupil outcomes to prepare all students for college, career, and citizenship in the 21st Century.” Two of the *Expected Annual Measureable Outcomes* are:

- D. Increase English Language Reclassification rate by 2%, up to 11.4%.
- E. Increase English Language proficiency rate by 2%, up to 30.3%.

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 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 a significant gap in the performance of students in all three measures of language acquisition. In fact, the gap between the student performance and the targets is over 10 percent for each measure and has been so for three years. The targets increase by approximately 2 percent per year; in order to ensure students are prepared for the 21st Century, aspirational growth targets must be set that will close the achievement gap rather than maintain it.

Overall, the 2015-16 planned actions to improve achievement for English Learners are strong; however, the evidence of the most recent data does not demonstrate the impact from previous actions that will ensure success for these students. In each measure, the district performs **significantly** below the target.

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, we recommend the district identify formative measures of progress and intervene immediately if actions are not producing expected results. Finally, we recommend the district review historic data to determine which strategies were implemented fully and produced the desired results with students so that these may be replicated to ensure success for all English Learners.

Title III Annual Measurable Achievement Objectives (AMAO) Trends									
	AMAO 1			AMAO 2a (Less Than 5 Years Cohort)			AMAO 2b (5 Years or More Cohort)		
	CVUSD	Target	Met?	CVUSD	Target	Met?	CVUSD	Target	Met?
2014-2015	49.3%	60.5%	No	13.4%	24.2%	No	28.9%	50.9%	No
2013-2014	44.3%	59.0%	No	10.8%	22.8%	No	28.3%	49.0%	No
2012-2013	45.9%	57.5%	No	12.1%	21.4%	No	34.1%	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 the case of Coachella Valley, it would be very difficult to increase services to 96 percent of the students without implementing districtwide. However, 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) 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

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:

- *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 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 yet to identify a contingency plan should gap funding increases not materialize. Please provide this contingency plan with the submission of the 2015-16 First Interim Report.

Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 96.06 percent for 2015-16, 2016-17 and 2017-18. The district's unduplicated pupil percentage included in the 2014-15 P2 certification by the California Department of Education is 96.07 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:

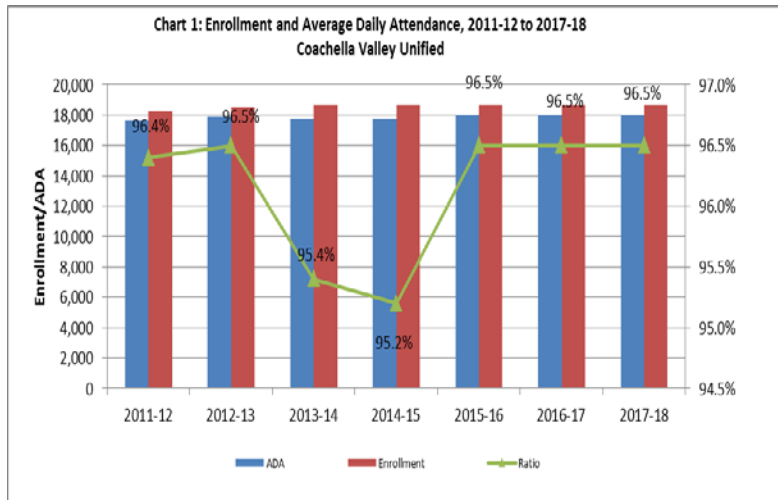
- *Sections 3A* and *3B* did not correspond with the district's Local Control Funding Formula Minimum Proportionality calculation. It was our recommendation that *Sections 3A* and *3B* be modified to \$30,020,330 and 20.86%, respectively. The district implemented the recommendations.
- The district's 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.
- In the LCFF calculator, the Prior Year Estimated Expenditures field, required to calculate the current year supplemental and concentration funding, was left blank. We recommend that the district review its LCFF calculation and modify 3A and 3B accordingly.
- 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

Coachella Valley Unified School District

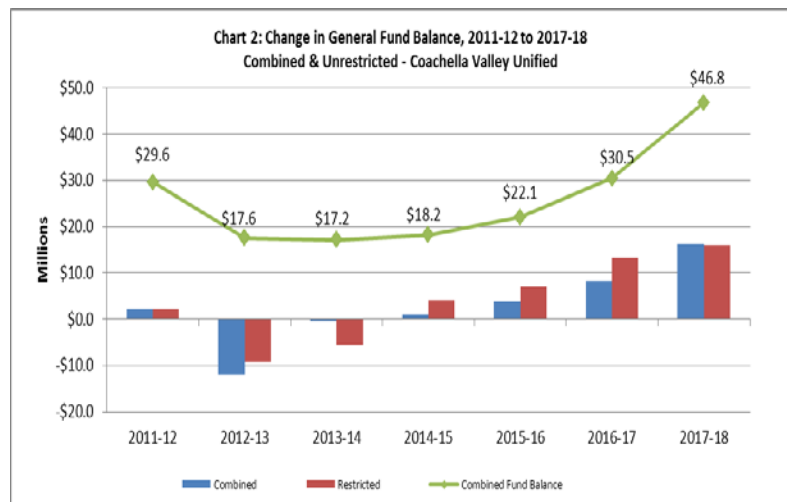
Enrollment and Average Daily Attendance (ADA)



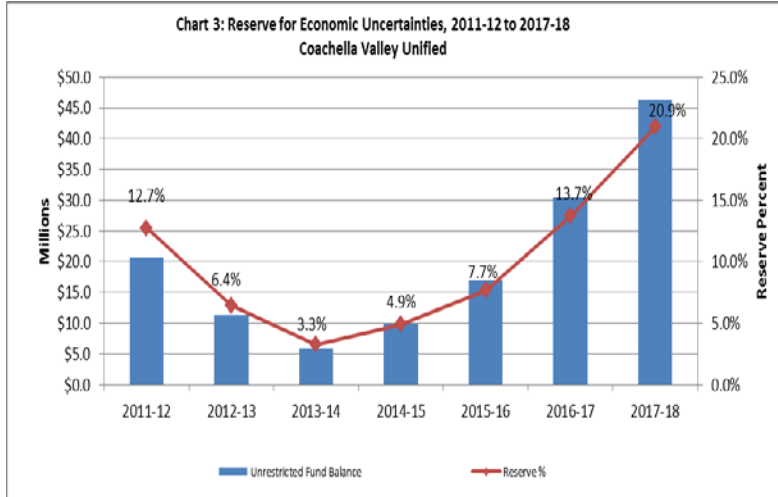
The district's projected ADA to enrollment ratio (capture rate) for 2015-16 is 96.5 percent, which is above the historical average ratio for the three prior fiscal years. The district estimates 18,006 ADA for the current fiscal year, or no change from the 2014-15 P-2 ADA. For 2016-17 and 2017-18 the 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. Chart 2 shows the district's deficit spending historical trends and projections.



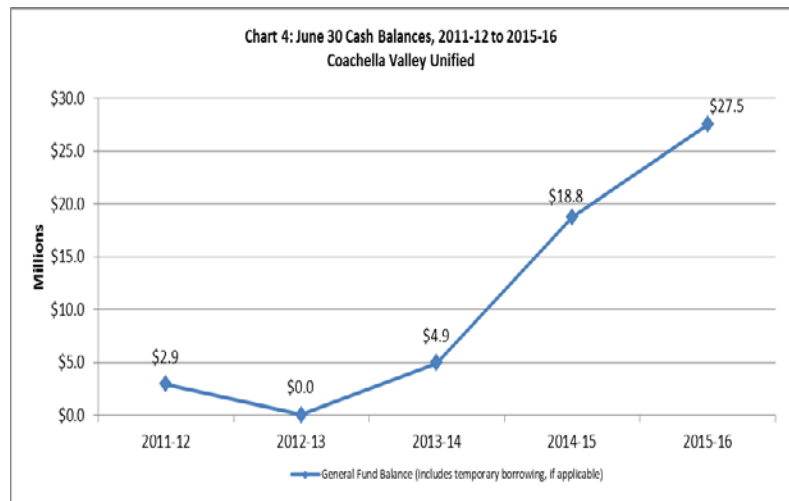
Reserve for Economic Uncertainties



The minimum state-required reserve for a district of Coachella Valley 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 two subsequent fiscal years.

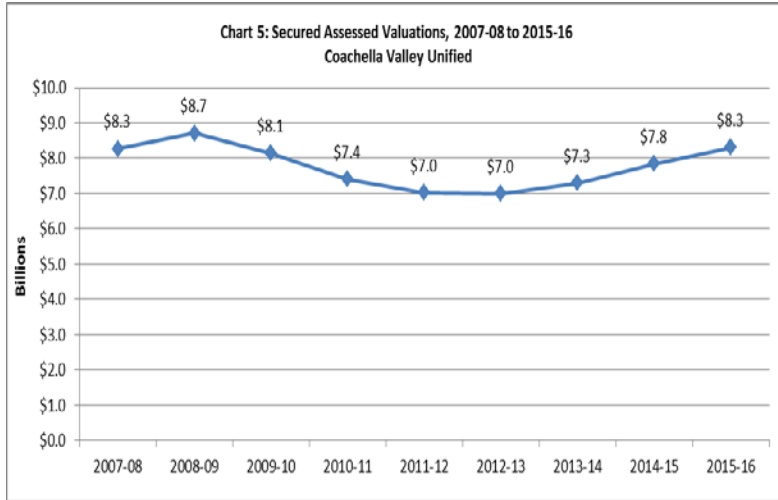
Cash Management

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 \$27.5 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.