



**Riverside County  
Board of Education**

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**DATE:** October 8, 2018

**TO:** Dr. David Hansen, District Superintendent  
Mrs. Patricia Lock-Dawson, Board President  
Mrs. Mays Kakish, Chief Business Officer  
Mrs. Lynn Carmen Day, Chief Academic Officer  
Riverside Unified School District

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

**BY:** Teresa Hyden  Chief Business Officer (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.

Riverside 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			21.4	6.4	63.6	16.6	67.2	11.1
% UC A-G Completion	2017	46.8	50.5	56.3	44.7	45.6	14.8	42.8	
EAP – % ELA College Ready	2017	27.7	22.6	35.5	18.1	14.2	0.7	12.9	0.7
EAP – % Math College Ready	2017	12.9	8.4	14.5	6.2	3.6	0.7	3.1	0.4
CAASPP – Grade 3 ELA % Met/Exceeded	2017	43.9	44.0	59.8	37.6	37.6	14.5	34.8	15.8
CAASPP – ELA % Met/Exceeded	2017	48.6	47.6	63.2	41.2	40.2	10.2	37.6	9.8
CAASPP – Math % Met/Exceeded	2017	37.6	34.1	49.8	27.0	26.1	8.4	24.2	6.7
CAASPP Distance from Level 3 – ELA	2017								
CAASPP Distance from Level 3 – Math	2017								
% Suspension ♦	2017	3.6	3.7	3.1	7.4	3.6	3.2	4.4	7.4
% Chronic Absenteeism ♦	2017	10.8	10.6	10.0	14.4	10.9	9.9	12.5	17.4
% EL Progress to English Proficiency**	2017						60.8		
Graduation Rate	2017	82.7	91.1	93.0	95.1	89.2	77.5	89.0	77.4
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 including an explanation for site allocations as well as a budget analysis and plan for supporting continued actions in the narrative for material differences in the Analysis section of the *Annual Update*.

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

The district is to be commended for creating the division of Professional Growth Systems (PGS), bolstering Advancement Via Individual Determination (AVID) across the district in elementary, middle, and high schools. The district is also to be commended for implementing and sustaining common formative assessments in English language arts and math for secondary teachers. Additional dialogue related to the question 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 district calibrate the level of instructional rigor in English language arts and math with the demands of the CAASPP and EAP assessments to improve student achievement?

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

The district is to be commended for Foster Youth and English Learner student group increases in graduation as well as expanding course offerings for CTE pathway 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 an accountability system improve college and career readiness indicators associated with current and planned supplemental support services and positions?
- What actions might be considered to decrease the disparity between amount of students that are enrolled in A-G approved courses compared to those that successfully complete A-G requirements?

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

The district is to be commended for their commitment to a variety of parent engagement opportunities and the continuation of funding of elementary visual and performing arts and secondary athletics. Additional dialogue related to the question 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 leverage pupil and family engagement to increase student achievement?

### **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 28, 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.

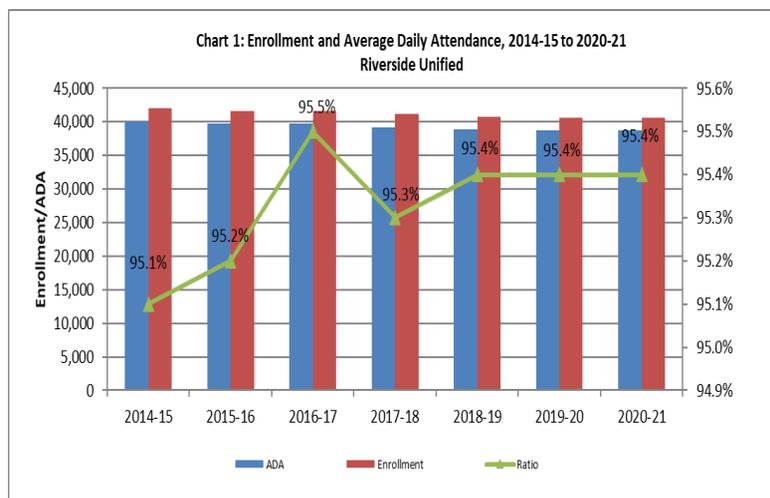
The following pages provide further details on the district’s 2018-19 Revised Budget.

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

- *Budget Shortfall* – Assuming no mitigating measures, the district projects a \$2.1 million budget shortfall in 2019-20 and a \$13.7 million budget shortfall in 2020-21. These budget shortfalls result in an unrestricted ending fund balance of **negative** \$3.8 million in 2020-21.
- *Operating Deficit* – Multi-year financial projections indicate a substantial General Fund operating deficit for the current and two subsequent fiscal years.
- *Declining Enrollment* – The district’s projections indicate declining enrollment for the current and two subsequent fiscal years.

### **Assumptions and Other Considerations**

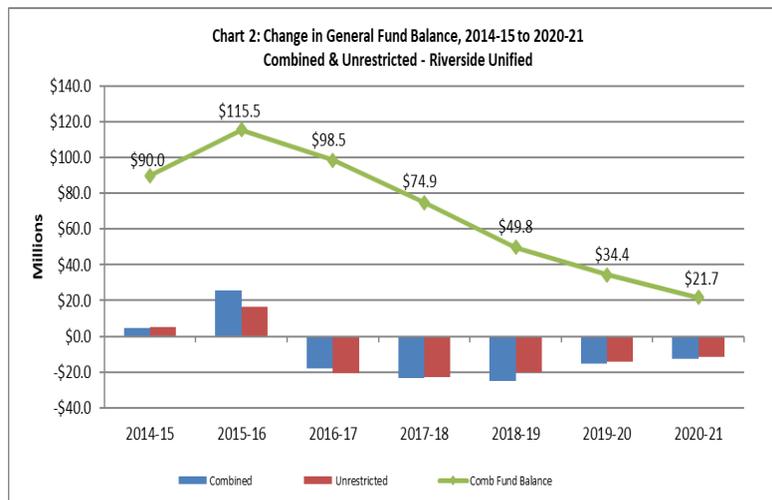
*Enrollment and Average Daily Attendance (ADA)* – The district’s projected ADA to enrollment ratio (capture rate) for 2018-19 is 95.4 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 38,828 ADA for the current fiscal year, or a 1.0 percent decrease from the 2017-18 P-2 ADA. For 2019-20 and 2020-21, the district projects a 0.3 percent decrease and 0.1 percent decrease, respectively.



**Unduplicated Pupil Percentage** – The district reports an unduplicated pupil percentage of 66.67 percent for 2018-19, 66.69 percent for 2019-20, and 66.65 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 65.79 percent.

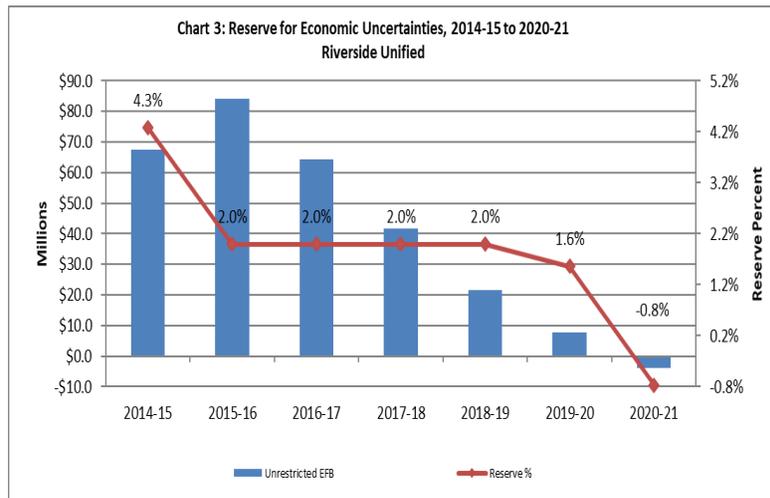
**Local Control Funding Formula (LCFF)** – The district has incorporated target funding as proposed in the Governor’s 2018-19 budget projections. Additionally, the district estimated COLAs of 3.70 percent, 2.57 percent, and 2.67 percent for the 2018-19, 2019-20, and 2020-21 fiscal years, respectively. 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 \$25.1 million in 2018-19, \$15.4 million in 2019-20, and \$12.7 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.

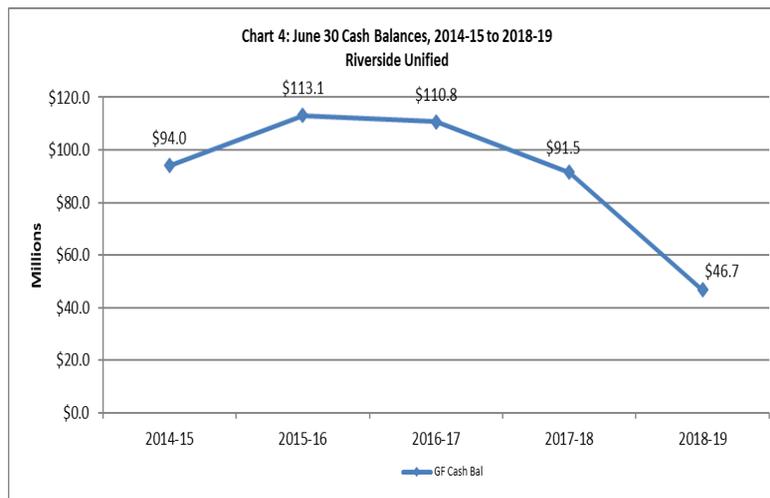


**Employee Negotiations** – As of the board date, October 2, 2018, the district reports salary negotiations are complete with both the certificated and classified bargaining units for the 2018-19 fiscal year. Both the certificated and classified agreements provided for an ongoing increase of 2.50 percent to the related salary schedules for 2018-19. However, the district notes benefit negotiations continue with both units for the 2018-19 fiscal year.

**Reserve for Economic Uncertainties** – The minimum state-required reserve for a district of Riverside Unified’s size is 2.0 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 fiscal year. However, projections indicate the district will not meet the state required reserve in 2019-20 and 2020-21.

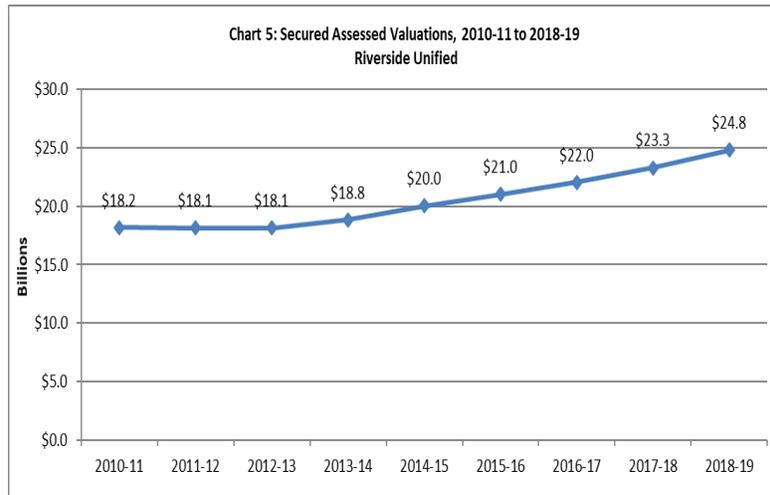


*Cash Management* – Chart 4 provides a historical summary of the district’s June 30<sup>th</sup> General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$46.7 million as of June 30, 2019. This balance does not include any temporary 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.



### **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 shortfalls in 2019-20 and 2020-21 totaling \$2.1 million and \$13.7 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 two 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.