

ITEM 17
FINAL STAFF ANALYSIS
PROPOSED STATEWIDE COST ESTIMATE

Government Code Sections 3543, 3546, and 3546.3

Statutes 1980, Chapter 816
Statutes 2000, Chapter 893
Statutes 2001, Chapter 805

California Code of Regulations, Title 8, Sections 34030 and 34055

Agency Fee Arrangements (00-TC-17, 01-TC-14)

Clovis Unified School District, Claimant

EXECUTIVE SUMMARY

Summary of the Mandate

On December 9, 2005, the Commission on State Mandates (Commission) adopted its Statement of Decision finding that Government Code section 3546, subdivisions (a) and (f), and California Code of Regulations, title 8, sections 34030, subdivision (a), and 34055, subdivision (a), impose new programs or higher levels of service for school districts, county offices of education, and community college districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 to perform the following activities:

- Upon receiving notice from the exclusive representative of a classified public school employee who is in a unit for which an exclusive representative has been selected, the employer shall deduct the amount of the fair share service fee authorized by this section from the wages and salary of the employee and pay that amount to the employee organization. (Gov. Code, § 3546, subd. (a).)
- School district employers of a public school employee shall provide the exclusive representative of a public employee with the home address of each member of a bargaining unit. (Gov. Code, § 3546, subd. (f).)
- Within 20 days following the filing of the petition to rescind or reinstate an organizational security arrangement, the school district employer shall file with the regional office of PERB an alphabetical list containing the names and job titles or classifications of the persons employed in the unit described in the petition as of the last date of the payroll period immediately preceding the date the petition was filed. (Cal. Code Regs., tit. 8, §§ 34030, subd. (a), and 34055, subd. (a).)

The Commission adopted the parameters and guidelines on July 28, 2006 approving the reimbursable activities as listed below. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 5, 2007.

Statewide Cost Estimate

Staff reviewed the claims data submitted by one community college district and compiled by the SCO. The actual claims data shows that one community college district filed four claims between fiscal years 2002-2003 and 2005-2006, for a total of \$5,916.¹ A draft staff analysis and proposed statewide cost estimate were issued on April 23, 2007. No comments were received on the draft. Therefore, no substantive changes were made to the proposed statewide cost estimate.

Staff made the following assumptions to develop a statewide cost estimate for this program:

1. *The actual claiming data is unaudited and may be inaccurate.*
2. *The actual amount claimed will increase if late or amended claims are filed.* However, staff does not expect any late claims to be filed because most of the school districts will be unable to meet the \$1,000 minimum threshold for filing reimbursement claims.
3. *The SCO may reduce any reimbursement claim for this program if it is deemed to be excessive or unreasonable.*
4. *Citrus Community College District will file reimbursement claims in 2006-2007, 2007-2008, and 2008-2009.*

The proposed statewide cost estimate for fiscal years 2002-2003 through 2005-2006 is based on the four actual reimbursement claims filed with the SCO for these years.

Fiscal Years 2006-2007, 2007-2008, and 2008-2009

Staff estimated fiscal year 2006-2007 costs by multiplying the 2005-2006 estimate by the implicit price deflator for 2005-2006 (3.1%). Staff estimated fiscal year 2007-2008 costs by multiplying the 2006-2007 estimate by the implicit price deflator for 2006-2007 (6.4%). Finally, staff estimated fiscal year 2008-2009 costs by multiplying the 2007-2008 estimate by the implicit price deflator for 2007-2008 (3.7%).

The estimate includes seven fiscal years for a total of \$10,343, which averages to \$1,478 annually in costs to the state. The following table details the breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Claims Filed with SCO	Estimated Cost
2002-2003	1	\$ 1,578
2003-2004	1	1,388
2004-2005	1	1,310
2005-2006	1	1,640
2006-2007 (estimated)	N/A	1,398
2007-2008 (estimated)	N/A	1,487
2008-2009 (estimated)	N/A	1,542
TOTAL	4	\$ 10,343

¹ Claims data reported as of March 6, 2007.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$10,343** (\$1,478 in annual costs) for costs incurred in complying with the *Agency Fee Arrangements* program.



STAFF ANALYSIS

Chronology

- 06/27/01 Claimant files original test claim (00-TC-17) with the Commission
- 07/02/01 Commission staff issues completeness review letter
- 08/06/01 California Community Colleges Chancellor's Office files comments on the test claim
- 08/06/01 Department of Finance (DOF) files comments on the test claim
- 09/10/01 Claimant files rebuttal to state agency comments
- 05/15/02 Claimant files test claim amendment (01-TC-14) with the Commission
- 05/20/02 Commission staff issues completeness review letter on test claim amendment
- 06/19/02 DOF requests an extension of time to file comments on the amendment
- 06/20/02 Commission staff grants extension request
- 07/31/02 DOF files comments on the amendment to the test claim
- 08/07/02 Claimant declines to file a rebuttal to DOF's comments on the test claim amendment
- 08/12/02 Claimant representative files a declaration from the Vice Chancellor, Fiscal Services of the San Bernardino Community College District, alleging costs incurred pursuant to the test claim legislation
- 10/07/05 Commission staff issues the draft staff analysis
- 12/09/05 Commission adopts Statement of Decision
- 12/14/05 Commission staff issues draft parameters and guidelines
- 12/30/05 Claimant files comments on draft parameters and guidelines
- 06/07/06 Draft staff analysis and proposed parameters and guidelines issued
- 07/28/06 Commission adopts Parameters and Guidelines
- 04/23/07 Commission staff issues the draft staff analysis and proposed statewide cost estimate
- 05/15/07 Commission staff issues the final staff analysis and proposed statewide cost estimate

Summary of the Mandate

On December 9, 2005, the Commission on State Mandates (Commission) adopted its Statement of Decision finding that Government Code section 3546, subdivisions (a) and (f), and California Code of Regulations, title 8, sections 34030, subdivision (a), and 34055, subdivision (a), impose new programs or higher levels of service for school districts, county offices of education, and community college districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 to perform the following activities:

- Upon receiving notice from the exclusive representative of a classified public school employee who is in a unit for which an exclusive representative has been selected, the

employer shall deduct the amount of the fair share service fee authorized by this section from the wages and salary of the employee and pay that amount to the employee organization. (Gov. Code, § 3546, subd. (a).)

- School district employers of a public school employee shall provide the exclusive representative of a public employee with the home address of each member of a bargaining unit. (Gov. Code, § 3546, subd. (f).)
- Within 20 days following the filing of the petition to rescind or reinstate an organizational security arrangement, the school district employer shall file with the regional office of PERB an alphabetical list containing the names and job titles or classifications of the persons employed in the unit described in the petition as of the last date of the payroll period immediately preceding the date the petition was filed. (Cal. Code Regs., tit. 8, §§ 34030, subd. (a), and 34055, subd. (a).)

The Commission adopted the parameters and guidelines on July 28, 2006 approving the reimbursable activities as listed below. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 5, 2007.

Reimbursable Activities

1. Upon receiving notice from the exclusive representative of a classified public school employee who is in a unit for which an exclusive representative has been selected, the employer shall deduct the amount of the fair share service fee authorized by this section from the wages and salary of the employee and pay that amount to the employee organization. (Gov. Code, § 3546, subd. (a).) (*Reimbursement period begins January 1, 2001.*)
 - a. Deduction of the fair share service fee from the wages and salary of the employee who is in the bargaining unit upon receiving notice from the exclusive representative.
 - b. Payment of the collected amount of the fair share service fee to the employee organization.
2. School district employers of a public school employee shall provide the exclusive representative of a public employee with the home address of each member of a bargaining unit. (Gov. Code, § 3546, subd. (f).) (*Reimbursement period begins January 1, 2002.*)
 - a. Provision of the bargaining unit member's home address by the school district employer to the exclusive representative of a public school employee.
3. Within 20 days following the filing of the petition to rescind or reinstate an organizational security arrangement, the school district employer shall file with the regional office of PERB an alphabetical list containing the names and job titles or classifications of the persons employed in the unit described in the petition as of the last date of the payroll period immediately preceding the date the petition was filed. (Cal. Code Regs., tit. 8, §§ 34030, subd. (a), and 34055, subd. (a).) (*Reimbursement period begins January 1, 2001.*)
 - a. Providing a list of the names of employees and their job titles or classifications within 20 days following the filing of the petition to rescind or reinstate an organizational security arrangement.

Statewide Cost Estimate

Staff reviewed the claims data submitted by one community college district and compiled by the SCO. The actual claims data shows that one community college district filed four claims

between fiscal years 2002-2003 and 2005-2006, for a total of \$5,916.² A draft staff analysis and proposed statewide cost estimate were issued on April 23, 2007. No comments were received on the draft. Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program. If the Commission adopts this proposed statewide cost estimate, it will be reported to the Legislature along with staff's assumptions and methodology.

Assumptions

Staff made the following assumptions:

1. *The actual claiming data is unaudited and may be inaccurate.* The four actual claims filed by one community college district for fiscal years 2002-2003 through 2005-2006 are unaudited. Staff notes that the total costs only represent an estimated cost of the program for fiscal years 2002-2003 through 2005-2006.
2. *The actual amount claimed will increase if late or amended claims are filed.* Only one community college district in California has filed reimbursement claims. Thus, if reimbursement claims are filed by any of the remaining school entities, the amount of reimbursement claims may exceed the statewide cost estimate. While late claims may be filed for this program until February 2008, additional claims are not expected because according to three claimant's representatives, many of the school districts will be unable to meet the \$1,000 minimum threshold for filing reimbursement claims.
3. *The actual amount claimed may decrease because the SCO may reduce any reimbursement claim for this program.* If the SCO audits this program and deems any reimbursement claim to be excessive or unreasonable, it may be reduced. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.
4. *Citrus Community College District will file reimbursement claims in 2006-2007, 2007-2008, and 2008-2009.*

Methodology

Fiscal Years 2002-2003 through 2005-2006

The proposed statewide cost estimate for fiscal years 2002-2003 through 2005-2006 is based on the four actual reimbursement claims filed with the SCO for these years.

Fiscal Years 2006-2007, 2007-2008, and 2008-2009

Staff estimated fiscal year 2006-2007 costs by multiplying the 2005-2006 estimate by the implicit price deflator for 2005-2006 (3.1%). Staff estimated fiscal year 2007-2008 costs by multiplying the 2006-2007 estimate by the implicit price deflator for 2006-2007 (6.4%). Finally, staff estimated fiscal year 2008-2009 costs by multiplying the 2007-2008 estimate by the implicit price deflator for 2007-2008 (3.7%).

The proposed statewide cost estimate includes seven fiscal years for a total of \$10,343. This averages to \$1,478 annually in costs for the state.

² Claims data reported as of March 6, 2007.

Following is a breakdown of estimated total costs per fiscal year:

**TABLE 1. BREAKDOWN OF ESTIMATED
TOTAL COSTS PER FISCAL YEAR**

Fiscal Year	Number of Claims Filed with SCO	Estimated Cost
2002-2003	1	\$ 1,578
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Staff Recommendation

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