



Riverside County
Board of Education

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DATE: October 8, 2018

TO: Dr. Allan J. Mucerino, District Superintendent
Mrs. Julie A. Moreno, Board President
Ms. Susana Lopez, Assistant Superintendent, Business Services
Ms. Julie Koehler-Mount, Interim Assistant Superintendent of Educational Services
Alvord 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: 2018-19 REVISED 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 2018-19 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 2018-19 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 2018-19 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 LEAs closely monitor the metrics listed in the data table below for all student groups.

Alvord Unified School District									
Metric	Year	State Average	District Average	White	African American	Hispanic	English Learner (EL)*	Low Income (LI)	Students w/ Disabilities (SWD)
% of Enrollment	2018			9.9	3.7	79.2	36.4	80.6	10.8
% UC A-G Completion	2017	46.8	38.1	34.0	35.2	35.7	12.3	35.3	
EAP – % ELA College Ready	2017	27.7	19.1	25.9	12.9	16.1	1.1	16.8	0.7
EAP – % Math College Ready	2017	12.9	4.5	10.3	1.6	2.8	0.3	3.5	0.0
CAASPP – Grade 3 ELA % Met/Exceeded	2017	43.9	34.7	52.6	35.2	30.5	27.4	29.7	4.1
CAASPP – ELA % Met/Exceeded	2017	48.6	38.8	51.9	37.2	35.2	16.9	34.2	5.4
CAASPP – Math % Met/Exceeded	2017	37.6	28.1	42.2	27.5	24.0	13.2	24.0	4.7
CAASPP Distance from Level 3 – ELA	2017								
CAASPP Distance from Level 3 – Math	2017								
% Suspension ♦	2017	3.6	2.4	2.7	4.6	2.3	2.3	2.6	4.0
% Chronic Absenteeism ♦	2017	10.8	12.1	13.8	16.3	12.1	10.7	12.9	16.4
% EL Progress to English Proficiency**	2017						70.8		
Graduation Rate	2017	82.7	90.1	92.4	95.8	89.0	82.7	89.2	80.6
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. ♦ Suspension / Chronic Absenteeism - District data excludes charter schools. Statewide data includes both charters and non-charters. **% EL Progress to English Proficiency is calculated by taking the number of ELs meeting their annual growth target and dividing by the number of ELs with the required prior CELDT scores. This data represents the final year of CELDT assessment results.									

We offer the following commendations and inquiry questions to consider for the implementation of the 2018-19 Local Control and Accountability Plan and the refinement of the plan in the years 2019-20 and 2020-21:

Standards Met or Exceeded in English Language Arts and Mathematics

The district is to be commended for the increased English learner proficiency rates and for creating a matrix of professional development for English Language Arts/English Language Development (ELA/ELD). Additionally, the district is to be commended for the focus on refining practices through the use of Professional Learning Communities (PLCs) and a Multi-Tiered System of Supports (MTSS).

Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals aligned to student achievement in English language arts and mathematics:

- How might the stated increase in the use of data inform differentiation and targeted instruction in English language arts and math?
- In what ways will the district measure the impact of professional development to be provided to teachers regarding identified student groups and use of data?
- What might it look like if teachers implemented common formative assessments to accelerate students' achievement in mathematics? How might the district measure the impact of this practice?
- How might the provided professional development for Universal Design for Learning (UDL) support differentiation of instruction to align with Units of Study and newly purchased instructional materials?

Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways

The district is to be commended for increasing Regional Occupational Program (ROP) teacher opportunities, as well as revising non A-G courses to become A-G compliant. Additionally, the district is to be commended for the increased enrollment in A-G courses for English Learner and Low Income student groups.

Additional dialogue related to the questions 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 the continued revision of high school courses for A-G compliance incorporate a focus on CTE? MTSS? Culturally responsive? Progress monitoring? Technology? UDL?
- How might the implementation of the Puente Project college readiness program align with your efforts to engage parents at all levels? What might this look like?

Pupil Engagement and School Climate

The district is to be commended for decreasing suspension rates for Foster Youth and for increasing graduation rates, especially for African Americans. Additionally, the district is to be commended for exploring the implementation of the Building Assets, Reducing Risks (BARR) model at the secondary level to support students.

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 the current district focus on Positive Behavioral Interventions and Supports (PBIS) align to lower the suspension rate of the African American student group?
- How might the addition of elementary school counselors contribute to an intentional collective effort around decreasing suspension rates for Homeless Youth, African American, American Indian, and Pacific Islander students?

- What steps might the district take to analyze the types of infractions that resulted in suspensions for African American students and design a plan to address the findings?

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/>.

Adopted Budget

On August 29, 2018, our office conditionally approved the district's 2018-19 Adopted Budget, and required the district close the prior fiscal year, certify 2017-18 Unaudited Actuals, and submit the following to our office by September 24, 2018:

- *2018-19 Revised Budget & Multi-Year Financial Projections* – Revise and provide our office with a budget, multi-year financial projections, and an updated LCFF calculator to account for changes resulting from the district's 2017-18 Unaudited Actuals, the enacted 2018-19 Budget Act, and up-to-date ADA and enrollment estimates.
- *Cash Flow* – Provide our office with updated 2018-19 General Fund cash flow projections with actuals through August 31, 2018.

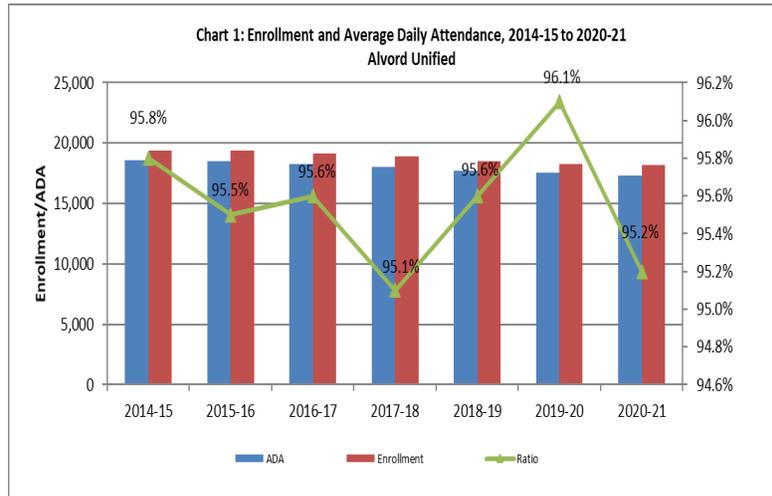
The following pages provide further details on the district's 2018-19 Revised Budget.

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

- *2019-20 and 2020-21 Budget Shortfalls* – The district's multi-year financial projections are predicated on planned reductions of \$2.1 million in 2019-20 and \$5.3 million in 2020-21. Based on the district's current revenue projections, the district will be unable to satisfy its financial commitments in 2020-21 if it cannot implement a substantial portion of the reductions.
- *Operating Deficit* – Multi-year financial projections indicate a substantial General Fund operating deficit for the current and first subsequent fiscal years.
- *Declining Enrollment* – The district's projections indicate declining enrollment for the current and 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 2018-19 fiscal year.

Assumptions and Other Considerations

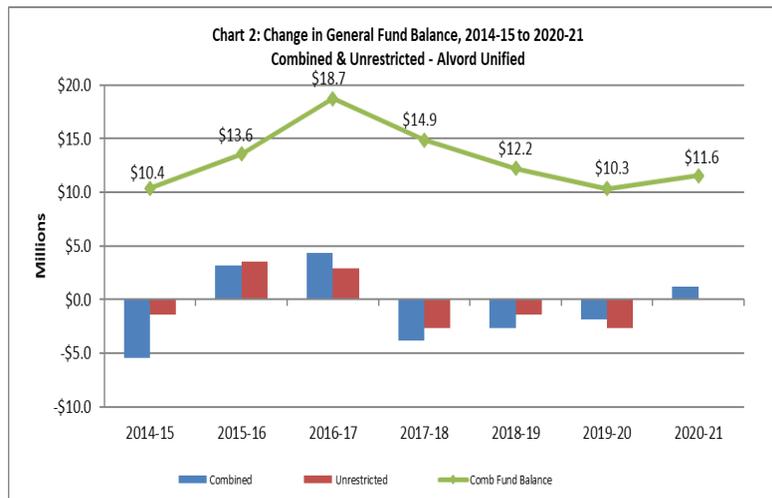
Enrollment and Average Daily Attendance (ADA) – The district's projected ADA to enrollment ratio (capture rate) for 2018-19 is 95.6 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 17,717 ADA for the current fiscal year, or a 1.7 percent decrease from the 2017-18 P-2 ADA. For 2019-20 and 2020-21, the district projects a 0.8 percent decrease and 1.4 percent decrease, respectively.



Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 81.37 percent for 2018-19, 81.91 percent for 2019-20, and 81.91 percent for 2020-21. The district’s unduplicated pupil percentage included in the 2017-18 P-2 certification by the California Department of Education was 80.92 percent.

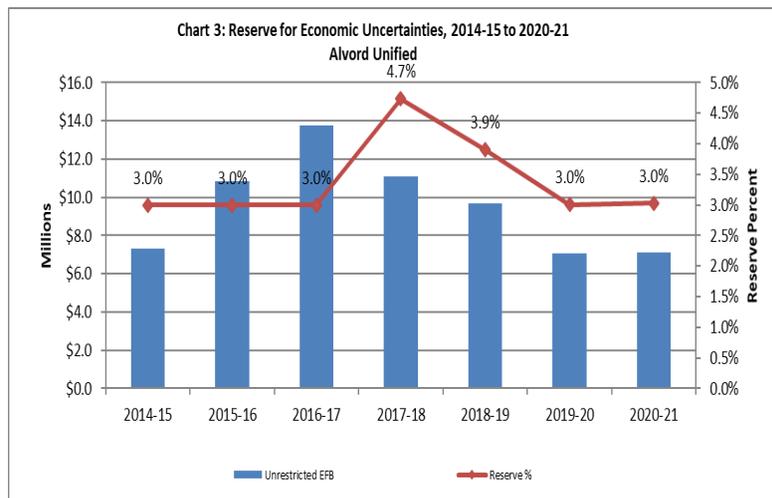
Local Control Funding Formula (LCFF) – The district has incorporated target funding as proposed in the Governor’s 2018-19 budget projections. Additionally, the district estimated COLAs of 3.70 percent, 2.57 percent, and 2.67 percent for the 2018-19, 2019-20, and 2020-21 fiscal years, respectively. Our office recommends a contingency plan should LCFF funding not materialize as projected in the Governor’s 2018-19 budget.

Fund Balance – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2018-19 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$2.6 million in 2018-19 and \$1.9 million in 2019-20. Chart 2 shows the district’s deficit spending historical trends and projections. The district cannot sustain deficit spending into future fiscal years.

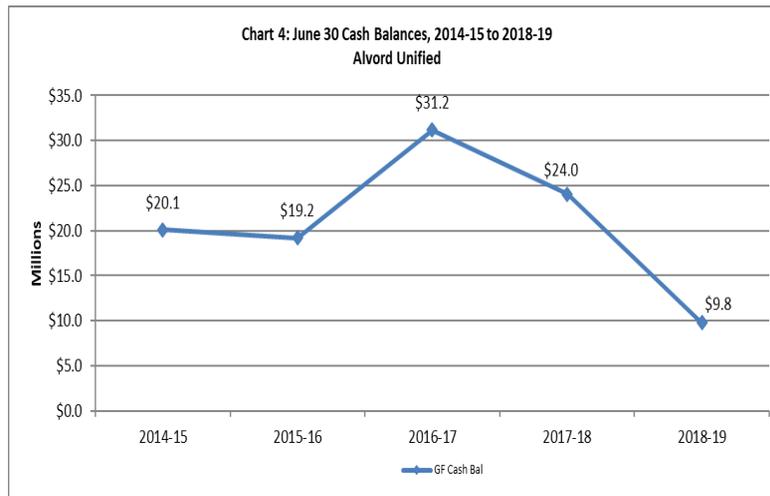


Employee Negotiations – As of the board date, October 4, 2018, the district reports salary and benefit negotiations continue with both the certificated and classified bargaining units for the 2017-18 and 2018-19 fiscal years. Prior to entering into a written agreement, California Government Code (GC) 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 Alvord Unified’s size is 3.0 percent. In light of the current fiscal environment, our office recommends districts maintain reserves higher than the minimum. 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.

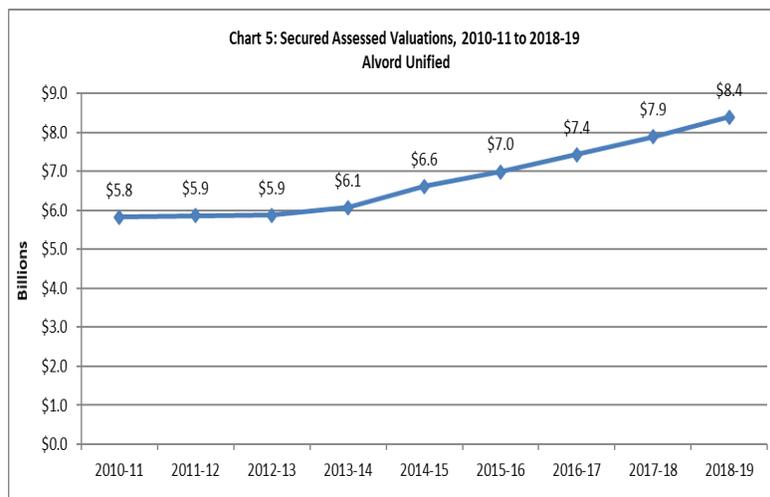


Cash Management – The district currently has an \$11.0 million 2018-19 tax and revenue anticipation note (TRAN) with repayments scheduled for January 2019 and April 2019. Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$9.8 million as of June 30, 2019. This balance does not include any temporary borrowings, but does not appear sufficient to cover July 2019 expenditures (estimated at \$17.1 million). 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 6.26 percent countywide in 2019-20. Chart 5 displays a historical summary of the district’s secured property tax assessed valuations.



Next Steps

In November, our office will provide the district with detailed guidance regarding the preparation of the 2018-19 First Interim Financial Report. In addition to the requirements noted in that guidance letter, please provide our office with the following by December 15, 2018:

- *Fiscal Stabilization Plan* – Provide our office with a detailed plan on how the district plans to address the projected budget reductions in 2019-20 and 2020-21 totaling \$2.1 million and \$5.3 million, respectively. This plan, at a minimum, should include a review of all expenditures, in particular certificated and classified salaries, employee benefit costs,

staffing ratios, and a detailed review and analysis of the special education program and the increasing encroachment on the district's unrestricted general fund. **Our office recommends that the board issue, at a minimum, a qualified certification for the First Interim Financial Report if the district is unable to meet the state required minimum three percent reserve in the current or subsequent fiscal years.**

- *Multi-Year Financial Projections* – Submit revised board approved multi-year financial projections, reflecting up-to-date ADA and enrollment estimates, and accurate revenue and expenditure projections that include only final, board-approved, budget solutions. In addition, please include detailed multi-year assumptions, showing the budget adjustments from one year to the next.

Our office acknowledges the difficult financial decisions the district is facing in the near future, and looks forward to continue working closely and collaboratively with the district to strengthen its financial position. If we can be of further assistance, please do not hesitate to contact me or the District Fiscal Services staff with any questions or concerns at (951) 826-6429.