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DATE: September 14, 2016

TO: Dr. Michael Lin, District Superintendent
Mrs. Cathy L. Sciortino, Board President
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Corona-Norco Unified School District

FROM: Kenneth M. Young, Riverside County Superintendent of Schools

BY: Teresa Hyden
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Subject: 2016-17 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 2016-17 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 2016-17 fiscal year has been approved by the Riverside County Superintendent of Schools. Our goal is to further enhance the performance of students by offering commendations and suggestions for the implementation of the plan and the development of the *Annual Update* and the 2017-18 LCAP.

Stakeholder Engagement

In *Section 1: Stakeholder Engagement*, the involvement of various groups was very detailed including targeted subgroup participation in numerous sessions and committees. Specific recommendations from each group were listed. The district used innovative approaches to involve stakeholders in the LCAP development process including student-led sessions at high schools and, in addition to Principal’s meetings, the Superintendent’s Teacher Advisory Council including teacher-leaders from all 50 school sites. This establishes involvement of bargaining unit members while also enhancing the district’s ability to seek input into LCAP development as well as discuss implementation of the LCAP goals, actions, and services with site staff. The LCAP explained provision of information to stakeholders through videos and newsletters sent out to parents and staff while also seeking continual feedback from stakeholders through surveys, focus groups, and stakeholder meetings. The district established a clear connection between the involvement process and impact on the LCAP. Lastly, the executive summary provided a big picture overview of the LCAP.

Student Achievement

Closing the achievement gap and ensuring all students are prepared for college and career is a priority under the Local Control Funding Formula (LCFF). Noted in the table below is data specific to many LCFF priorities.

Metric	State Average	White	African American	Hispanic	English Learner	Low Income	Students w/ Disabilities
% of Corona-Norco USD		27.2	6.0	52.3	13.6	45.8	11.1
% UC A-G Enrollment		96.9	96.4	95.9	85.1	95.5	71.7
% UC A-G Completion	48.6	56.7	52.4	41.8	6.7	42.9	5.8
% EAP – ELA / Math	23.0 / 11.0	28.1 / 11.0	20.1 / 5.1	16.0 / 4.0	0.0 / 2.1	15.0 / 5.0	1.0 / 0.0
% CAASPP – ELA / Math	44.1 / 33.8	62.1 / 45.1	48.2 / 28.3	43.9 / 26.0	12.3 / 11.4	40.1 / 23.9	13.1 / 8.0
% Suspension	3.80	1.83	3.87	2.39	2.50	3.05	5.03

It is evident that the district included differentiated improvement targets on the California Assessment of Student Performance and Progress (CAASPP) results for unduplicated pupil subgroups and significant subgroups who have consistently struggled based on Corona-Norco’s historic Standardized Testing and Reporting (STAR) data. Closing the achievement gap and ensuring all students are prepared for college and career is a priority under the Local Control Funding Formula (LCFF). The district’s *Section 2* has done an exemplary job in the *Identified Need* and *Expected Annual Measurable Outcomes* of differentiating by subgroup for various metrics (Cohort Graduation Rate, Cohort Dropout Rate, CAASPP, A-G Completion, Advanced Placement (AP) Participation, Participation in AP Tests, Number of Students in Career Technical Education (CTE) Classes, Chronic Absenteeism Rate). Several metrics (CAASPP, A-G completion, AP Course and Test Participation) also include accelerated *Expected Annual Measurable Outcomes* for student subgroups indicating the district’s focus on closing the opportunity and achievement gap. Data was collected appropriately and thoughtfully analyzed. The following observations were noted for consideration.

- A-G completion rate from 2013-14 to 2014-15 data has increased overall as well as for Hispanic students and Low Income students. A-G completion has decreased slightly for the African American subgroup and significantly for English Learners (ELs). ELs still trail significantly behind other subgroups in A-G completion. In the *Annual Update*, it is evident that the district

will be investigating this metric in the fall by including the statement, “data for 2015-16 is expected in Fall 2016, progress will be measured based on the expected data when the data is received. Analysis will be conducted and program adjustments will be made at that time” related to A-G completion.

- Advanced Placement participation (classes) 2013-14 to 2014-15 data has increased overall and for Reclassified Fluent English Proficient (RFEP) students and African American students, but has decreased slightly for Hispanic and Low Income students. African American students’ participation trails significantly behind other subgroups and no data is reported for English Learners (ELs) or Students with Disabilities (SWD) participation in AP classes or assessments; therefore it can be inferred that they did not participate in AP classes. In the *Annual Update*, it is evident that the district will be investigating this metric in the fall by including the statement, “data for 2015-16 is expected in Fall 2016, progress will be measured based on the expected data when the data is received. Analysis will be conducted and program adjustments will be made at that time” related to AP participation completion.
- Corona-Norco has reduced chronic absenteeism for several subgroups from 2013-14 to 2014-15 with the exception of RFEPs, Low Income, and Foster Youth and differentiates EAMOs for subgroups. It is evident that the district will continue to explore and respond to this data with the inclusion of the statement, “Data is expected in August 2016. Analysis of data will be made at that time and program adjustments will be made based on data analysis” related to chronic absenteeism.
- Corona-Norco maintains upward trending graduation rates and downward trending dropout and suspension rates. The plan would be strengthened by differentiating *Expected Annual Measurable Outcomes* for suspension rate and expulsion rates for significant subgroups. We would additionally recommend actions and services targeted to subgroups exceeding the district rate for suspension and expulsion including Foster Youth, Students with Disabilities, African American, and Socioeconomically Disadvantaged students.
- Corona-Norco has increased the number of CTE pathways, courses, and alignment to industry sectors. In addition, the number of students enrolled in CTE pathways mapped to high growth industries has increased overall and for most subgroups including Hispanic, African American, Students with Disabilities, ELs, RFEPs, as well as both male and female groups. There is a slight decline for Low Income and Foster Youth.

Noted in the table below is the Title III Annual Measurable Achievement Objectives (AMAO) data. Corona-Norco’s LCAP Goals 1 and 2 include metrics for the EL progress toward English proficiency (AMAO 1), and English Learner reclassification rate. As an additional quantitative measure, consider distinguishing between cohorts for attaining English proficiency (AMAO 2 – Less Than 5 Years Cohort vs. 5 Years or More Cohort).

Title III Annual Measurable Achievement Objectives (AMAO) Trends									
	AMAO 1			AMAO 2a (Less Than 5 Years Cohort)			AMAO 2b (5 Years or More Cohort)		
	CNUSD	Target	Met?	CNUSD	Target	Met?	CNUSD	Target	Met?
2015-2016	63.4%	62.0%	Yes	32.5%	25.5%	Yes	52.2%	52.8%	No
2014-2015	62.1%	60.5%	Yes	31.6%	24.2%	Yes	47.8%	50.9%	No

Title III Annual Measurable Achievement Objectives (AMAO) Trends									
	AMAO 1			AMAO 2a (Less Than 5 Years Cohort)			AMAO 2b (5 Years or More Cohort)		
	CNUSD	Target	Met?	CNUSD	Target	Met?	CNUSD	Target	Met?
2013-2014	60.1%	59.0%	Yes	29.1%	22.8%	Yes	47.0%	49.0%	No
2012-2013	59.5%	57.5%	Yes	26.5%	21.4%	Yes	48.7%	47.0%	Yes

Although the 2016-17 Title III accountability data will be published after the 2016-17 LCAP is developed and approved, it is recommended that the district review data for 2015-16 performance and identify formative measures of English Learner progress and intervene immediately if actions are not producing expected results.

Monitoring Progress

In *Section 1, Annual Update Involvement Process*, the district explains, “During the LCAP Advisory Committee meetings, a progress check on the different programs was presented along with the latest data on these areas.” In Section 3A, the district indicates, “On a weekly basis, the LCAP programs and processes are discussed in Cabinet thereby monitoring and measuring the initiatives, making corrections along the way.” In order to be responsive to those actions that are working or not working, we continue to recommend utilizing a process that continually assesses the progress of each planned action and its effectiveness in reaching the *Expected Annual Measurable Outcomes* specified in your plan. Identifying leading indicators for progress on goals that can be shared with stakeholders on a regular basis will increase the community commitment to the plan. This will also allow you to clearly articulate, in the *Annual Update* section of the plan, whether the planned actions/services were effective. The statements of effectiveness must go beyond the mere indication of whether the action was completed or not and should clearly articulate the effect the action had on achieving the desired outcomes for all students or identified student subgroups for the specified goals.

Additional Metrics to Consider

The purpose of the LCAP is to ensure that all students graduate from high school with the skills to be successful in both college and career. This work cannot wait until high school, nor can it be successful without more specific focus by grade level and by subgroup.

A focus group was convened by the Riverside County Office of Education in 2014-15 to review research on K – 12 college readiness indicators and identify those that would align with the LCAP and have greatest impact. As a result of the focus group research, we recommend that LEAs consider additional college readiness indicators for various grades including but not limited to:

- Score of Level 3 or Level 4, “Standard Met” or “Standard Exceeded,” as indicated on the Smarter Balanced Summative Assessment in Reading and Mathematics at grades 3, 5, 8, and 11 by subgroup. (State Priority 4)
- Chronic absentee rates by grade level and subgroup at the following grades – Kindergarten, 1, 2; last grade of elementary (5 or 6); first grade of middle school (6 or 7); first grade of high school (9 or 10). (State Priority 5)
- Percent of students earning passing grades – C or better – in English and Mathematics at the exit grades from elementary (5 or 6) and middle school (8 or 9) by subgroup and gender. (State Priority 8)

- Suspension and expulsion rates by subgroup and gender for “disproportionality.” (State Priority 6)
- Percent of students failing two or more classes at grade 9 by subgroup and gender. (State Priority 8)

Describing Use of Supplemental Grant Funds and Proportionality

The purpose of the LCAP *Section 3* is to ensure that all unduplicated and underperforming students receive increased or improved services in proportion to the increased funding received to serve those identified students in order for them to graduate from high school with the skills to be successful in both college and career.

The district described the increased or improved services in *Section 3* but could more clearly articulate why this is the *most effective* use of funds to meet the district’s goals by aligning the cited research with specific actions and services that were selected as a result of the data analysis and review of theory.

In *Section 3A*, the district indicated the number of schools below 40 percent unduplicated pupils. For these schools, the district should indicate if any sites intend to use site allocations in a schoolwide manner. If so, justification for using funds in a schoolwide manner should include a description of why this use of funds is most effective in order to meet the district goals for unduplicated pupils. When funding is allocated to schools, a description of how the district will ensure that the schools are implementing actions and that those actions are effective in meeting the district’s goals in the eight state priority areas is necessary beyond “*The Single School Plan development process*” as indicated. It is recommended that the district provide a more specific description of the "monitoring" process for site allocations. *Section 3A* indicates, “*All expenditures are processed through the district office using the categorical expenditure request system where proposed expenditures are monitored for focus and the most effective use of funding.*” The plan would be strengthened by explaining the process for monitoring implementation of actions and services funded with supplemental and concentration funding.

In *Section 3B*, the district is asked to describe how services for the unduplicated students have increased or improved as compared to services provided to all students in proportion to the increase in funding received to serve those students. This is a cumulative process of increasing services until the district is fully funded. It is evident with the inclusion of an action/service summary matrix that the district has identified the specific actions and services that are principally directed towards unduplicated pupils. It is recommended in *Section 3B* that the district broadly describe the services identified in the LCAP from the previous year(s), and then describe those services being added in the current LCAP year, which is 2016-17. Corona-Norco has done this in the executive summary at the beginning of the LCAP; however, for those stakeholders who will be looking in the plan for this information, it may be beneficial to include in *Section 3B*. This demonstrates that the district is maintaining and building its support for unduplicated students proportionally each year and increases the transparency of the plan for the stakeholders.

Adopted Budget

In accordance with California Education Code (EC) Section 42127, our office has completed its review of the district’s 2016-17 Adopted Budget to determine whether it complies with the criteria and standards adopted by the State Board of Education (SBE) and whether it allows the district to meet its financial obligations for the 2016-17 fiscal year, as well as satisfy its multi-year financial commitments.

The district’s Adopted Budget has been analyzed in the context of guidance provided by our office, based on the Governor’s 2016-17 May Budget Revision. 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 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 year and flat enrollment for the two subsequent years.

The following pages provide further details on the district’s 2016-17 Adopted Budget. In addition to this analysis, current law as enacted through AB 2756 (Chapter 52, Statutes of 2004) also 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.

LCFF Gap Funding – For purposes of determining the potential gap funding increase, the district has estimated 54.84 percent for the 2016-17 fiscal year, 73.96 percent for 2017-18 and 41.22 percent for 2018-19. The district has agreed to a contractual formula with its bargaining units that will adjust accordingly should gap funding not materialize as planned.

Unduplicated Pupil Percentage – The district reports an unduplicated pupil percentage of 47.54 percent for 2016-17 and 47.45 percent for 2017-18 and 2018-19. The district’s unduplicated pupil percentage included in the 2015-16 P2 certification by the California Department of Education is 47.64 percent.

Employee Negotiations – As of the board date, June 17, 2016, the district reports salary and benefit negotiations are complete with both the certificated and classified bargaining units for the 2016-17 fiscal year. The certificated agreement provided for a total 1.2 percent increase on the 2015-16 salary schedules effective July 1, 2016. Additionally, the agreement provided for an increase to the retiree health and welfare benefit cap in the amount of \$2,350 to a single plan maximum of \$6,150. The classified agreement provided for a \$600 health and welfare benefit cap increase (from \$5,150 to \$5,750 for eligible single party coverage unit members, from \$5,900 to \$6,500 for eligible two-party coverage unit members, and from \$7,070 to \$7,670 for eligible family coverage unit members) effective July 1, 2016. Additionally, the agreement stipulated that the district shall contribute on behalf of the California School Employees Association (CSEA) \$20,000 each year towards a professional growth tuition reimbursement program of which unit members are eligible for up to \$1,000 a school year.

The district’s adopted budget was developed prior to adoption of the 2016-17 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.

During our review of the district’s Local Control and Accountability Plan, we noted the following:

- Any difference between budgeted expenditures and estimated actual annual expenditures in the Annual Update section requires an explanation. We recommended that a reason for the variance be added to each action. The district implemented our recommendation.
- The budgeted expenditures for each action/service for each school year requires the district to reference all funding sources for each proposed expenditure which must be classified using the California School Accounting Manual (CSAM) as required by Education Code sections 52061, 52067, and 47606.5. We recommended an expenditure and funding source be added for each action. The district implemented our recommendation.
- Supplemental and Concentration (S&C) grant funding is included in the Local Control Funding Formula to increase and/or improve services to targeted student populations. If S&C grant funds, used to serve the targeted pupil population, have been underinvested each fiscal year, it may be

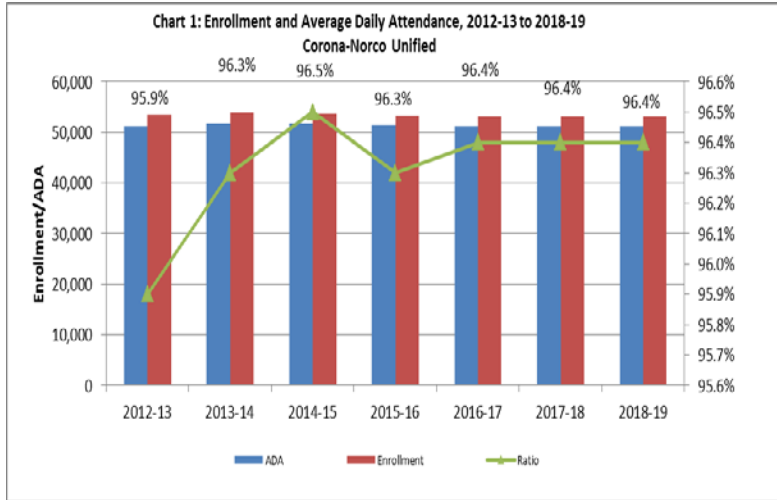
difficult for the district to demonstrate the minimum proportionality percentage at full implementation.

Our office commends the district for its efforts thus far to preserve its fiscal solvency and maintain a quality education program for its students. If we can be of further assistance, please do not hesitate to contact our office.

2016-17 Adopted Budget Report

Corona-Norco Unified School District

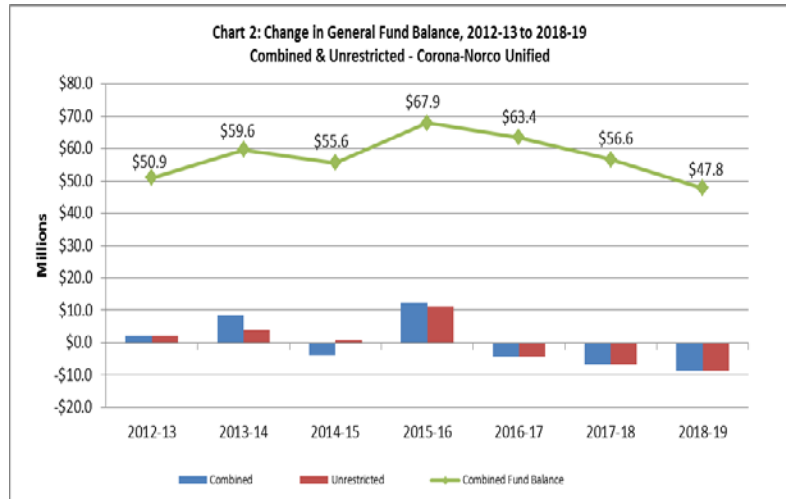
Enrollment and Average Daily Attendance (ADA)



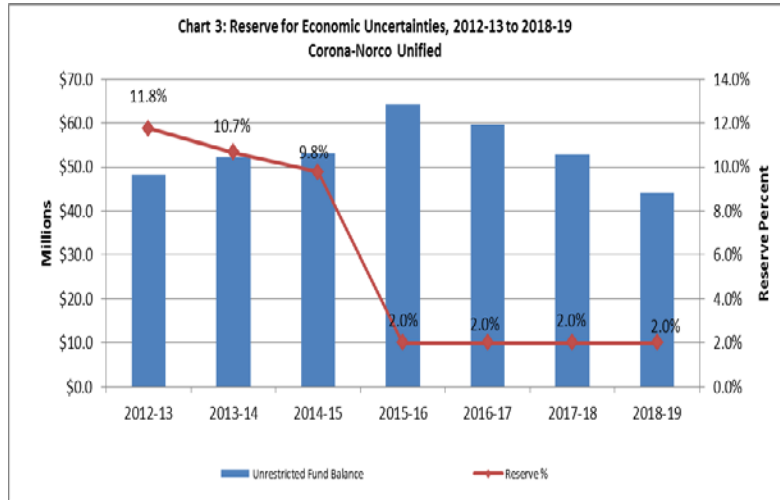
The district's projected ADA to enrollment ratio (capture rate) for 2016-17 is 96.4 percent, which is within the historical average ratio for the three prior fiscal years. The district estimates 51,220 ADA for the current fiscal year, or a 0.3 percent decrease from the 2015-16 P-2 ADA. For 2017-18 and 2018-19, the district projects ADA to remain flat.

Fund Balance

The district's Adopted Budget indicates a positive ending balance for all funds in the 2016-17 fiscal year. However, for the General Fund, the district anticipates expenditures and uses will exceed revenues and sources by \$4.5 million in 2016-17, \$6.7 million in 2017-18, and \$8.9 million in 2018-19. Chart 2 shows the district's deficit spending historical trends and projections.



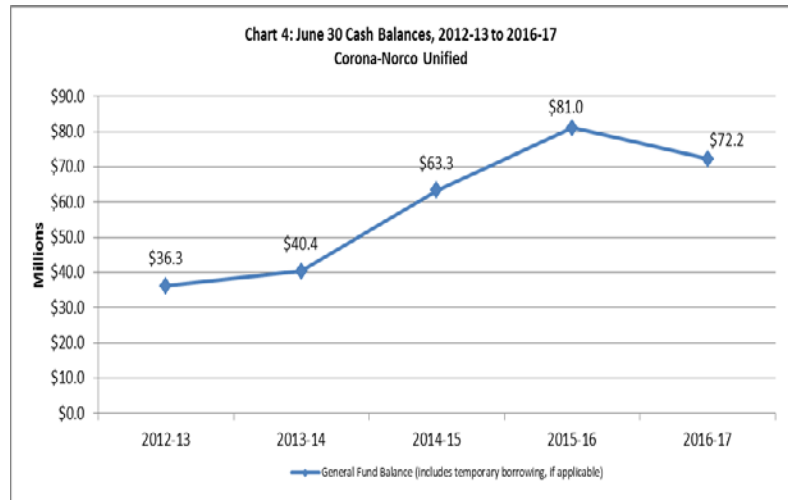
Reserve for Economic Uncertainties



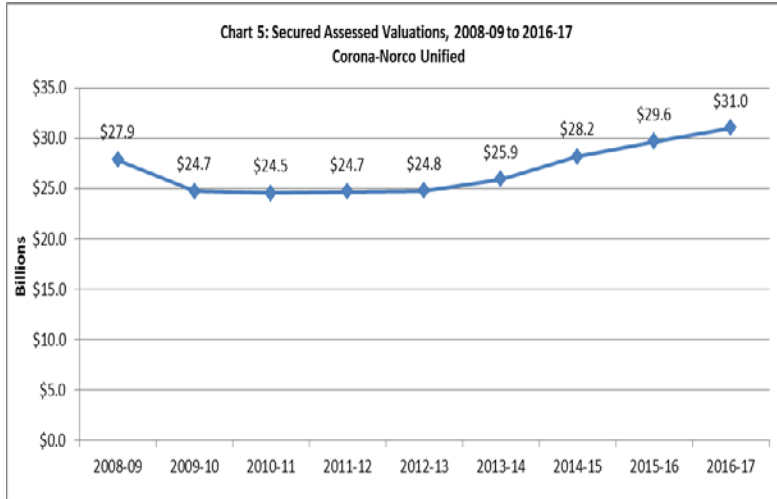
The minimum state-required reserve for a district of Corona-Norco Unified's size is 2.0 percent. Chart 3 displays a summary of the district's actual and projected unrestricted General Fund balance and reserves. The district projects to meet the minimum reserve requirement in the current and subsequent 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 \$72.2 million as of June 30, 2017. 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.



Assessed Valuations



The Riverside County Assessor's Office has estimated secured assessed valuations will increase by 5.08 percent countywide in 2016-17. Chart 5 displays a historical summary of the district's secured property tax assessed valuations.