

## ITEM 16

### EXECUTIVE DIRECTOR'S REPORT – Revised January 16, 2007

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#### I. WORKLOAD: Pending Caseload

Type of Action	January 11, 2007	November 17, 2006	January 13, 2006
Test Claims to be Heard and Determined	86 <sup>1</sup>	90	107
Test Claims to be Reconsidered	1	1	0
Test Claims to be Reconsidered Based on Court Action	0	0	1
Test Claims to be Reconsidered, as Directed by the Legislature	2	2	3
Incorrect Reduction Claims to be Heard and Determined	118	117	104
Incorrect Reduction Claims to be Reconsidered Based on Court Action	0	0	0
Proposed Parameters and Guidelines, and Amendments	15	19	31
Parameters and Guidelines to be Amended or Set Aside, as Directed by the Legislature or Court Action	0	0	9
Statewide Cost Estimates to be Adopted	8	7	6
New Test Claim Filings to be Reviewed	0	0	0
New Incorrect Reduction Claim Filings to be Reviewed	0	0	0
Appeals of Executive Director's Decision	0	0	0
Regulatory Actions Pending	0	0	0

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<sup>1</sup> This includes 55 test claims filed by school districts and 31 filed by local agencies.

## **II. MEETINGS**

The Executive Director continues to schedule meetings with claimants, statewide organizations, legislative staff, Legislative Analyst's Office, and state agency representatives to review test claim scheduling and discuss issues and concerns.

## **III. PROPOSED BUDGET**

On January 10, the Governor and the Director of Finance issued the Proposed 2007-08 Budget. The budget detail is available at [www.dof.ca.gov](http://www.dof.ca.gov)

### **A. Commission on State Mandates (8885)**

The Governor's Budget includes \$1.715 million to support 13.6 positions and the Commission's operations.

### **B. Mandate Reimbursements for Schools (K-12) (6110)**

The Governor's Budget proposes to defer funding on the 33 existing K-12 mandates.

### **C. Mandate Reimbursements for Community Colleges) (6870)**

The Governor's Budget also defers funding on the five community college mandates.

### **D. Mandate Reimbursements for Local Agencies (8885)**

The Governor's Budget reports that it "includes a reduction to the General Fund provided to cities, counties and special districts local agencies of \$402.4 million since the 2006 Budget Act provided the estimated full year cost of mandates to be claimed in the 2006-07 and 2007-08 fiscal years, and the first two payments towards retiring mandate obligations incurred prior to June 30, 2004."

### **E. Mandate Reform**

The Governor's Budget reports the following regarding mandate reform:

"The Governor's Budget proposes changes that will significantly impact the current determination process. Under the current process, determinations about activities eligible for reimbursement and funding levels are not made until after the activities have been performed and local governments have incurred costs. A significant backlog now exists, and this backlog has increased the elapsed time between when a new law takes effect and when a local agency receives its initial reimbursement. Absent a backlog, the Commission would determine within one year whether or not a claim is a reimbursable mandate and what activities are reimbursable. The backlog has increased this time frame to several years. The Administration is proposing a process under which the Department of Finance will work with local agencies to develop a cost-efficient method of compliance with new laws and a reasonable and relatively simple way to determine the amounts to be reimbursed to local governments."

F. Repeal the Local Government Employer Relations Act.

~~The Governor's Budget also proposes repeal of the following mandate:~~

~~“The Administration also proposes to repeal the Local Government Employment Relations mandate created by Chapter 901, Statutes of 2000. The statutes and regulations related to this mandate were established to provide a less expensive alternative to court proceedings related to unfair practice disputes; however, the County of Sacramento demonstrated in their test claim (01-TC-30) that, contrary to the original intent, this change in the appeal process cost more than the previous process. The Commission agreed that there were increased costs associated with this mandate and approved the test claim. The Governor's Budget is now proposing that this mandate be repealed so local governments can be relieved of this unnecessary cost and the state can be relieved of providing reimbursements for these additional costs.”~~

**Note: DOF has advised us that the inclusion of this paragraph was an error in the budget.**

**IV. NEW LEGISLATION**

Staff continues to review newly introduced legislation. To date, no bills have been introduced that revise the mandate reimbursement process.

**V. REPORTS TO THE LEGISLATURE**

A. Commission on State Mandates

Staff submitted to the Governor's Office for approval the Commission's year-end report on Approved Mandates. Once the report is approved, it will be submitted to the Legislature. Staff is currently preparing the year-end report on denied mandates, and will submit it to the Governor's Office for approval.

B. State Controller

The State Controller is required to annually submit to the Legislature its “AB 3000 Report” that compares annual appropriation for mandated programs to the statewide cost estimates adopted for those programs. This 58-page report summarizes the date by program and fiscal year, the total amount of claims paid, and appropriation deficiencies or surpluses for each program.

The 2006 AB 3000 Report states “Beginning with the 2002-03 fiscal year, the Legislature deferred funding for mandated cost programs. The 2006-07 budget provided substantial appropriations to pay deferred claims for local agencies, school districts and community colleges of \$169.9 million, \$927 million and \$25 million, respectfully. These funds have reduced the current appropriation deficiency as stated in this report by \$800 million. The AB 3000 Report is available at [www.sco.ca.gov/ard/local/locreim/reports/AB3000/R2006.pdf](http://www.sco.ca.gov/ard/local/locreim/reports/AB3000/R2006.pdf).

**VI. PROPOSED HEARING AGENDA, MARCH 29, 2007**

A. Test Claims (8)

1. *In-Home Support Services (IHSS) I*, 4314  
County of San Bernardino, Claimant
2. *CalSTRS Creditable Compensation*, 01-TC-02,  
Lassen County Office of Education and San Luis Obispo County Office of  
Education, Claimants  
And  
*CalSTRS Service Credit*, 02-TC-19  
Santa Monica Community College District, Claimant
3. *Peace Officer Instructor Training*; 02-TC-26  
San Bernardino Community College District, Claimant
4. *Reconveyance of Deed of Trust and Mortgage Discharge Certificate*  
02-TC-41, County of San Bernardino, Claimant
5. *California Youth Authority: Sliding Scale for Charges*, (TENTATIVE)  
02-TC-01, County of San Bernardino, Claimant
6. *In Home Supportive Services II*, (TENTATIVE)  
00-TC-23, County of San Bernardino, Claimant
7. *Re-Districting Senate and Congressional Districts* (TENTATIVE)  
02-TC-50, County of Los Angeles, Claimant

B. Proposed Parameters and Guidelines and Amendments (3)

1. *Post Conviction: DNA Court Proceedings*, 00-TC-21, 01-TC-08  
County of Los Angeles, Claimant
2. *Mentally Disordered Offenders: Treatment as a Condition of Parole*,  
00-TC-28, 05-TC-06  
County of San Bernardino, Claimant
3. *Law Enforcement Sexual Harassment Complaint Procedures* (TENTATIVE)  
Request to Amend Parameters and Guidelines to Delete School Districts  
as Eligible Claimants, 05-PGA-08  
Department of Finance, Requestor

C. Proposed Statewide Cost Estimates (3)

1. *The Stull Act*, 98-TC-25  
Santa Monica and Lake Tahoe Community College Districts, Claimants
2. *Handicapped and Disabled Students II*, 02-TC-40/02-TC-49  
Counties of Los Angeles and Stanislaus, Claimants
3. *Enrollment Fee Collection*, 99-TC-13  
Los Rios Community College District, Claimant and  
*Enrollment Fee Waivers*, 00-TC-15  
Glendale Community College District, Claimant

D. Proposed Regulatory Action, Incorrect Reduction Claims Process (1)