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DATE: August 30, 2024
TO: Dr. Frances Esparza, District Superintendent
Mr. Joey Acuña Jr., Board President
Mrs. Mayela Salcedo, Assistant Superintendent, Business Services
Coachella Valley Unified School District
FROM: Edwin Gomez, Ed.D., Riverside County Superintendent of Schools
BY: Scott Price, Ph.D. *SP* Amanda Corridan *AC*
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SUBJECT: 2024-25 LCAP and ADOPTED BUDGET – 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 2024-25 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.
- The plan adheres to the expenditure requirements for funds apportioned on the basis of the number and concentration of unduplicated pupils.
- The plan includes the calculations to determine whether there is required carryover. If applicable, the plan includes a description of the planned uses of the specified funds and a description of how the planned uses of those funds satisfy the requirements for specific actions to be considered as contributing toward meeting the increased or improved services requirement.

Our office received a board approved LCAP on June 28, 2024. After a comprehensive review, our office determined the LCAP required further clarification to ensure compliance with state guidelines. On July 29, 2024, our office provided a clarification letter highlighting specific areas requiring additional detail and adjustment. On August 8, 2024, the district took to board an updated plan. The district's adopted LCAP has been analyzed in the context of the guidance provided by the California County Superintendents and the California Department of

Education (CDE). Based on our analysis, the district's Local Control and Accountability Plan for the 2024-25 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 the refinement of future Local Control and Accountability Plans and any additional plans designed 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 necessary to be successful in both college and career. The Riverside County Office of Education conducted a review of research on TK-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 local education agencies (LEAs) closely monitor the metrics listed in the data table below for all student groups.

Coachella Valley Unified School District Student Groups – Program Participation Status						
Indicator	LEA	English Learner	Socioeconomically Disadvantaged	Students with Disabilities	Foster Youth	Homeless Youth
Enrollment Count 2023 ¹	16,455	7,220	15,198	1,956	84	214
Enrollment Percent 2023 ¹	N/A	43.9	92.4	11.9	0.5	1.3
English Language Arts (ELA) Distance from Standard 2023 ²	-68.6	-89.5	-71.6	-131.3	-87.4	-102.4
Mathematics Distance from Standard 2023 ²	-110.0	-122.3	-113.4	-162.8	-136.7	-115.8
English Learner Progress Indicator 2023 ²	N/A	46.0	N/A	N/A	N/A	N/A
Graduation Rate 2023 ²	78.6	68.2	78.3	66.7	*	75.0
A-G Completion Rate 2023 ²	31.9	11.8	31.2	6.1	*	20.5
Career Technical Education (CTE) Completion Rate 2023 ²	24.7	11.5	24.0	17.8	*	20.5
Chronic Absenteeism Rate 2023 ²	42.5	41.0	43.2	49.0	52.5	52.7
Suspension Rate 2023 ²	3.9	3.7	4.0	5.2	8.3	3.9

¹2023 California School Dashboard Downloadable Enrollment File
²2023 California School Dashboard/Dashboard Additional Report Downloadable Data Files
* Data Suppressed for Student Privacy Reasons

Coachella Valley Unified School District Student Groups – Race/Ethnicity										
Indicator	LEA	American Indian	Asian	Black/African American	Filipino	Hispanic	Pacific Islander	White	Two or More Races	
Enrollment Count 2023 ¹	16,455	64	15	36	6	16,124	1	131	25	
Enrollment Percent 2023 ¹	N/A	0.4	0.1	0.2	0.0	98.0	0.0	0.8	0.2	
English Language Arts (ELA) Distance from Standard 2023 ²	-68.6	-110.5	*	-95.9	*	-68.4	*	-66.1	*	
Mathematics Distance from Standard 2023 ²	-110.0	-145.6	*	-160.2	*	-110.1	*	-98.1	-176.3	
English Learner Progress Indicator 2023 ²	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Graduation Rate 2023 ²	78.6	*	*	*	*	78.8	*	*	*	
A-G Completion Rate 2023 ²	31.9	*	*	*	*	31.9	*	*	*	
Career Technical Education (CTE) Completion Rate 2023 ²	24.7	*	*	*	*	25.0	*	*	*	
Chronic Absenteeism Rate 2023 ²	42.5	62.2	25.0	50.0	*	42.2	*	55.1	54.2	
Suspension Rate 2023 ²	3.9	8.8	0.0	17.9	*	3.9	*	2.7	4.4	

¹ California School Dashboard/Dashboard Additional Report Files

² CDE Dataquest and Files

* Data Suppressed for Student Privacy Reasons

We offer the following commendations and inquiry questions to consider for the implementation of the 2024-25 Local Control and Accountability Plan and the refinement of the plan in future years:

Student Success in Academics

The district is to be commended for its comprehensive approach to improvement through the implementation of Multi-Tiered System of Supports (MTSS), strategic professional learning initiatives, and commitment to collaboration. By providing structured support to achieve academic and social-emotional outcomes for all students, empowering teachers with greater agency, enhancing best first instruction through content-focused professional development and instructional coaches, and proactively addressing community needs through surveys and decisive actions, the district demonstrates a strong dedication to fostering a high-quality, inclusive educational environment where all voices are heard and valued.

Additional dialogue related to the questions below may support achievement of the goals and desired outcomes aligned to student academic achievement:

- How might the use of qualitative data (i.e., empathy interviews, focus groups, classroom observations) in conjunction with quantitative data (Mastery Connect and Aeries Analytics) be used by site administration and teachers to better align with the MTSS framework and create measurable and relevant student support strategies?
- In what ways can the district enhance standards-based instruction with mathematical big ideas (instead of focusing on math skills), as recommended by the California Mathematics Framework, to foster deeper conceptual understanding and more meaningful learning experiences for students?
- How might the use of qualitative data be used to measure the impact of instructional coaches on teacher and student mathematical identity and agency, and student learning outcomes?

Student Access, Enrollment, and Success in Rigorous Coursework

The district is to be commended for its commitment to K-12 Career Technical Education (CTE) and College and Career Readiness. It has strengthened existing CTE programs, aligning 7 Science, Technology, Engineering, Arts, and Mathematics (STEAM) elementary schools, 20 middle school CTE programs, and 20 high school programs with College of the Desert and California State University, San Bernardino. The district has also expanded field trips, increased participation in CTE student organizations, and developed college and career centers with new Career Center Assistants at high schools, enhancing engagement and preparation for post-secondary success. Additionally, the success of the Puente Program is notable, with 100 percent of students graduating, 94 percent A-G eligible, and over 95 percent accepted to four-year colleges.

Additional dialogue related to the questions below may support achievement of the goals and desired outcomes aligned to student access, enrollment, and success in rigorous coursework:

- How can the district further enhance the alignment between its K-12 CTE programs and post-secondary institutions to ensure seamless transitions for students into college and career pathways?
- What specific strategies have proven most effective in increasing student participation and success in CTE programs, and how can these be expanded or adapted to support even more students?
- In what ways can the district measure and improve the long-term impact of Career Center initiatives on students' college and career readiness beyond high school graduation?

Student Engagement and School Climate

The district is to be commended for its implementation of a robust MTSS framework to address students' social and emotional learning needs, with significant resources dedicated to mental health and substance use counseling, social emotional program support, wellness centers, and attendance monitoring. Various support structures, including Latino Commission therapists, Positive Behavioral Interventions and Supports (PBIS) Transformational Leads, and Wellness Centers, has primed the district to demonstrate effectiveness in reducing suspensions and addressing mental health concerns.

Additional dialogue related to the questions below may support achievement of the goals and desired outcomes aligned to student engagement and school climate:

- How might the district continuously measure students' social emotional needs to respond timely, as well as best evaluate the impact of social and emotional learning (SEL) interventions facilitated by staff and partners on social-emotional wellness and student behavior?
- How might qualitative data (i.e., empathy interviews, parent focus groups) be captured and analyzed to gain a deeper understanding of barriers resulting in chronic absenteeism for student groups demonstrating the highest need?
- How can the district improve alignment of resources in the Tier 1 delivery of a Multi-Tiered System of Supports (MTSS) to address chronic absenteeism and suspension rates?

To access resources and tools that will support future LCAP development, please go to <https://www.rcoe.us/lcap-support>.

Fiscal Recommendations

During our review we identified opportunities to improve data accuracy between the district's LCAP and fiscal documents. After board adoption, the district revised certain items which had no material impact on the implementation of the district's plan.

Adopted Budget

In accordance with California Education Code (EC) Section 42127, our office has completed its review of the district's 2024-25 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 2024-25 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 would like to highlight the following concerns:

Enrollment and Average Daily Attendance (ADA) – The district estimates 13,953 ADA for the current fiscal year, or a 4.3 percent decrease from the certified 2023-24 P-2 ADA. For 2025-26 and 2026-27, the district projects a 2.5 percent decrease in ADA each year. It will be important for the district to monitor enrollment in the current and subsequent years to ensure accurate LCFF revenue and plan accordingly.

Local Control Funding Formula (LCFF) – The district's Adopted Budget included Cost-of-Living Adjustments (COLAs) for LCFF funding of 1.07 percent, 2.93 percent, and 3.08 percent for the 2024-25, 2025-26, and 2026-27 fiscal years, respectively. Our office recommends a contingency plan should LCFF funding not materialize as projected in the 2024-25 State Budget.

One-Time Funding – The district's multi-year projections incorporate the use of the one-time funding to support substantial ongoing expenditures in the current and subsequent fiscal years. Our office cautions districts when utilizing one-time funding to support ongoing costs and recommends the district analyze the impact on the unrestricted General Fund when one-time funding has ceased.

Step and Column – The district's multi-year projections for the 2025-26 fiscal year did not account for the costs associated with step and column increases for certificated salaries. As a result, the projections for certificated salaries and benefits were understated by approximately \$2.0 million in each year for the 2025-26 and 2026-27 fiscal years. Step and column increases for classified salaries were incorporated into the district's multi-year projections. **The incorporation of step and column for all groups will be crucial to the district's multi-year projections and should be included with the submission of the district's First Interim Financial Report.**

Position Control – During review of the district's Adopted Budget, our office identified key position control budgeting practices that may hinder the district's ability to accurately forecast and manage personnel costs. Our office strongly recommends the district review its position control budgeting practices and analyze the impact of actual position changes on the district's multi-year projections.

Employee Negotiations – As of the board date, June 27, 2024, the district reports salary and benefit negotiations continue with both the certificated and classified bargaining units for the 2024-25 fiscal year. However, the district's Estimated Actuals continued to not include the full cost of the 2023-24 settlements with the certificated and classified bargaining units. Additionally, as of the board meeting on May 16, 2024, the district approved an increase to the confidential and management salary schedules, which was not incorporated into the district's multi-year projections. **Therefore, salary and benefit projections identified in the district's Estimated Actuals are understated which impact the district's 2024-25 beginning and ending fund balances.** As a reminder, California Education Code Section 42142 requires the district superintendent, within 45 days of adopting a collective bargaining agreement, to incorporate any budget revisions necessary to fulfill the terms of the agreement and any additional costs shall be reflected in any interim or multiyear projections. Therefore, **updated beginning fund balances for 2024-25 should be incorporated into the district's First Interim Financial Report submission.**

Planned Reductions – In prior discussions, the district presented a financial stabilization plan that relied on one-time funding to partially address the ongoing structural deficit, while also recognizing the necessity for additional spending reductions. Moreover, the exclusion of certificated step and column increases for the 2025-26 fiscal year will increase the required reductions needed to ensure the district's fiscal solvency.

The district's Adopted Budget, which the district approved on June 27, 2024, outlined the specific reductions necessary to fulfill its financial obligations as follows:

Incorporated Multi-Year Expenditure Reductions		
	2025-26	2026-27
Certificated Salaries*	\$25.9 Million	\$2.6 Million
Classified Salaries*	\$3.4 Million	-
Employee Benefits	\$12.8 Million	\$1.5 Million
Total	\$42.1 Million	\$4.1 Million

***For position reductions to occur in the 2025-26 fiscal year, the district must take action by March 15, 2025.**

Omitted from Multi-Year Projections		
	2025-26	2026-27
Certificated Step And Column	\$2.0 Million	\$2.0 Million
Total Reductions Needed	\$44.1 Million	\$6.1 Million

Additionally, it remains unclear whether the reductions approved by the board on May 7, 2024, created a projected savings for the district. As the 2023-24 Unaudited Actuals are finalized, the district should reexamine any actual budget savings and reassess if additional reductions are required.

Unrestricted Deficit Spending – For the unrestricted General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$14.8 million in 2024-25, \$13.6 million in 2025-26, and \$15.1 million in 2026-27. These deficit spending projections include the planned reductions identified in the chart above. Without action on the planned reductions, the district's structural deficit is projected to be substantially higher. Our office strongly discourages districts from committing to additional ongoing expenditures without offsetting reductions and stresses the need to continue identifying solutions to reduce any potential structural deficit.

Reserve for Economic Uncertainties – The minimum state-required reserve for Coachella Valley Unified School District is 3.0 percent. The district projects to meet the minimum-reserve requirement in the current and two subsequent fiscal years. However, in order for the multi-year projections to materialize, the district must take action on the planned yet-to-be identified reductions that have been incorporated into these projections. Please note that for position reductions to take effect, and for the associated expenditure reductions to be recognized in the 2025-26 fiscal year, the district must take action by March 15, 2025.

Stabilization Plan – The district's multi-year projections are based on salary and benefit reductions of approximately \$42.1 million in the 2025-26 fiscal year and an additional \$4.1 million in the 2026-27 fiscal year, which have yet to be determined. As a result, **our office is requiring an updated multi-year financial projection, including updated salary and benefit cost projections, a list of reductions specific by position, and a detailed board approved financial stabilization plan addressing the incorporated reductions with the submission of the First Interim Financial Report.**

The multi-year projections must detail restricted, unrestricted and combined funds, and include the detailed assumptions used. Specifically, the updated multi-year financial projections must incorporate known assumption changes related to revenues and expenditures in the current and subsequent fiscal years and should address the district's ability to meet the required minimum reserve in all years. While some reductions in the 2025-26 and 2026-27 fiscal years may currently still be unspecified, reductions that take effect on July 1, 2025, must be clearly specified and detailed in the district's First Interim budget submission to meet the March 15th deadline, as mandated by Education Code Sections 44949 and 45117.

Fiscal Support – In response to the district's growing need for further budgetary reductions, and at the request of the district superintendent, our office will be assigning a fiscal expert to provide additional support and guidance on the district's financial challenges. Additionally, our

office will assign an RCOE employee to conduct in-person, hands-on Galaxy training for the district's fiscal team. This training is intended to facilitate the necessary system clean-up, thereby enabling a clearer understanding of the district's current financial situation.

Non-Voter Approved Debt – Per EC Section 42133, a school district that has a qualified or negative certification in any fiscal year may not issue, in that fiscal year or in the next succeeding fiscal year non-voter approved debt [e.g., certificates of participation, capital leases, and (tax and revenue anticipation notes (TRANs))], unless the county superintendent determines that the district's repayment is probable. Since the Coachella Valley Unified School District certified as qualified for the 2023-24 Second Interim reporting period, this education code is in effect through 2024-25. Please submit any non-voter approved debt disclosure to our office at least 30 days prior to the governing board's approval to proceed with all non-voter approved debt issuance, excluding TRANs. For TRANs, please contact our office for a list of requirements.

Cash Management – Attention to cash solvency remains a critical fiscal practice and should continue to be prioritized in the coming year. The district projects sufficient cash balances to cover projected expenditures during the 2024-25 fiscal year. Should the district identify the need for temporary borrowing options, 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. Outside of the district's qualified interim reports, our office did not receive any additional fiscal distress reports for the district.

Conclusion

The district faces significant decisions in order to develop and implement an updated stabilization plan to ensure fiscal solvency. We encourage the district to engage in meaningful and transparent dialogue with educational partners throughout this process. We recommend that the district prepare a stabilization plan that aligns its budget with position control. Our office is committed to supporting the district in these efforts. Additionally, we strongly encourage districts to engage in thoughtful planning to ensure that both ongoing and one-time financial resources are effectively utilized for the benefit of students.