



Riverside County
Board of Education

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DATE: September 14, 2017

TO: Mr. Scott Bailey, District Superintendent
Mr. Donald B. Griffith, Board President
Dr. James Novak, Assistant Superintendent
Mr. Daniel Miller, Assistant Superintendent
Desert Sands Unified School District

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

BY: Teresa Hyden  Chief Business Official (951) 826-6790
Cynthia Glover Woods  Chief Academic Officer (951) 826-6648

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.

Desert Sands Unified School District								
Metric	Year	State Average	White	African American	Hispanic	English Learner (EL)*	Low Income (LI)	Students w/ Disabilities (SWD)
% of Enrollment	2017		19.5	1.7	73.0	24.0	68.3	10.2
% UC A-G Enrollment	2017		93.4	91.0	91.7	83.6	91.1	76.7
% UC A-G Completion	2016	45.4	51.7	32.6	41.2	1.5	38.5	14.4
EAP – % ELA College Ready	2016	26	51.0	31.9	22.0	0.0	19.1	6.4
EAP – % Math College Ready	2016	13	20.0	13.3	5.0	0.0	5.1	1.0
CAASPP – Grade 3 ELA % Met/Exceeded	2016	43	68	40	41	29	38	10
CAASPP – ELA % Met/Exceeded	2016	49	70.9	44.5	42.9	16.3	40.9	10.4
CAASPP – Math % Met/Exceeded	2016	37	54.3	28.1	25.9	12.1	24.8	5.9
CAASPP Distance from Level 3 – ELA	2016							
CAASPP Distance from Level 3 – Math	2016							
% Suspension	2016	N/A	3.1	5.0	4.2	4.2	4.5	8.5
% Chronic Absenteeism		N/A						
% EL Progress to English Proficiency	2016					29.4		
% Completing One or More CTE Pathways	2015		6.4	8.2	11.0	9.1	0.0	0.0
Graduation Rate	2016	83.2	93.4	90.2	88.7	81.3	87.5	78.7
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.

Standards Met or Exceeded in ELA and Mathematics

The district is to be commended for an emphasis on math and ELA focused summer school programs for English Learners and middle school and elementary at-risk students. Instructional implementation support via an instructional coach at each site with focus on needs of English Learners, especially long-term English Learners in secondary schools is a commendable practice. Commitment to before and after school tutoring in ELA and math at all high schools supported through High School Supplemental Instructional Support Program is also noteworthy. Finally, the district is commended for the inclusion of Family Math Nights into parent engagement opportunities. 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 you monitor the impact of utilization of English Language Development strategies to support Targeted Math interventions for EL and Hispanic students?
- What criteria will drive your curriculum adoption process to select materials that will most positively impact your EL and Hispanic students to achieve “college ready” on CAASPP?
- How might the district determine which ELA initiatives are working for *all* high school student groups and how those initiatives might be differentiated to close the achievement gap between the student groups?
- How might EL reclassification goals reflect the likelihood of a greater number of students being reclassified?

Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways

The district is to be commended for continuing to offer fee waivers for Advanced Placement (AP) exams for Low Income students while increasing the percentage of students succeeding in passing an AP exam for all student groups. Additionally, the district has built an array of 19 CTE program pathways over the past five years. The district has provided middle and secondary level career based learning opportunities to promote CTE Program pathways for all students. There has also been an increase in the number of seniors accessing rigorous mathematics courses. Additional dialogue related to the question below may support the achievement of the expected annual measurable outcomes and goals aligned to course access and student enrollment in rigorous coursework and CTE pathways:

- How might actions be developed and implemented to increase the CTE pathway completion rates?

Pupil Engagement and School Climate

The district is to be commended for their commitment to investigating the root causes for disproportionate suspension rates, and for creating plans to remedy those causes. This includes providing professional development for counselors to find alternatives to suspension and plans to implement Positive Behavioral Interventions & Supports (PBIS) and restorative practices. The district’s increased graduation rates are also commendable. Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals aligned to pupil engagement and school climate:

- How might you consider assessing the impact of the suspension reduction plans?
- What would the gathering of pupil engagement data look like to support PBIS implementation?

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:

- Certain estimated actual expenditures identified in the *Annual Update* did not have a corresponding dollar amount. We recommended that all estimated actual expenditures include dollar amounts, even if zero. The district implemented our recommendation.
- Certain material changes in the *Annual Update* between budgeted expenditures and estimated actual expenditures did not have a sufficient explanation. We recommended that all material changes between budgeted and estimated actual expenditures contain a sufficient explanation. The district implemented our recommendation.
- Certain goals, actions, and services listed within the district's LCAP did not contain all budget references. We recommended that all goals, actions, and services contain all required items in accordance with the LCAP template. 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:

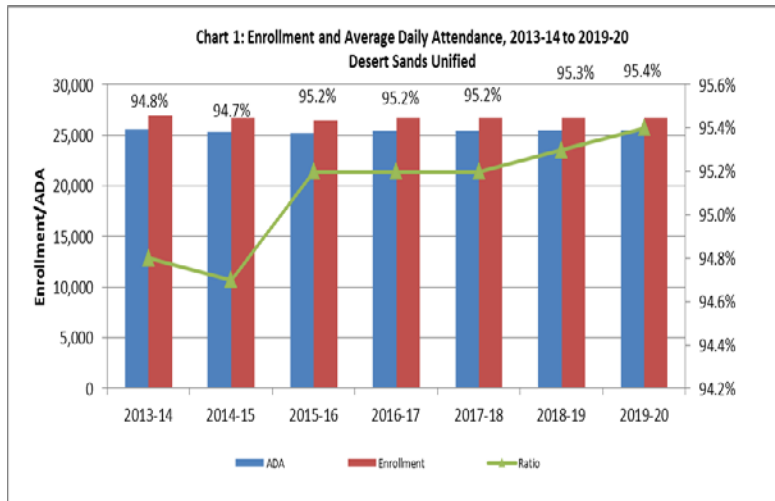
- *Operating Deficit* – Multi-year financial projections indicate a General Fund operating deficit for the current and two subsequent fiscal years.
- *Flat Enrollment* – The district's projections indicate flat enrollment for the current and two subsequent fiscal years.

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.

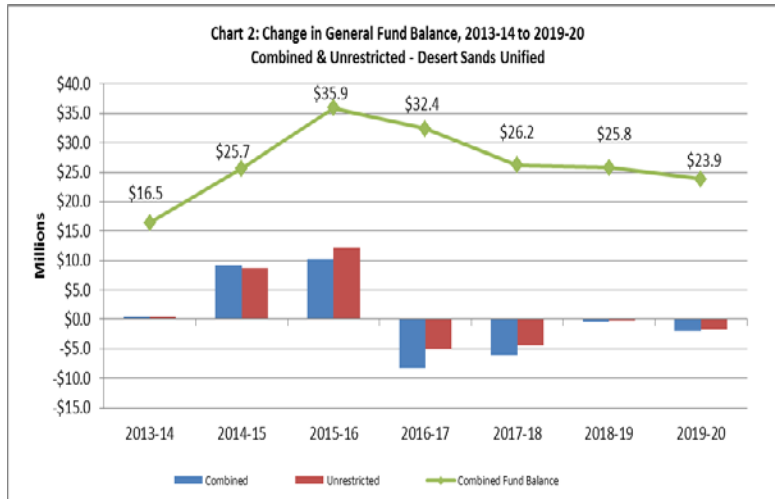
Enrollment and Average Daily Attendance (ADA) – The district’s projected ADA to enrollment ratio (capture rate) for 2017-18 is 95.2 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 25,432 ADA for the current fiscal year, or relatively no change from the 2016-17 P-2 ADA. For 2018-19 and 2019-20, the district projects a 0.1 percent ADA increase and no change, respectively.



Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 71.14 percent for 2017-18, and 71.37 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 71.65 percent.

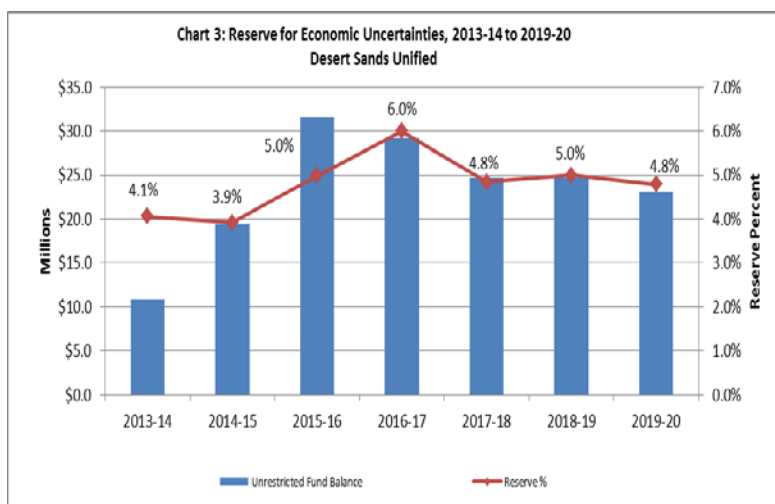
LCFF Gap Funding – For purposes of determining the potential gap funding increase, the district has estimated 43.97 percent for the 2017-18 fiscal year, 71.53 percent for 2018-19, and 73.51 percent for 2019-20. The district will utilize committed funds where possible, as well as reduce reserves in the unrestricted ending General Fund balance to cover a portion of the projected gap funding increase should it not materialize.

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 \$6.2 million in 2017-18, \$0.4 million in 2018-19, and \$2.0 million in 2019-20. Chart 2 shows the district’s deficit spending historical trends and projections.

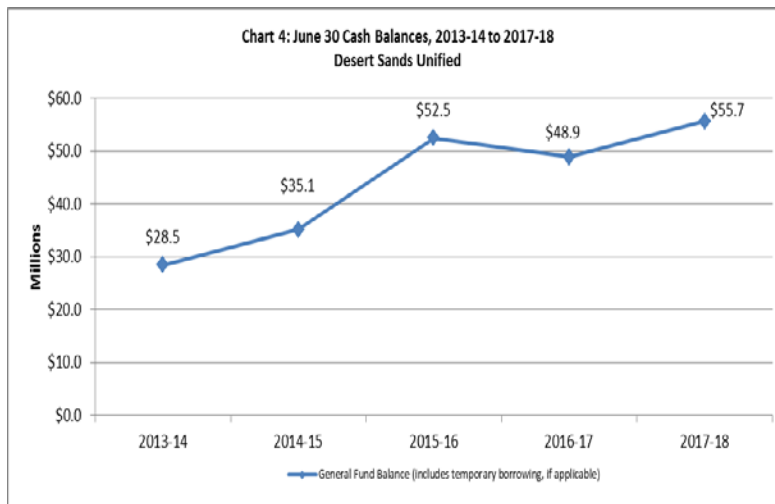


Employee Negotiations – As of the board date, June 27, 2017, the district reports salary and benefit negotiations continue with both the certificated and classified bargaining units for the 2017-18 fiscal year. Prior to entering into a written agreement, California Government Code (GC) Section 3547.5 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 Desert Sands 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.

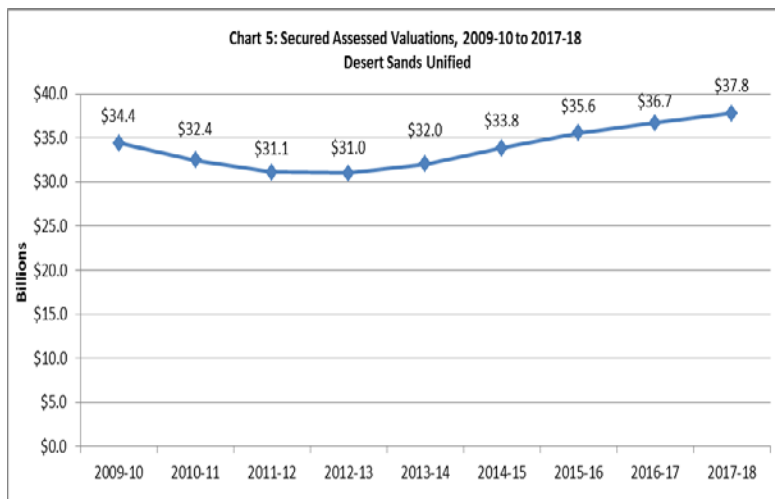


Cash Management – Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$55.7 million as of June 30, 2018. This balance does not include any temporary borrowings, 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.