



Riverside County
Board of Education

Kim J. Cousins

Ray "Coach" Curtis

Bruce N. Dennis

Barbara Hale

Susan J. Rainey, Ed.D.

Elizabeth F. Romero

Wendel W. Tucker, Ph.D.

DATE: September 14, 2018

TO: Mrs. Diane Perez, District Superintendent
Mr. John I. Norman, Board President
Mr. Seth Heeren, Assistant Superintendent, Business Services
Ms. Sherry Smith, Assistant Superintendent, Educational Services
San Jacinto 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.

San Jacinto 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			12.2	8.5	71.4	21.4	83.2	13.4
% UC A-G Completion	2017	46.8	37.9	41.0	28.6	38.5	7.1	36.3	
EAP – % ELA College Ready	2017	27.7	12.6	20.6	13.6	10.6	0.0	9.5	0.0
EAP – % Math College Ready	2017	12.9	1.2	3.0	0.0	1.0	0.0	0.5	0.0
CAASPP – Grade 3 ELA % Met/Exceeded	2017	43.9	32.8	41.5	15.4	32.0	14.3	28.8	10.3
CAASPP – ELA % Met/Exceeded	2017	48.6	35.8	44.4	30.1	33.8	8.5	32.1	7.9
CAASPP – Math % Met/Exceeded	2017	37.6	20.4	28.8	13.7	18.6	7.3	17.5	4.9
CAASPP Distance from Level 3 – ELA	2017								
CAASPP Distance from Level 3 – Math	2017								
% Suspension ♦	2017	3.6	3.8	3.4	9.6	3.1	2.6	4.0	7.0
% Chronic Absenteeism ♦	2017	10.8	13.6	16.6	20.7	12.2	8.7	14.3	18.3
% EL Progress to English Proficiency**	2017						66.8		
Graduation Rate	2017	82.7	85.3	84.5	78.2	86.4	78.8	85.2	72.2
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 description of Greatest Progress in the *Plan Summary* section of the LCAP. The district included district goals with supporting data (including grade level, student groups, and county comparisons) and referenced initiatives noted in the LCAP Highlights.

Standards Met or Exceeded in English Language Arts and Mathematics

The district is to be commended for maintaining the district-wide focus and training on English Language Development strategies which include site level coaching and district level collaboration contributing to the five point increase on the English learner progress on the green performance level indicator. The district is to be commended for utilizing a wide variety of data sources to analyze the overall effectiveness of academic programs. 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 district specifically explore the causal factors and remedies for the significant decline in mathematics scores for African American and Foster Youth student groups?
- How might the district use quantitative data to show student growth and improvement as a result of the specific individual programs and services that have been implemented?

Course Access and Student Enrollment in Rigorous Coursework and CTE Pathways

The district should be commended for increasing the participation rates for CTE 12.8 percent to 46.4 percent for the 2016-17 school year. The district should also be commended for continuing the development of multiple CTE Pathways for students at the secondary level to maintain highly qualified CTE classes. In efforts to support and develop the CTE Pathways, the district funded a Director of College and Career Readiness to manage and enhance CTE pathways and community engagement throughout the district. 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 you increase student participation in the A-G required coursework for alignment to CSU/UC admissions requirements?
- How might an increase in internships in your local community strengthen your CTE career based learning opportunities?

Pupil Engagement and School Climate

The district is to be commended for its strong focus on building positive and equitable learning environments. This includes the creation of a mental health department consisting of both special education and regular education experts. The district is also to be commended for the two new counseling centers that were constructed at two middle schools for students to have access to counseling supports. Furthermore, Positive Behavioral Interventions and Supports (PBIS) has been and continues to be a district focus with 12 schools nominated for silver and gold state recognition awards for PBIS. In addition, the overall suspension rate dropped by 36.5 percent along with a decrease in African American students of 28 percent and a 32.4 percent for Students with Disabilities. The district's commitment to developing alternatives to suspension is commendable. Also noteworthy, the district's graduation rate continues to increase with English Learner students' graduation rate increasing by 3.7 percent. In addition, it is notable the variety of parent workshops, programs, and advisory committees available to parents to communicate and collaborate with

district and school site staff. Additional dialogue related to the questions below may support the achievement of the expected annual measurable outcomes and goals aligned to student achievement in the areas of pupil engagement and school climate:

- How might you differentiate services based on the unique needs of specific student groups, including Students with Disabilities and African American student groups?
- Considering the identified need in chronic absenteeism in sixth and ninth grades, what might it look like to implement additional actions that are specifically targeted at the highest need 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 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.
- In the *Annual Update* section, the district added a dollar amount or source to certain Estimated Actual Expenditures, and updated the explanation of certain material changes between Budgeted Expenditures and Estimated Actual Expenditures.
- In the *Goals, Actions, and Services* section, the district added a Budgeted Expenditure Amount and Source, or Budget Reference for certain goals, actions, and services.

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:

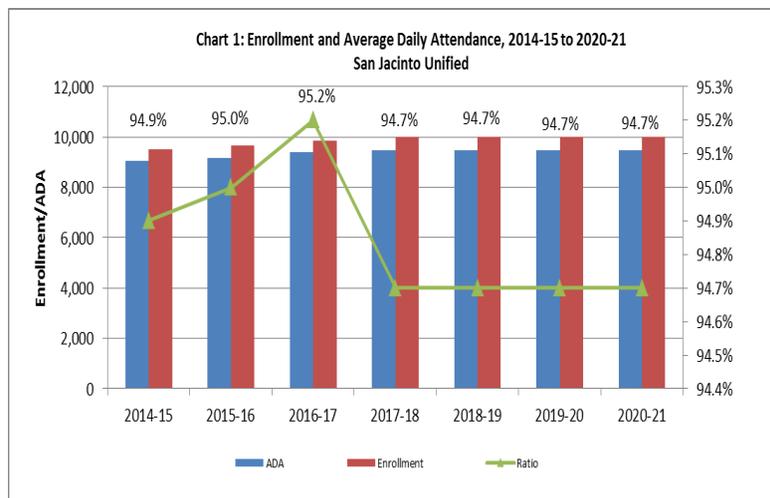
- *Operating Deficit* – Multi-year financial projections indicate substantial General Fund operating deficits for the current and two subsequent fiscal years.

- *Flat Enrollment* – The district’s projections indicate flat enrollment for the current and two subsequent fiscal years.

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.

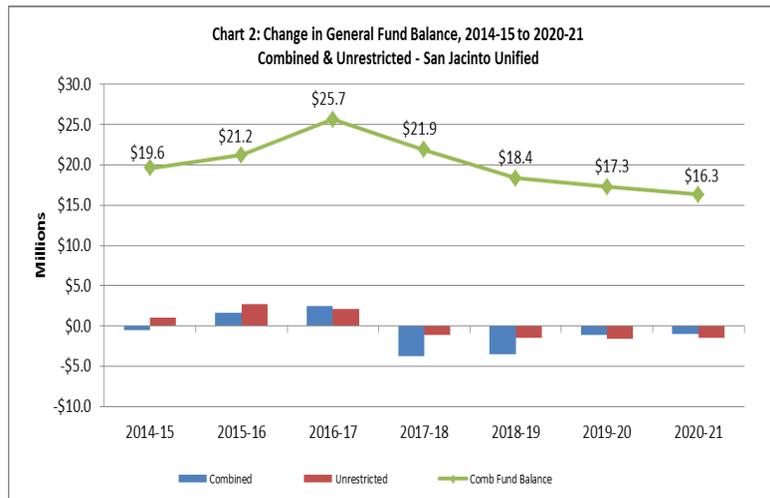
Enrollment and Average Daily Attendance (ADA) – The district’s projected ADA to enrollment ratio (capture rate) for 2018-19 is 94.7 percent, which is lower than the historical average ratio for the three prior fiscal years. The district estimates 9,480 ADA for the current fiscal year, or no change from 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 83.10 percent for 2018-19, and 83.53 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 82.46 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.

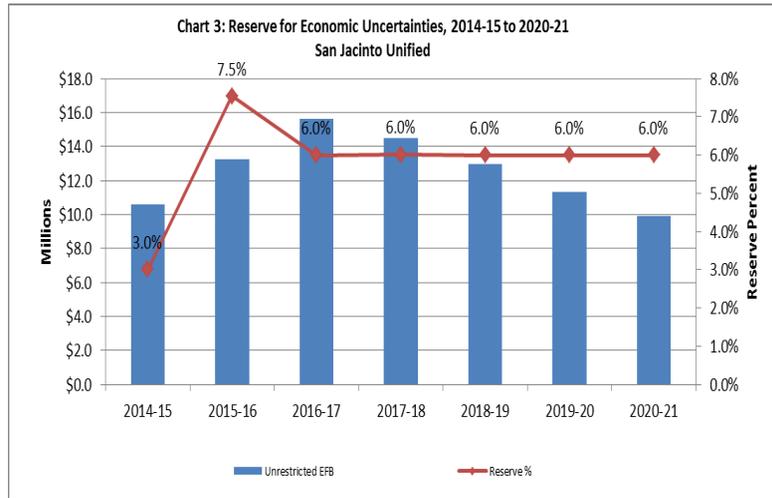
Fund Balance – The district’s Adopted Budget indicates a positive ending balance for all funds in the 2018-19 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$3.5 million in 2018-19, \$1.1 million in 2019-20, and \$1.0 million 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.



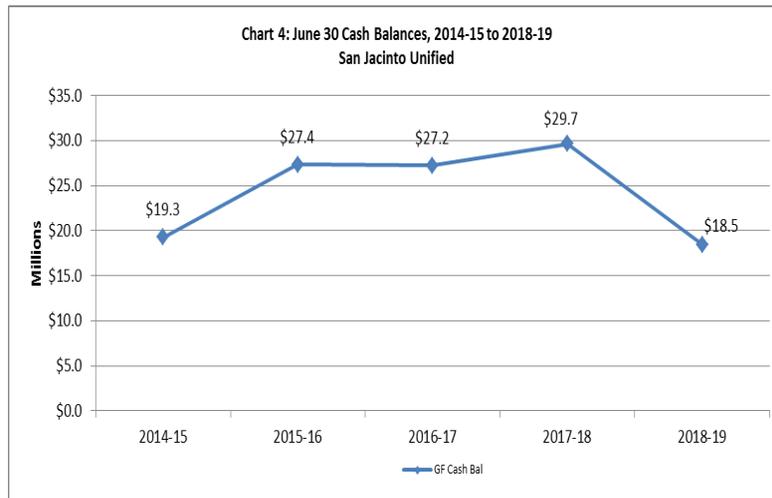
Employee Negotiations – As of the board date, June 19, 2018, the district reports salary and benefit negotiations are complete with both the certificated and classified bargaining units for the 2018-19 fiscal year. The certificated agreement provided for a 2.50 percent increase to the district’s existing certificated salary schedule, retroactive to February 1, 2018. In the event the district 2018-19 P-2 average daily attendance falls below 9,450, the 2.50 percent salary increase will be reduced to 1.0 percent, effective July 1, 2019. Additionally, the agreement provided for a 1.0 percent one-time, off schedule payment to be paid no later than July 31, 2018. The agreement provided for up to 3.0 percent in a one-time, off schedule incentive payment based on each unit member’s attendance during the 2018-19 year. Other language provided for unit members to receive a one-time per diem (base daily rate of pay) bonus for attendance at a district professional development day, outside the 2018-19 contract year.

The classified agreement provided for a 1.0 percent increase to the classified salary schedule effective July 1, 2018. In addition, the agreement provided for a 2.0 percent off schedule, one-time payment paid by July 31, 2019, based upon the employee’s salary from July 1, 2018, to June 30, 2019.

Reserve for Economic Uncertainties – The minimum state-required reserve for a district of San Jacinto Unified School District’s size is 3.0 percent; however the governing board requires the district maintain a 6.0 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 the board-required 6.0 percent reserve, in the current and subsequent fiscal years.

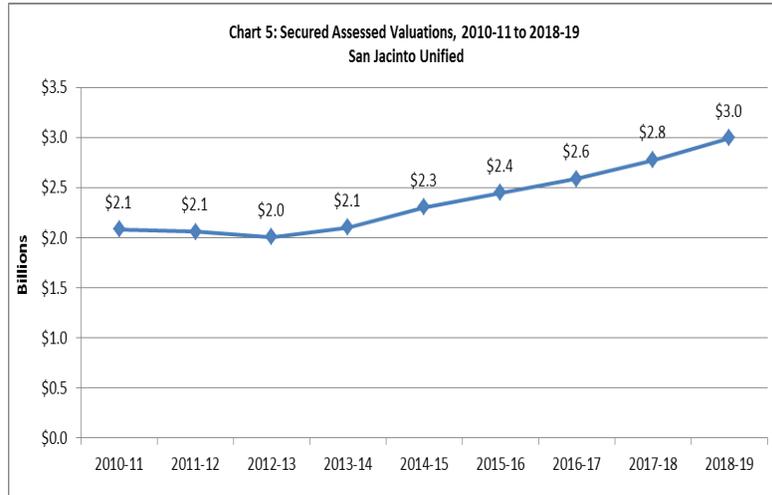


Cash Management – Chart 4 provides a historical summary of the district’s June 30th General Fund cash balance. Based on the budget’s cash flow analysis, the district projects a positive General Fund cash balance of \$18.5 million as of June 30, 2019. This balance does not include any temporary borrowings, 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.