



Riverside County  
Board of Education

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**DATE:** September 14, 2018

**TO:** Mr. Scott Bailey, District Superintendent  
Mr. Gary Tomak, Board President  
Mr. Michael Clear, Interim 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: 2018-19 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 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.

Desert Sands 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			16.8	1.7	75.9	23.8	71.6	10.8
% UC A-G Completion	2017	46.8	49.2	59.4	46.8	44.9	4.8	43.2	
EAP – % ELA College Ready	2017	27.7	30.6	51.7	26.8	22.6	0.6	21.8	1.1
EAP – % Math College Ready	2017	12.9	8.7	15.3	12.5	4.8	0.6	5.0	0.0
CAASPP – Grade 3 ELA % Met/Exceeded	2017	43.9	46.7	65.1	37.1	40.7	31.4	38.4	12.2
CAASPP – ELA % Met/Exceeded	2017	48.6	49.5	69.5	43.6	42.7	15.2	40.3	10.0
CAASPP – Math % Met/Exceeded	2017	37.6	34.9	54.9	27.5	27.8	14.8	26.6	7.2
CAASPP Distance from Level 3 – ELA	2017								
CAASPP Distance from Level 3 – Math	2017								
% Suspension ♦	2017	3.6	4.9	4.4	7.9	5.1	4.4	5.6	9.4
% Chronic Absenteeism ♦	2017	10.8	13.8	13.9	13.6	14.1	12.9	15.4	21.1
% EL Progress to English Proficiency**	2017						65.5		
Graduation Rate	2017	82.7	89.2	92.4	86.8	87.9	78.8	87.1	82.4
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.

### **LCAP Plan Development**

The district is to be commended for the clear and vivid description and inclusion of Dashboard placement reports that highlight specific areas of high need in “the story” and “performance gaps” sections of the *Plan Summary*.

### **Standards Met or Exceeded in English Language Arts and Mathematics**

The district is to be commended for the increased mathematics achievement of Students with Disabilities. Also, the increases in English language arts and math by Foster Youth students are significant. It is also commendable that over 300 students earned the State Seal of Biliteracy. English Learner students continue to maintain a high level of progress in mastering English.

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 you explore the causal factors and remedies for the specific student groups that are continuing to significantly underperform?
- How might you assess the implementation of district English language arts and mathematics professional learning opportunities to determine impact on student learning?
- How might you consider and evaluate the extent to which specific intervention programs are effective in increasing student learning and achievement?

### **Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways**

The district is to be commended for increasing CTE pathways, academies, A-G course access, and dual/concurrent enrollment in articulated courses through a partnership with a local community college. The district is also to be commended for providing multiple opportunities for leadership growth to support initiatives and student achievement.

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 could an ongoing systematic review of the CTE academies, including completion rates for CTE concentrator and capstone sequenced courses, increase students' success and completion rates?
- How might you consider ways to engage freshman and sophomore students in college and career exploration/searches that will allow students greater opportunities for CTE pathway selection and completion?

### **Pupil Engagement and School Climate**

The district is to be commended for 2017 graduation rates that are above the state and county averages and for the 62 percent of graduates who enrolled in college from the class of 2016. The district is also to be commended for increased stakeholder and parent participation in the LCAP annual survey as evident by the receipt of more than 11,000 written responses. The increased response rate from families of unduplicated students is noteworthy. The district should be commended for offering both parent engagement activities and programs along with expanding parent advisory committees. Substantial progress has been made in the implementation of the Multi-Tiered System of Supports (MTSS) framework including training and coaching. This includes providing professional development on trauma-informed care, mental health first-aid, and suicide risk assessment. The district increased the number of elementary counselors and reduced high school counselor caseloads thus increasing capacity for tiered intervention and student support.

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:

- Within the district’s focus on leadership development, how might leaders collaborate to develop and implement alternatives to suspensions?
- How might you further address behavior concerns and the disproportionality of suspensions for particular student groups?
- How might you monitor and routinely assess staff expertise and student growth and progress in the Social Emotional Learning Competencies?
- How will you gather implementation, outcome, and capacity data to monitor and assess the implementation of the MTSS Framework throughout your district?

### **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**

In accordance with California Education Code (EC) Section 42127, our office has completed its review of the district’s 2018-19 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 2018-19 fiscal year, as well as satisfy its multi-year financial commitments.

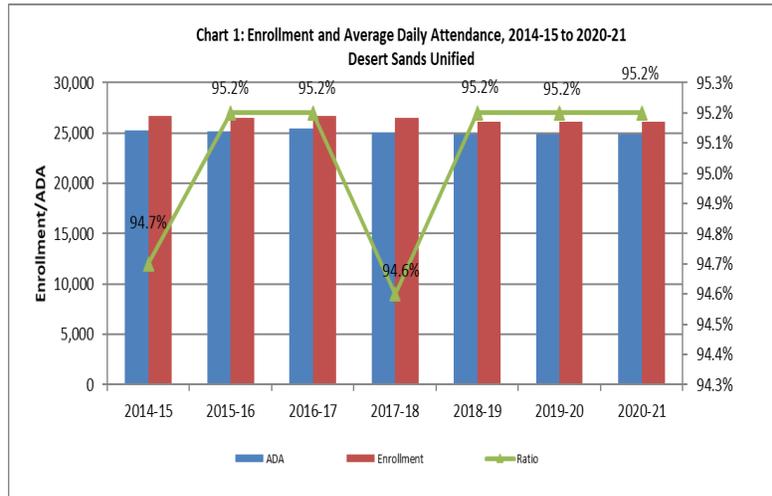
Based on our analysis of the information submitted, we approve the district’s budget, but note the following concerns:

- *2020-21 Budget Shortfall* – Assuming no mitigating measures, the multi-year financial projections indicate a budget shortfall of \$0.5 million in the 2020-21 fiscal year.
- *Operating Deficit* – Multi-year financial projections indicate a General Fund operating deficit for the current and 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.

### **Assumptions and Other Considerations**

The district’s Adopted Budget was developed prior to adoption of the 2018-19 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.

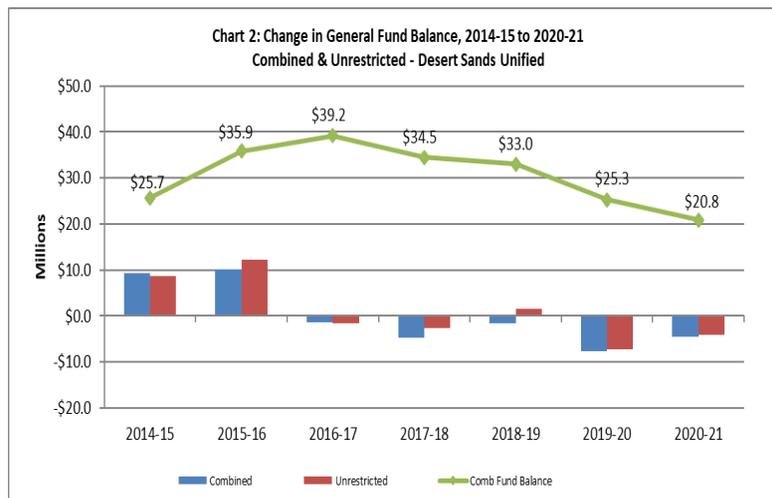
*Enrollment and Average Daily Attendance (ADA)* – The district’s projected ADA to enrollment ratio (capture rate) for 2018-19 is 95.2 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 24,875 ADA for the current fiscal year, or a 0.6 percent decrease from the 2017-18 P-2 ADA. For 2019-20 and 2020-21, the district projects ADA to remain flat.



**Unduplicated Pupil Percentage** – The district reports an unduplicated pupil percentage of 71.59 percent for 2018-19 and 2019-20, and 71.38 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 71.54 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 3.00 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 proposal.

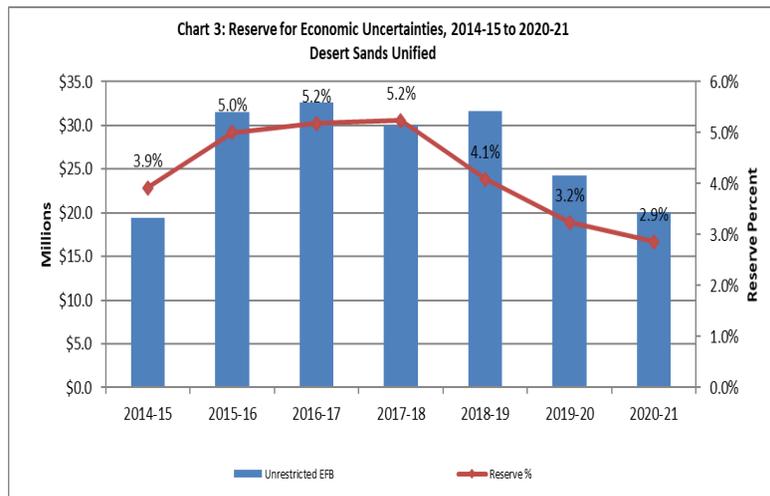
**Fund Balance** – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2018-19 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$1.5 million in 2018-19, \$7.7 million in 2019-20, and \$4.5 million in 2020-21. Chart 2 shows the district’s deficit spending historical trends and projections. The district cannot sustain deficit spending into future fiscal years.



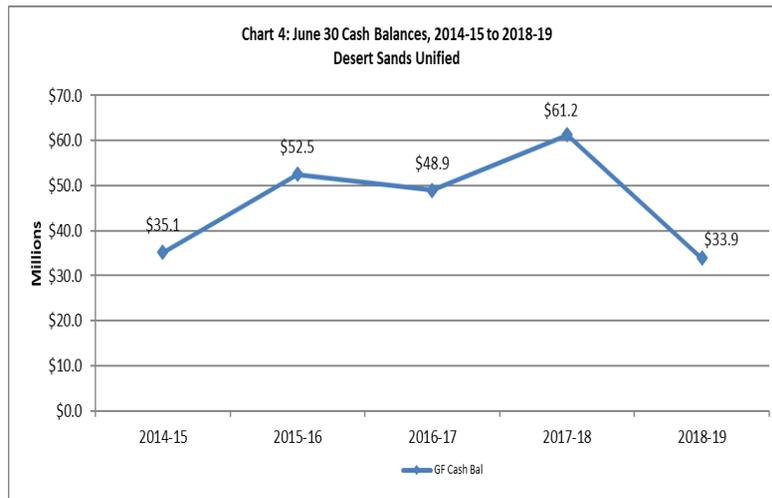
*Employee Negotiations* – As of the board date, June 26, 2018, the district reports salary and benefit negotiations are complete with the certificated bargaining unit for the 2018-19 fiscal year. The agreement provided for a 3.0 percent increase to the certificated salary schedule effective May 1, 2018. The agreement also provided for a \$250 one-time, off schedule payment for employees who were employed on June 13, 2018, (or are hired between June 14 and September 15, 2018) to mitigate the increased cost of health benefits.

As of the board date, June 26, 2018, the district reports salary and benefit negotiations continue with the classified bargaining unit for the 2018-19 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 first subsequent fiscal year. In 2020-21, the district projects a shortfall of \$0.5 million.

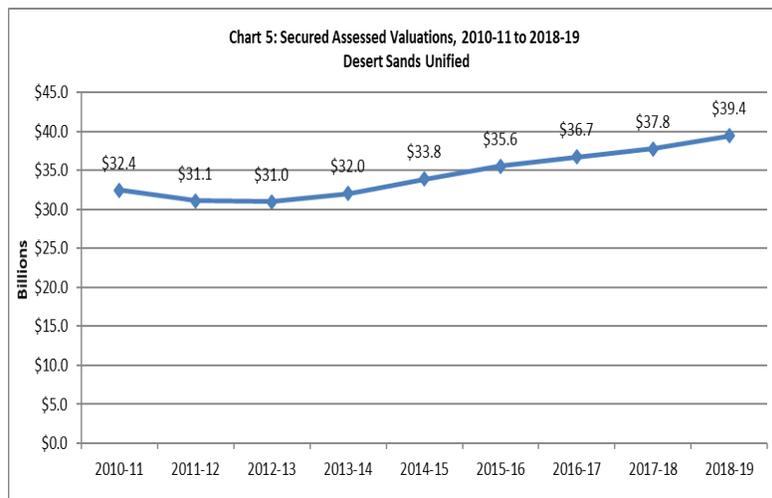


*Cash Management* – Chart 4 provides a historical summary of the district’s June 30<sup>th</sup> General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$33.9 million as of June 30, 2019. This balance does not include any temporary 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 6.26 percent countywide in 2019-20. Chart 5 displays a historical summary of the district’s secured property tax assessed valuations.



**Conclusion**

As we enter a new era in California school finance, it is crucial that districts maintain prudent budget practices. Changes in State and Federal legislation, which remain uncertain, could lead to significant changes in future funding levels and compliance requirements. Additionally, there is increasing pressure for public agencies to provide additional layers of spending transparency. We encourage districts to begin assessing program contributions and reducing any structural deficits so that fiscal solvency can be preserved through changes in the operational landscape. 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.