

ITEM 13
PROPOSED STATEWIDE COST ESTIMATE
STAFF ANALYSIS

Statutes of 1980, Chapter 1192
Statutes of 1994, Chapter 1186

Education Code Sections 35704, 35705.5, and 35707

School District Reorganization (98-TC-24)

San Luis Obispo County Office of Education, Claimant

EXECUTIVE SUMMARY

On October 24, 2002, the Commission on State Mandates (Commission) adopted its Statement of Decision for the *School District Reorganization* program, finding that the test claim legislation constitutes a reimbursable state-mandated program upon county offices of education within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 for certain activities related to school district reorganizations initiated by voters, landowners or district governing boards.

The claimant filed the test claim on June 30, 1999. The Commission adopted the Statement of Decision on October 24, 2002, and the parameters and guidelines on July 31, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 3, 2004.

No reimbursement claims have been filed for this program. Under the existing mandates process, the amount of a statewide cost estimate is reported to the Legislature and introduced in a local government claims bill. Once the local government claims bill appropriates funds for the initial reimbursement period, the program's annual statewide estimated costs are placed in the State Budget. Since there are no claims on which to base this statewide cost estimate, staff recommends that the Commission adopt a statewide cost estimate of \$1,000 for this program. Adopting this statewide cost estimate will initiate the process for informing the Legislature of the costs of the program and identifying the program in the State Budget.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate for costs incurred in complying with the *School District Reorganization* program. If the statewide cost estimate is adopted, staff will report the estimate to the Legislature.

STAFF ANALYSIS

Background and Summary of the Mandate

On October 24, 2002, the Commission on State Mandates (Commission) adopted its Statement of Decision finding that Education Code sections 35704, 35705.5, and 35707 impose new activities upon county offices of education. The Commission further found that these activities represent new programs or higher levels of service for county offices of education within the meaning of article XIII B, section 6 of the California Constitution and impose costs mandated by the state pursuant to Government Code section 17514 for certain activities related to school district reorganizations initiated by voters, landowners or district governing boards.

The claimant, San Luis Obispo County Office of Education, filed the test claim on June 30, 1999. The Commission adopted the Statement of Decision on October 24, 2002, and the parameters and guidelines on July 31, 2003. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 3, 2004. The Commission uses these initial claims to develop the statewide cost estimate.

Discussion

Reimbursable Activities

The Commission approved this test claim for the following activities:

- A. Petition transmittal: pursuant to Education Code sections 35704 and 35707, subdivision (b), that require the county superintendent to transmit a reorganization petition to the county committee and State Board of Education (State Board). This requirement varies depending on the type of reorganization action because only the new activity, not required under the former codes, constitutes the higher level of service. The new activities are:
 1. for new district formation, transmittal to the county committee;
 2. for consolidation, i.e., formation of a new elementary, high school, community college or unified district by combining districts of the same kind, transmittal to both the State Board and a county committee;
 3. for formation of a consolidated high school district, transmittal to the State Board;
 4. for annexation, transmittal to the county committee and State Board;
 5. for transfers of component elementary districts to high school districts, or component high school districts to community college districts, transmittal to the county committee;
 6. for transfers of territory, transmittal to the State Board; and
 7. for dissolutions of districts, transmittal to both the county committee and State Board.
- B. Petition description: pursuant to Education Code section 35705.5, subdivision (b), that requires county committees and superintendents to make the petition description, as specified, available to the public and the school district governing boards affected by the petition.
- C. Committee report: pursuant to Education Code section 35707, subdivision (a), that requires a report by the county committee to include specified items.

Statewide Cost Estimate

Only county superintendents of schools or county offices of education participating in school district reorganizations initiated by voters or property owners (but not for those initiated by school district governing boards) are eligible to claim reimbursement. Costs incurred on or after July 1, 1997 for compliance with the mandate are reimbursable. At this time, no reimbursement claims have been filed for this program.

Under the existing mandates process, the amount of a statewide cost estimate is reported to the Legislature and introduced in a local government claims bill. Once the local government claims bill appropriates funds for the initial reimbursement period, the program's annual statewide estimated costs are placed in the State Budget. Since there are no claims on which to base this statewide cost estimate, staff recommends that the Commission adopt a statewide cost estimate of \$1,000 for this program. Adopting this statewide cost estimate will initiate the process for informing the Legislature of the costs of the program and identifying the program in the State Budget. However, if reimbursement claims were filed on this program, the amount appropriated in the State Budget to fund this program would be deficient.

Assumptions

Staff made the following assumptions:

- If this program were implemented, the actual amount claimed would exceed the statewide cost estimate because there would only be \$1,000 appropriated in the State Budget to fund the program.
- Any reimbursement claim for this program may be reduced by the SCO if it is audited and deemed to be excessive or unreasonable. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$1,000** for costs incurred in complying with the *School District Reorganization* program.