



**Riverside County  
Board of Education**

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**DATE:** September 14, 2018

**TO:** Mrs. Christi Barrett, District Superintendent  
Mr. Horacio Valenzuela, Board President  
Mr. Vince Christakos, Assistant Superintendent  
Ms. Tracy Chambers, Assistant Superintendent  
Hemet Unified School District

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

**BY:** Teresa Hyden  Chief Business Official (951) 826-6790  
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**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.

Hemet 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			25.3	8.6	59.2	12.8	83.7	14.1
% UC A-G Completion	2017	46.8	40.5	40.4	32.1	40.2	5.8	36.3	
EAP – % ELA College Ready	2017	27.7	19.4	28.6	9.6	15.2	0.0	15.1	0.5
EAP – % Math College Ready	2017	12.9	5.2	11.4	0.7	2.0	0.0	2.8	0.0
CAASPP – Grade 3 ELA % Met/Exceeded	2017	43.9	33.3	45.0	18.4	29.2	9.0	29.2	11.7
CAASPP – ELA % Met/Exceeded	2017	48.6	36.9	47.8	21.1	32.7	5.0	31.5	7.5
CAASPP – Math % Met/Exceeded	2017	37.6	23.4	33.5	9.7	19.7	4.3	19.0	5.1
CAASPP Distance from Level 3 – ELA	2017								
CAASPP Distance from Level 3 – Math	2017								
% Suspension ♦	2017	3.6	7.2	6.8	14.8	6.2	5.2	7.8	13.2
% Chronic Absenteeism ♦	2017	10.8	18.5	17.1	28.7	17.5	14.7	19.5	24.9
% EL Progress to English Proficiency**	2017						65.0		
Graduation Rate	2017	82.7	82.3	83.3	72.1	82.7	71.9	80.4	59.5
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 narrative in the LCAP Highlights section of the *Plan Summary*. The summary clearly articulates the alignment between district and LCAP goals and how stakeholder feedback directly impacted LCAP development and accountability.

Additionally, the district is to be commended for clearly articulating stakeholder input on content, revisions, and changes to the LCAP in the *Stakeholder Engagement* section of the LCAP. The “Transition map” provides stakeholders with guidance on new locations of actions/services when referencing the *Goals, Actions, and Services* section of the LCAP.

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

The district is to be commended for taking steps to prioritize Multi-Tiered System of Supports to ensure best first instruction for students in response to English language arts and math performance data.

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:

- What teaching strategies for best first instruction most effectively align to the new English language arts curriculum?
- What strategies or practices can best be utilized to formatively monitor student achievement progress in English and math, especially for Students with Disabilities, Foster Youth, and African American student groups?

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

The district is to be commended for their effort to meet the needs of Low Income students by expanding CTE programs and pathways, along with Project Lead the Way. In addition, district data shows an overall increase in graduation rate, with significant increases for English Learner, Students with Disabilities, American Indian, Asian, and Two or More Races student groups.

Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals listed in the plan:

- What factors might be prompting the discrepancy between A-G enrollment and completion? What strategies might be used to reduce this discrepancy?
- In what ways might the African American Council for Excellence and Success (AACES) be utilized to accelerate the graduation rate of African American students to close the achievement gap between African American students and other student groups?

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

The district is to be commended for their analysis of data results and strategically responding by adding a goal focused on climate and culture, school connectedness, and self-efficacy.

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 district explore factors that could have contributed to the increased suspension rates for all but one student group?
- How might the district monitor and respond to disciplinary data to ensure that positive growth is happening in the area of climate and culture, school connectedness, and self-efficacy?

- In what ways might the district further elevate the practices of Restorative Justice for use districtwide, particularly for Foster Youth, Students with Disabilities and African American student groups?

### **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**

During our review we identified opportunities to improve data accuracy between the district's LCAP and fiscal documents. The following technical corrections were incorporated into the district's LCAP:

- The district modified the Total General Fund Budget Expenditures For LCAP Year listed in the Budget Summary to correspond to the district's Adopted Budget.
- The district modified the Total Funds Budgeted for Planned Actions/Services to Meet The Goals in the LCAP for LCAP Year listed in the Budget Summary to agree with the total of all expenditures listed in the LCAP.

### **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.

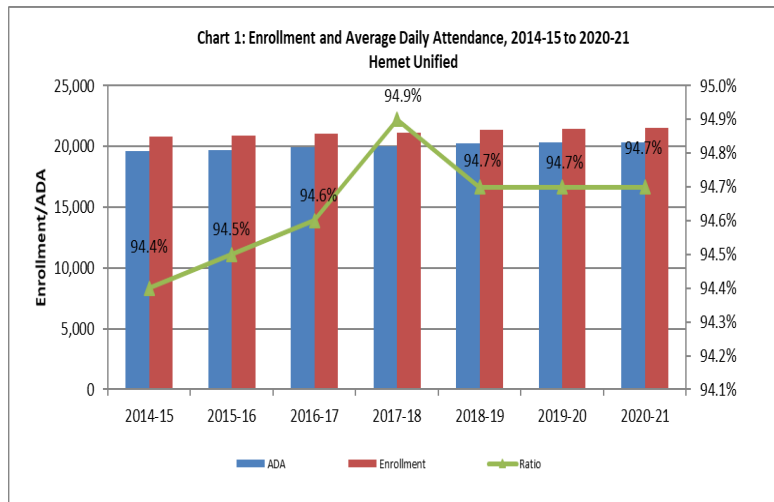
Based on our analysis of the information submitted, we approve the district's budget, but note the following concerns:

- *Operating Deficit* – Multi-year financial projections indicate a General Fund operating deficit 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**

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.

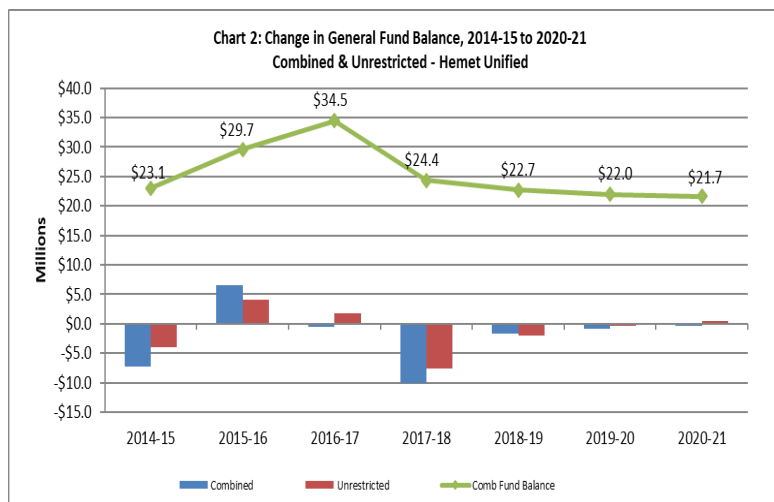
*Enrollment and Average Daily Attendance (ADA)* – The district's projected ADA to enrollment ratio (capture rate) for 2018-19 is 94.7 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 20,263 ADA for the current fiscal year, or a 1.1 percent increase from the 2017-18 P-2 ADA. For 2019-20 and 2020-21, the district projects a 0.2 percent increase in each year.



**Unduplicated Pupil Percentage** – The district reports an unduplicated pupil percentage of 82.82 percent for 2018-19, 83.34 percent for 2019-20, and 83.26 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 82.38 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 \$1.6 million in 2018-19, \$0.8 million in 2019-20, and \$0.3 million in 2020-21. Chart 2 shows the district’s deficit spending historical trends and projections.

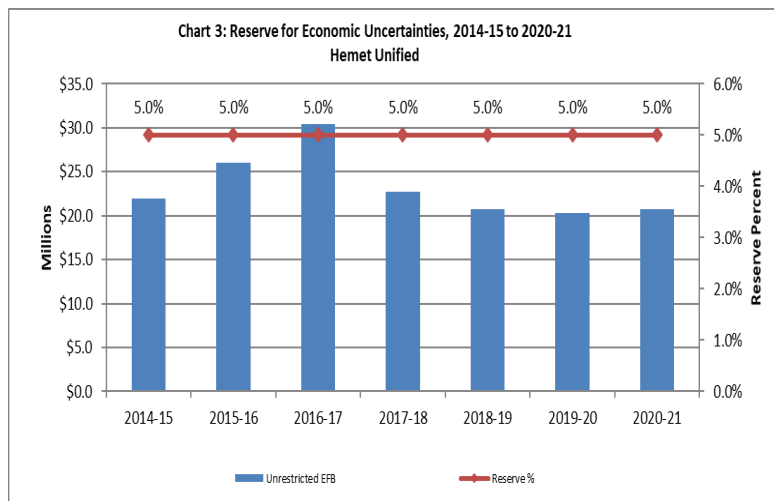


**Employee Negotiations** – As of the board date, June 19, 2018, the district reports salary and benefit negotiations are complete with the certificated bargaining unit for the 2018-19 fiscal year. The agreement provided for a 1.0 percent salary schedule increase, effective July 1, 2018, and a 2.0

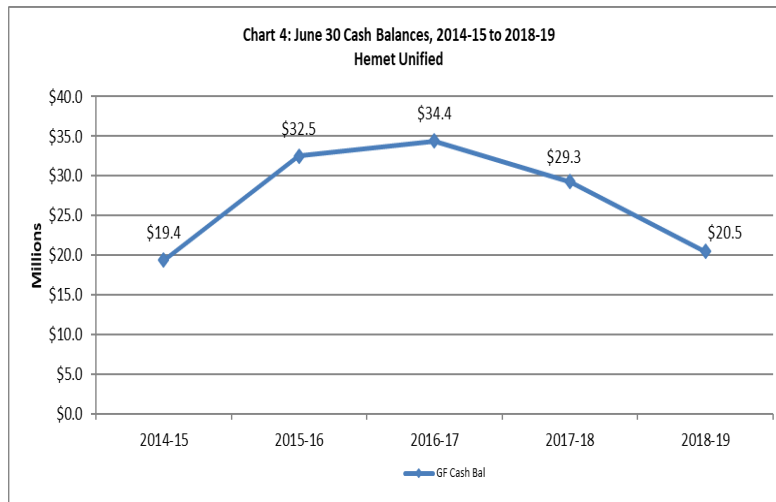
percent salary schedule increase, effective January 1, 2019. The agreement maintained the 186-day work year and associated 1.0 percent salary increase previously due to expire June 30, 2018. Additionally, the agreement provided for a stipend of \$1,500 for general education teachers with combo-classes in Grades 1 through 5 as well as a stipend of \$7,500 for nurses in lieu of submitting time cards.

Subsequent to the board date, June 19, 2018, salary and benefit negotiations were completed with the classified bargaining unit for the 2018-19 fiscal year. The agreement provided for an off schedule, one-time 3.5 percent payment for the 2017-18 fiscal year, a 2.0 percent increase to the classified salary schedules effective July 1, 2018, and a 1.0 percent increase to the classified salary schedules effective January 1, 2019. Additionally, effective in the 2018-19 fiscal year, the agreement provided for a 7.0 percent salary schedule increase for Classic CalPERS members, in lieu of district paid employee contributions to CalPERS, and a 1.0 percent salary schedule increase for PEPRA CalPERS members. Effective July 1, 2018, the agreement provided for a \$2,000 health and welfare benefit cap increase (from \$8,700 to \$10,700) and provided for the removal of salary schedule ranges below row 17. For the term of the agreement, should the Hemet Teachers Association (HTA) receive an ongoing, across the board salary schedule increase using base funding, the CSEA salary schedules will be adjusted accordingly, as noted in the agreement.

*Reserve for Economic Uncertainties* – The minimum state-required reserve for a district of Hemet Unified’s size is 3.0 percent; however the governing board requires the district maintain a 5.0 percent reserve for economic uncertainties. 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 5.0 percent reserve, in the current and subsequent fiscal years.

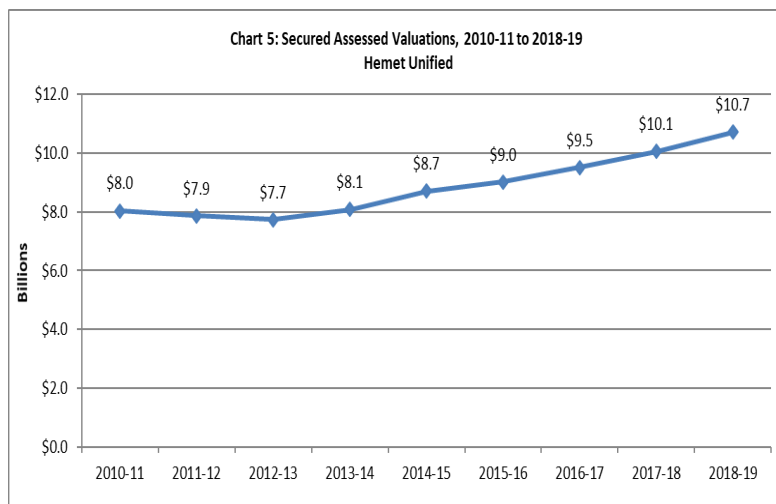


*Cash Management* – Chart 4 provides a historical summary of the district’s June 30<sup>th</sup> General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$20.5 million as of June 30, 2019. Our office recommends the district continue 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)* 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.