

## ITEM 7

### PROPOSED ORDER TO SET ASIDE PARAMETERS AND GUIDELINES

Education Code Sections 33126, 35256, 35256.1, 35258, 41409, and 41409.3

Statutes 1989, Chapter 1463

Statutes 1992, Chapter 759

Statutes 1993, Chapter 1031

Statutes 1994, Chapter 824

Statutes 1997, Chapters 912 and 918

*School Accountability Report Cards* (97-TC-21, 04-RL-9721-11, 05-RL-9721-03)

Reconsideration Directed By

Statutes 2004, Chapter 895, Section 18 (Assem. Bill No. (AB) 2855) and

Statutes 2005, Chapter 677, Section 53 (Sen. Bill No. (SB) 512)

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### EXECUTIVE SUMMARY

This item is the proposed order to set aside the parameters and guidelines for the *School Accountability Report Cards* test claim (97-TC-21). This item is proposed for consideration by the Commission if the Commission adopts the staff analysis and Statement of Decision in Items 5 and 6 on the reconsideration of *School Accountability Report Cards*. If Items 5 and 6 are not adopted by the Commission, staff recommends that this item be continued until the March 2006 hearing.

As directed by AB 2855 and SB 512, the Commission has reconsidered this test claim, finding that the test claim legislation, in its entirety, does not constitute a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code sections 17514 and 17556.

Pursuant to the express language of SB 512, the Commission decisions on reconsideration of this claim shall be applied retroactively to January 1, 2005.

#### Staff Recommendation

Staff recommends that the Commission adopt the proposed order to set aside the parameters and guidelines for *School Accountability Report Cards* test claim (97-TC-21), beginning on page 3. The proposed order shall be operative January 1, 2005.



BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE TEST CLAIM ON:

Education Code Sections 33126, 35256, 35256.1, 35258, 41409 and 41409.3 as added by Statutes 1989, Chapter 1463; Statutes 1992, Chapter 759; Statutes 1993, Chapter 1031; Statutes 1994, Chapter 824; Statutes 1997, Chapter 912; Statutes 1997, Chapter 918;

And filed on December 31, 1997;

By Bakersfield City School District and Sweetwater Union High School District, Co-Claimants.

No. 97-TC-21

*School Accountability Report Cards*

ORDER TO SET ASIDE PARAMETERS  
AND GUIDELINES

*(Proposed for Adoption on January 26, 2006)*

**PROPOSED ORDER TO SET ASIDE PARAMETERS AND GUIDELINES**

In 1998, the Commission adopted a Statement of Decision approving the *School Accountability Report Cards* test claim (97-TC-21) as a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution. This test claim was filed on statutory amendments to the Proposition 98 requirements for a School Accountability Report Card.

Proposition 98, The Classroom Instructional Improvement and Accountability Act, was enacted by the voters in 1988 and provided public schools with state funding guarantees by amending the California Constitution, article XVI, section 8, School Funding Priority, and adding section 8.5, Allocation to Schools. In exchange for this constitutional guarantee of funding, the voters also required districts to undergo an annual audit and to issue an annual School Accountability Report Card. The attached parameters and guidelines were adopted on August 20, 1998, and have a reimbursement period beginning July 1, 1996, and January 1, 1998, as specified.

Statutes 2004, chapter 895, section 18 (Assem. Bill No. 2855) directed the Commission to reconsider its prior final decision and parameters and guidelines on the *School Accountability Report Cards* program (97-TC-21). Section 18 of the bill states the following:

Notwithstanding any other law, the Commission on State Mandates shall, on or before December 31, 2005, reconsider its decision in 97-TC-21, relating to the School Accountability Report Card mandate, and its parameters and guidelines for calculating the state reimbursement for that mandate pursuant to Section 6 of Article XIII B of the California

Constitution for each of the following statutes in light of federal statutes enacted and state court decisions rendered since these statutes were enacted:

- (a) Chapter 1463 of the Statutes of 1989.
- (b) Chapter 759 of the Statutes of 1992.
- (c) Chapter 1031 of the Statutes of 1993.
- (d) Chapter 824 of the Statutes of 1994.
- (e) Chapter 918 of the Statutes of 1997.

Statutes 1997, chapter 912 was part of the original test claim decision, but was not included in Assembly Bill 2855.

On July 28, 2005, the Commission adopted a Statement of Decision on reconsideration of *School Accountability Report Cards* (04-RL-9721-11), as directed by Assembly Bill 2855. The Commission concluded that Education Code sections 33126, 35256.1, 35258, 41409, and 41409.3, as added or amended by Statutes 1989, chapter 1463, Statutes 1992, chapter 759, Statutes 1993, chapter 1031, Statutes 1994, chapter 824, and Statutes 1997, chapter 918, do not impose a new program or higher level of service, and do not impose costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code sections 17514 and 17556. The Commission further determined it did not have the authority to rehear the portion of the original decision pertaining to activities required by Statutes 1997, chapter 912.

The Legislature subsequently amended Assembly Bill 2855, through Statutes 2005, chapter 677, section 53 (Sen. Bill No. 512 urgency, operative Oct. 7, 2005), to direct the Commission to reconsider Statutes 1997, chapter 912, and to apply its decision on reconsideration of the entire *School Accountability Report Cards* to claims filed beginning January 1, 2005. Section 53 of Senate Bill 512 states the following (changes indicated in underline and strikethrough):

Section 18 of Chapter 895 of the Statutes of 2004 is amended to read:

Sec. 18. (a) Notwithstanding any other law, the Commission on State Mandates shall, on or before December 31, 2005, for paragraphs (1) to (5), inclusive, and on or before January 31, 2006, for paragraph (6), reconsider its decision in 97-TC-21, relating to the School Accountability Report Card mandate, and its parameters and guidelines for calculating the state reimbursement for that mandate pursuant to Section 6 of Article XIII B of the California Constitution for each of the following statutes, particularly in light of federal and state statutes enacted and state court decisions rendered since these statutes were enacted:

- ~~(a)~~(1) Chapter 1463 of the Statutes of 1989.
- ~~(b)~~(2) Chapter 759 of the Statutes of 1992.
- ~~(c)~~(3) Chapter 1031 of the Statutes of 1993.
- ~~(d)~~(4) Chapter 824 of the Statutes of 1994.
- ~~(e)~~(5) Chapter 918 of the Statutes of 1997.
- (6) Chapter 912 of the Statutes of 1997.

(b) Notwithstanding any other provision of law, the decision of the Commission on State Mandates on its reconsiderations pursuant to subdivision (a) shall apply retroactively to January 1, 2005.

(c) Notwithstanding any other provision of law, the parameters and guidelines associated with the test claim of 97-TC-21 shall be adjusted to conform to the decision of the Commission on State Mandates on its reconsiderations.

On January 26, 2006, the Commission adopted a Statement of Decision on reconsideration of Statutes 1997, chapter 912, as directed by Senate Bill 512 (05-RL-9721-03). The Commission concluded that Statutes 1997, chapter 912, as it amended Education Code section 33126 does not impose a new program or higher level of service, and does not impose costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code sections 17514 and 17556.

In addition, pursuant to the express language of Senate Bill 512:

(b) Notwithstanding any other provision of law, the decision of the Commission on State Mandates on its reconsiderations pursuant to subdivision (a) shall apply retroactively to January 1, 2005.

Thus, the Commission concluded that both the July 28, 2005 Statement of Decision on *School Accountability Report Cards* (04-RL-9721-11), and the January 26, 2006 Statement of Decision adopted pursuant to Senate Bill 512 (05-RL-9721-03), shall apply retroactively to January 1, 2005. Accordingly, as of January 1, 2005, school districts are not entitled to reimbursement pursuant to article XIII B, section 6 of the California Constitution under the *School Accountability Report Cards* test claim (97-TC-21).

In accordance with Assembly Bill 2855 and Senate Bill 512, the Commission hereby sets aside the attached parameters and guidelines, adopted August 20, 1998, for the *School Accountability Report Cards* test claim (97-TC-21). This order to set aside the parameters and guidelines shall be operative on January 1, 2005.

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PAULA HIGASHI, Executive Director

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Date

## PARAMETERS AND GUIDELINES

Chapter 918, Statutes of 1997  
Chapter 912, Statutes of 1997  
Chapter 824, Statutes of 1994  
Chapter 1031, Statutes of 1993  
Chapter 759, Statutes of 1992  
Chapter 1463, Statutes of 1989

Education Code Section 33126  
Education Code Section 35256  
Education Code Section 35256.1  
Education Code Section 35258  
Education Code Section 41409  
Education Code Section 41409.3

### *School Accountability Report Cards*

#### I. SUMMARY OF THE MANDATE

Proposition 98, an initiative measure approved by the California voters, required each school in each school district to develop and issue a school accountability report cards. Proposition 98 set forth thirteen items that were to be included in the school accountability report cards. Statutes adopted after the approval of Proposition 98 added new subjects to be included in the school accountability report card. The Commission on State Mandates, in its Statement of Decision adopted at the April 23, 1998 hearing, determined that the requirements in these statutes impose a new programs or higher levels of service upon school districts, within the meaning of section 6, article XIII B of the California Constitution and Government Code section 17514.

#### II. ELIGIBLE CLAIMANTS

Any "school district," as defined in Government Code section 17519, except for community colleges, which incurs increased costs as a result of this mandate is eligible to claim reimbursement.

#### III. PERIOD OF REIMBURSEMENT

Section 17557 of the Government Code states that a test claim must be submitted on or before December 31 following a fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed by the claimants on December 31, 1997. Therefore, all costs incurred on or after July 1, 1996, for Chapters 824 /1994, 1031/1993, 759/1992, and 1463/1989 are eligible for reimbursement, and, all costs incurred on or after January 1, 1998, for Chapters 912/1997 and 918/1997 are eligible for reimbursement, pursuant to these parameters and guidelines.

Actual costs for one fiscal year should be included in each reimbursement claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Section

17561 (d) (3) of the Government Code, all claims for reimbursement of initial years' costs shall be submitted within 120 days of issuance of the claiming instructions by the State Controller.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

#### IV. REIMBURSABLE ACTIVITIES

The direct and indirect costs of labor, materials and supplies, contracted services, ~~fixed assets~~, equipment, travel, and training incurred for compliance with the following mandate components are eligible for reimbursement:

##### **Component 1 - Compilation, Analysis, and Reporting of Data**

The collection and updating of data, preparation of analyses, and the preparation of the new mandated provisions added to the school accountability report cards (SARCs), as described below can be claimed, as specified below:

For the period beginning July 1, 1996 the required data and analyses includes the reporting of the following information:

1. The degree to which pupils are prepared to enter the workforce;
2. The total number of instructional minutes offered in the school year, separately stated for each grade level, as compared to the total number of the instructional minutes per school year required by state law, separately stated for each grade level;
3. The total number of minimum days, as specified in Education Code sections 46112, 46113, 46117, and 46141, in the school year;
4. The beginning, median, and highest salary paid to teachers in the district, as reflected in the district's salary scale;
5. The average salary for school site principals in the district;
6. The salary of the district superintendent;
7. Based upon the state summary information provided by the Superintendent of Public Instruction pursuant to subdivision (b) of Education Code section 41409, the statewide average salary for the appropriate size and type of district for the following:
  - a. beginning, mid-range, and highest salary paid to teachers;
  - b. school site principals; and
  - c. district superintendents;
8. The statewide average of the percentage of school district expenditures allocated for the salaries of administrative personnel for the appropriate size and type of district for the most recent fiscal year, provided by the Superintendent of Public Instruction pursuant to subdivision (a) of section 41409 of the Education Code;
9. The percentage allocated under the district's corresponding fiscal year expenditure for the salaries of administrative personnel, as defined in Education Code sections 1200, 1300, 1700, 1800, and 2200 of the California School Accounting Manual published by the State Department of Education;
10. The statewide average of the percentage of school district expenditures allocated for the salaries of teachers for the appropriate size and type of district for the most recent fiscal year, provided by the Superintendent of Public Instruction, pursuant to subdivision (a) of Section 41409 of the Education Code; and,

11. The percentage of the budget that is expended for the salaries of teachers, as defined in Section 1100 of the California School Accounting Manual published by the State Department of Education.

For the period beginning January 1, 1998, the required data and analyses includes the reporting of the eleven items above plus the following district-wide and site-specific information:

1. Results by grade level from the assessment tool used by the school district using percentiles when available for the most recent three-year period, including the pupil achievement by grade level as measured by the statewide assessment developed by the state pursuant to chapter 5 (commencing with section 60600) and chapter 6 (commencing with section 60800) of part 33 of the Education Code;
2. The average verbal and math Scholastic Assessment Test scores of high school seniors to the extent such scores are provided to the school and the average percentage of seniors taking that exam for the most recent three-year period;
3. The one-year dropout rate listed in the California Basic Education Data System for the school site over the most recent three-year period;
4. The distribution of class sizes at the school site by grade level, the average class size, and the percentage of pupils in kindergarten and grades 1 to 3, inclusive, participating in the Class Size Reduction Program established pursuant to chapter 6.10 (commencing with section 52120) of part 28 of the Education Code, using California Basic Education Data System information for the most recent three-year period;
5. The total number of the school's credentialed teachers, the number of teachers relying upon emergency credentials, and the number of teachers working without credentials for the most recent three-year period;
6. Any assignment of teachers outside of their subject area of competence for the first two years of the most recent three-year period;
7. The annual number of schooldays dedicated to staff development for the most recent three-year period; and,
8. The suspension and expulsion rates for the most recent three-year period.

### **Component 2 - Annual posting of school accountability report cards on the Internet.**

A school district is connected to the Internet if one or more of its schools or the administrative office has a dedicated line or a dial-up account to the Internet. These school districts are eligible for reimbursement, as follows:

- A. School districts with district or individual school web sites are eligible to be reimbursed for the following activities in compliance with this mandate:
  1. One-time costs to add web pages for each school to the district's or individual schools' web sites to post school accountability report card (SARC) information.
  2. Ongoing costs to annually convert the SARC information described in Component 1 to formats capable of being posted on the district's web site or on individual school web sites.

3. Ongoing costs to annually post the SARC information on the district's web site or on individual school web sites.
  4. Ongoing costs to maintain electronic media storage space ~~on the server~~ for the district's web site and individual school sites for posting the SARC information.
  5. On-going costs to purchase software specifically to convert the SARC to a file format capable of being posted on the Internet.
  6. One-time costs to purchase other software limited to a pro rata portion of newly purchased software used to prepare the SARC.
- B. School districts without web sites on January 1, 1998, are eligible to be reimbursed for the following activities in compliance with this mandate:
1. One-time costs to establish one web site for the district to post the SARC information described in Component 1.
  2. One-time costs to develop and add web pages to post SARC information for each school.
  3. Ongoing costs to convert the SARC information to formats capable of being posted on the district's web site or on individual school web sites.
  4. Ongoing costs to annually post SARC information on the district's web site or on individual school web sites.
  5. Ongoing costs to maintain electronic media storage space on the district's web site and individual school sites for posting the SARC information.
  6. On-going costs to purchase software specifically to convert the SARC to a file format capable of being posted on the Internet.
  7. One-time costs to purchase other software, limited to a pro rata portion of newly purchased software used to prepare the SARC.

#### Non-Reimbursable Costs

School districts shall not be reimbursed for establishing an Internet connection fees nor for maintaining Internet access and shall not be reimbursed for the establishment of web sites for individual schools.

## V. CLAIM PREPARATION

Each reimbursement claim for costs incurred to comply with this mandate must be timely filed and set forth a listing of each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified according to the two components of reimbursable activity described in Section IV of this document.

### Supporting Documentation

Claimed costs should be supported by the following information:

#### A. Direct Costs

Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions.

##### 1. Employee Salaries and Benefits

Identify the employee(s) and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee and specify the time devoted to each function by each employee, productive hourly rate and the related fringe benefits. The average number of hours devoted to each reimbursable activity in these Parameters and Guidelines can be claimed if supported by a documented time study.

Reimbursement for personal services includes compensation for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g. annual leave, sick leave) and employer's contribution for social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

##### 2. Materials and Supplies

List cost of materials and supplies which have been consumed or expended specifically for the purpose of this mandate. The cost of materials and supplies, which is not used exclusively for the mandate is limited to the pro rata portion used to comply with this mandate.

##### 3. Contracted Services

Provide the name(s) of the contractor(s) who performed the service(s). Describe the activities performed by each named contractor, and give the number of actual hours spent on the activities, if applicable, show the inclusive dates when services were performed, and itemize all costs for those services. For fixed price contracts list only the activities performed, the dates services were performed, and the contract price.

##### 4. Fixed Assets—Equipment

List the purchase price paid for equipment and other fixed assets acquired for this mandate. Purchase price includes taxes, delivery costs, and installation costs. If

the equipment or other capital asset is used for purposes other than this mandate, only the pro rata purchase price can be claimed.

#### 5. Travel

Travel expenses for mileage, transportation, per diem, lodging, parking, and other employee entitlements are reimbursable in accordance with the rules of the local school district. Provide the name(s) of the person(s) traveling, purpose of the travel, inclusive dates and time of travel, destination(s), and travel expenses.

#### 6. Training

The cost of training for activities specified in Section IV can be claimed. Identify the employee(s) by name and job classification. Provide the name of the training session, the dates attended and the location. Reimbursement costs include, but are not limited to, salaries and benefits of personnel conducting or attending the training, registration fees, and travel expenses.

### B. Indirect Costs

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
2. County offices of education must use the J- 580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the Sate Department of Education.

## VI. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets to show evidence of the validity of costs. Pursuant to Government Code section 17558.5, these documents must be kept on file by the agency submitting the claim for a period of no less than two years after the later of (1) the end of the calendar year in which the reimbursement claim was filed or (2) if no funds are appropriated for the fiscal year for which the claim is made, the date of the initial payment of the claim. These documents must be made available to the State Controller's Office on request.

## VII. DATA FOR DEVELOPMENT OF THE STATEWIDE COST ESTIMATE

The State Controller's claiming instructions shall include a request for claimants to send an additional copy of the completed test claim specific form for each of the initial years' reimbursement claims by mail or facsimile to the Commission on State Mandates, 1300 I Street, Suite 950, Sacramento, CA 95814, Facsimile Number: (916) 445-0278. Although providing this information to the Commission on State Mandates is not a condition of reimbursement, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate.

## VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this mandate must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to, service fees collected, federal funds, and other state funds shall be identified and deducted from this claim.

#### IX. REQUIRED CERTIFICATION

An authorized representative of the claimant will be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.