



OFFICE OF THE COUNTY SUPERINTENDENT

RIVERSIDE COUNTY
SUPERINTENDENT OF SCHOOLS

JUDY D. WHITE, Ed.D.

DATE: October 19, 2018

TO: Dr. Doug Kimberly, District Superintendent
Mr. Stan Crippen, Board President
Mr. Kip Meyer, Assistant Superintendent, Student & Instructional Support Services
Mr. Alain Guevara, Assistant Superintendent, Administrative & Instructional Technology Support Services
Ms. Arleen Sanchez, Chief Business Official
Lake Elsinore Unified School District

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

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SUBJECT: 2018-19 LCAP and Adopted Budget - Approval

The County Superintendent of Schools is required to review and approve the district's Local Control Accountability Plan and Annual Update prior to the approval of the district's Adopted Budget [Education Code Section 42127(d)(2)].

Adopted Local Control Accountability Plan and Annual Update

In accordance with California Education Code (EC) Section 52070, our office has completed its review of the district's 2018-19 Local Control 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 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.

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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 the 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.

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Metric	State Average	District Average	White	African American	Hispanic	English Learner*	Low Income	Students w/ Disabilities
% of Enrollment (2018)			26.9	3.7	60.3	11.5	67.9	12.7
% UC A-G Completion (2017)	46.8	34.5	37.6	24.6	30.4	4.5	29.4	
EAP – % ELA College Ready (2017)	27.7	16.4	23.1	18.9	10.5	0.0	12.0	0.6
EAP – % Math College Ready (2017)	12.9	6.8	9.5	8.1	3.6	0.0	5.0	0.0
CAASPP – Grade 3 ELA % Met/Exceeded (2017)	43.9	35.5	45.3	12.5	29.8	9.4	28.9	15.7
CAASPP – ELA % Met/Exceeded (2017)	48.6	39.9	49.2	35.0	33.4	9.8	32.8	10.6
CAASPP – Math % Met/Exceeded (2017)	37.6	28.2	37.9	21.2	21.9	7.2	22.0	8.0
CAASPP Distance from level 3 – ELA (2017)								
CAASPP Distance from level 3 – Math (2017)								
% Suspension (2017)	3.6	4.1	4.3	8.3	3.9	2.9	4.8	7.6
% Chronic Absenteeism (2017)	10.8	13.0	13.5	15.7	12.9	11.2	14.7	20.5
% EL Progress to English Proficiency (2017)						68.7		

Graduation Rate (2017)	82.7	85.8	87.0	81.8	83.9	63.6	83.9	71.4
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*CAASPP Distance from level 3 English Learner Student Group includes 4-Year RFEP Students

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*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 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 ELA and Mathematics (Goal 2)

The district is to be commended for the refinement of academic instruction and intervention through common assessments, progress monitoring, academies and additional intervention teachers.

Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals aligned to student achievement in ELA and mathematics.

- How might the district specifically explore the causal factors and remedies for district academic data as well as the significant achievement gap of AA, ELs and SWD in ELA, as well as ELs and SWD in mathematics?
- How might differentiation of metrics support district efforts to close the achievement gap?
- How might the district monitor and support the instructional response determined through common assessments and PLCs?

Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways (Goal 2)

The district is to be commended for metrics and actions to provide, communicate, and expand opportunities for students to support A-G and CTE completion.

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 targeted actions to address specific needs of student groups support increasing enrollment in CTE Pathways and A-G requirements to close the achievement gap?
- How might differentiation of metrics support district efforts to close the achievement gap?
- How might the district monitor and support targeted actions to address specific needs of student groups to increase enrollment in CTE Pathways and A-G requirements to close the achievement gap?

Pupil Engagement and School Climate (Goal 1)

The district is to be commended for providing multiple social-emotional learning (SEL) supports inclusive of Positive Behavior Instruction (PBI) with addition staff for Foster Youth 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.

- In what ways might the district monitor and evaluate the impact of SEL supports, including PBIS, Boys Town, and other district initiatives, in order to measure climate and perceptions?
- How might the district specifically explore the causal factors and remedies for any gaps identified from student-group climate data?
- How might targeted actions address specific needs of student groups, other than Foster Youth?

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/lcapsupport/>.

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.

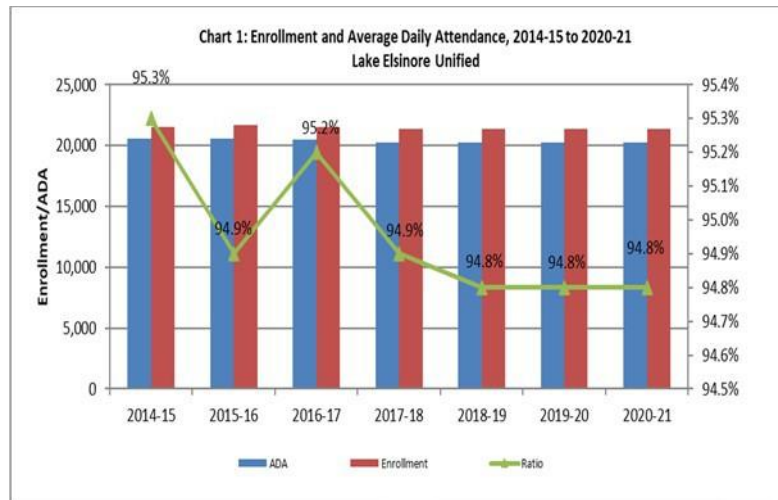
Based on our analysis of the information submitted, we approve the district's budget, but note the following concerns:

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

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.

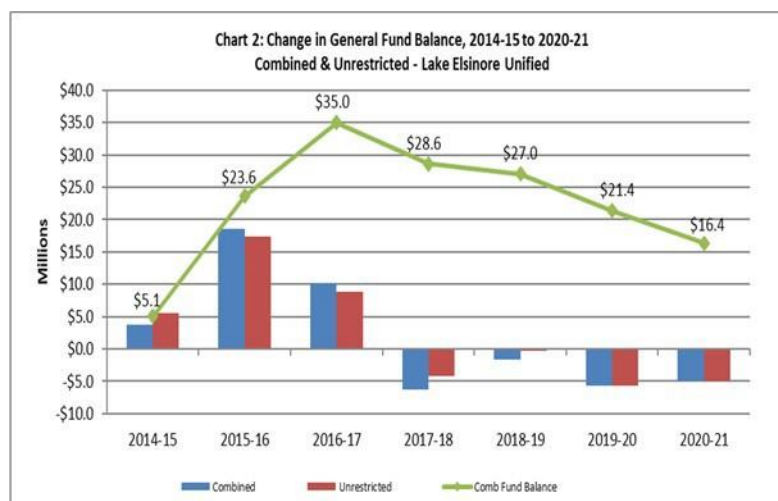
Enrollment and Average Daily Attendance (ADA) – The district’s projected ADA to enrollment ratio (capture rate) for 2018-19 is 94.8 percent, which is lower than the historical average ratio for the three prior fiscal years. The district estimates 20,249 ADA for the current fiscal year, or no change from 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 67.24 percent for 2018-19, and 67.60 percent for 2019-20 and 2020-21. The district’s unduplicated pupil percentage included in the 2017-18 P-2 certification by the California Department of Education was 66.18 percent.

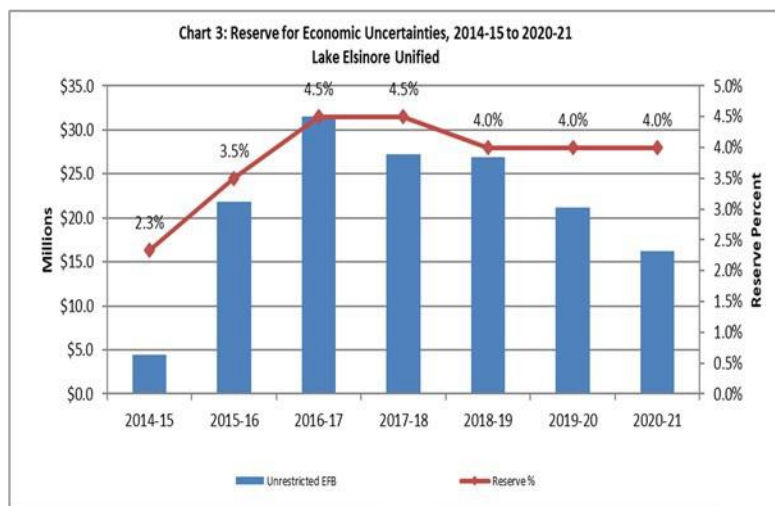
Local Control Funding Formula (LCFF) – The district has incorporated target funding as proposed in the Governor’s 2018-19 budget projections. Additionally, the district estimated COLAs of 3.00 percent, 2.57 percent, and 2.67 percent for the 2018-19, 2019-20, and 2020-21 fiscal years, respectively. Our office recommends a contingency plan should LCFF funding not materialize as projected in the Governor’s 2018-19 budget.

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, \$5.7 million in 2019-20, and \$5.0 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.

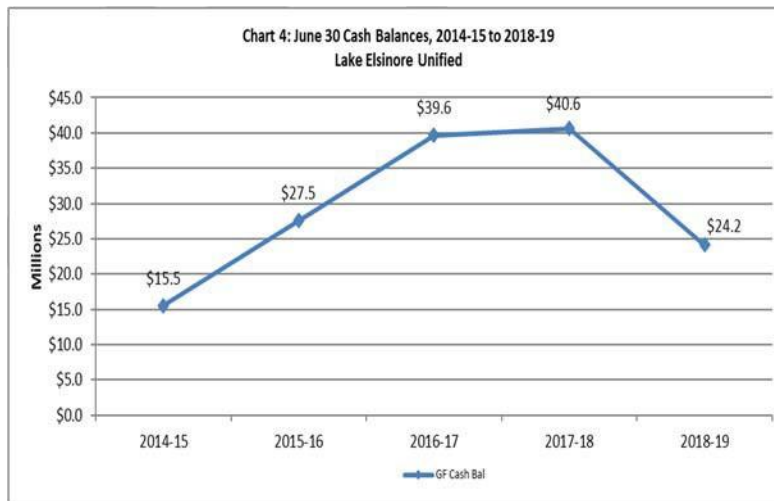


Employee Negotiations – As of the board date, June 28, 2018, the district reports salary and benefit negotiations continue with both certificated and classified bargaining units for the 2018-19 fiscal year. Prior to entering into a written agreement, California Government Code (GC) Section 3547.5 requires 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 Lake Elsinore 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.

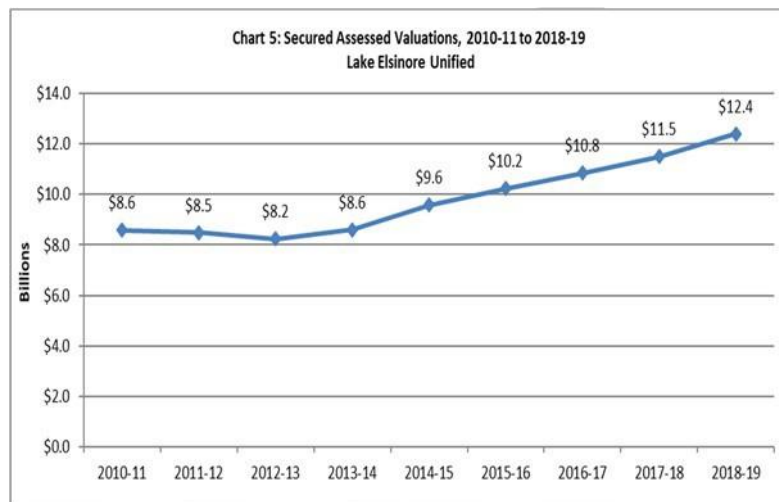


Cash Management – The district currently has a \$6.2 million 2018-19 tax and revenue anticipation note (TRAN) with repayments scheduled for January 2019 and April 2019. Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$24.2 million as of June 30, 2019. This balance does not include any temporary borrowings and does not appear sufficient to cover July 2019 expenditures (estimated at \$29.7 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.



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.