

ITEM 12
FINAL STAFF ANALYSIS
PROPOSED STATEWIDE COST ESTIMATE

Education Code Sections 60607, subdivision (a), 60609,
60615, 60630, 60640, and 60641

Statutes 1997, Chapter 828

California Code of Regulations, Title 5, Sections 851, 852, 853, 855,
857, 858, 859, 861, 862, 863, 864, 865, 867, and 868

National Norm-Referenced Achievement Test, 05-PGA-03
(formerly *Standardized Testing and Reporting (STAR), 04-RL-9723-01*)

EXECUTIVE SUMMARY

The proposed statewide cost estimate includes four fiscal years for a total of **\$10,809,432** for the *National Norm-Referenced Achievement Test* program. Following is a breakdown of estimated total costs per fiscal year:

| Fiscal Year | Number of Claims Filed with State Controller's Office | Estimated Cost |
|------------------------------------|--|-----------------------|
| 2004-2005 | 139 | \$ 1,914,345 |
| 2005-2006 | 221 | \$ 2,810,950 |
| 2006-2007 | 252 | \$ 3,151,068 |
| 2007-2008 | 243* | \$ 2,933,069 |
| Totals | 855 claims | \$10,809,432 |
| *Based on estimated claiming data. | | |

Summary of the Mandate

On July 28, 2005, on reconsideration, the Commission found, effective July 1, 2004, that administering the California Achievement Tests, Sixth Edition Survey (CAT/6) in grades 3 and 7 imposes a reimbursable state-mandated program on school districts within the meaning of article XIII B, section 6 of the California Constitution.

The parameters and guidelines amendment was adopted on December 9, 2005.¹

Statutes 2008, chapter 757, effective September 30, 2008 deleted the CAT/6 mandate in Education Code section 60640, subdivision (b), thus ending the state-mandated program for administration of the CAT/6 tests in grades 3 and 7.

Statewide Cost Estimate

Staff reviewed the claims data submitted by school districts, and compiled by the State Controller's Office (SCO). The actual claims data showed that 855 claims were filed by school districts for fiscal years 2004-2005 through 2007-2008 for a total of \$10,809,432.²

¹ See Exhibit A.

Assumptions

Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program.

1. *The actual amount claimed for reimbursement may increase if late or amended claims are filed for fiscal year 2007-2008.*
2. *Non-claiming school districts did not file claims because they did not incur more than \$1000 in increased costs for this program or did not have supporting documentation to file a reimbursement claim.*
3. *Claimants have accurately reported and deducted offsets.*
4. *There is a wide variation in costs claimed for this program.*
5. *Because of the wide variation in costs claimed, an SCO audit of this program is likely.*
6. *The total amount of reimbursement for this program may be lower than the statewide cost estimate, because the SCO may reduce any reimbursement claim for this program.*
7. *Claims filed for the period of July 1, 2008 to September 30, 2008 will be substantially less because the mandate was eliminated, effective September 30, 2008.*

Methodology

Fiscal Years 2004-2005 through 2007-2008

The proposed statewide cost estimate for fiscal years 2004-2005 through 2007-2008 is based on 855 unaudited actual reimbursement claims filed with the SCO for these years.

Fiscal Year 2008-2009

No costs are estimated for fiscal year 2008-2009 because Statutes 2008, chapter 757 eliminated the CAT/6 test administration mandate effective September 30, 2008. Thus any claims filed for the period between July 1, 2008 and September 30, 2008 should be negligible.

Staff Recommendation

Staff recommends the Commission adopt the proposed statewide cost estimate in the amount of \$10,809,432 for fiscal years 2004-2005 through 2007-2008.

² See Exhibit B. Claims data reported as of May 16, 2008. Claims filed by eight charter schools are not included in the proposed statewide cost estimate.

STAFF ANALYSIS

Summary of the Mandate

On July 28, 2005, on reconsideration, the Commission found, effective July 1, 2004, that administering the California Achievement Tests, Sixth Edition Survey (CAT/6) in grades 3 and 7 imposes a reimbursable state mandate on school districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code sections 17514 and 17556. The Commission found that all the other activities were either federally mandated or no longer required, and thus, were not reimbursable.

Reimbursable Activities

The Commission approved the following reimbursable activities:

Training, Policies, and Procedures

Reviewing the requirements of the CAT/6 and conducting or attending training sessions. Increased costs for substitute teacher time during the school day or for teacher stipends to attend training sessions outside the regular school day (after school or on Saturday) are eligible for reimbursement. However, the time the teacher spends to attend training sessions during that teacher's normal classroom hours is not reimbursable. (One-time activity per employee per test site.)

Developing internal policies, procedures, and forms to implement the CAT/6. (One-time activity for school districts created after July 1, 2004.)

The cost of travel for and materials and supplies used or distributed in training sessions is reimbursable under this activity.

Pre-test and Post-test Coordination

1. Processing requests for exemption from the CAT/6 test filed by parents and guardians. (Ed. Code, §§ 60615, 60640, subd. (j); Cal. Code Regs., tit. 5, § 852, subd. (a).)
2. Designating a school district employee as a STAR program district coordinator. The school district shall notify the publisher of the identity and contact information for the STAR program district coordinator. (Cal. Code Regs., tit. 5, §§ 857-859, 865, 867, & 868.) *This activity is reimbursable only to the extent that it applies to the CAT/6 test.*
 - Beginning July 1, 2004, the STAR program district coordinator, or the school district superintendent or his or her designee, shall be available through August 15 to complete school district CAT/6 testing.
3. Designating a school district employee as a STAR program test site coordinator at each test site. (Cal. Code Regs., tit. 5, §§ 858, 859, 867, & 868.) *This activity is reimbursable only to the extent that it applies to the CAT/6.*
 - Beginning July 1, 2004, the STAR program test site coordinator, or the site principal or his or her designee, shall be available to the STAR program district coordinator by telephone through August 15 for purposes of resolving discrepancies or inconsistencies in materials or errors in reports related to the CAT/6 test.

STAR Program District Coordinator

Reimbursable activities performed by the STAR program district coordinator are limited to (only as applied to the CAT/6):

1. Responding to correspondence and inquiries from the publisher in a timely manner and as provided in the publisher's instructions. (Cal. Code Regs., tit. 5, § 857, subd. (b).)
2. Determining school district and individual CAT/6 and test material needs in conjunction with the test publisher, using California Basic Education Data System (CBEDS) and current enrollment data. (Cal. Code Regs., tit. 5, § 857, subd. (b).)
3. Overseeing the acquisition and distribution of CAT/6 tests and test materials to individual schools and test sites. (Cal. Code Regs., tit. 5, §§ 857, subd. (b).)
4. Providing a signed receipt to the test publisher upon receipt of the CAT/6 testing materials. (Cal. Code Regs., tit. 5, § 865, subd. (a).)
5. Coordinating CAT/6 testing dates and make-up testing dates for the school district. (Cal. Code Regs., tit. 5, § 857, subd. (b).)
6. Maintaining security over CAT/6 test material and test data. (Cal. Code Regs., tit. 5, § 857, subd. (b).)
7. Overseeing the administration of the CAT/6 to eligible students. (Cal. Code Regs., tit. 5, § 857, subd. (b).)
8. Overseeing the collection and return of all CAT/6 test materials and tests to the publisher. (Cal. Code Regs., tit. 5, § 857, subd. (b).)
9. Resolving any discrepancies in the quantity of CAT/6 test and test materials received from and returned to the test publisher. (Cal. Code Regs., tit. 5, § 857, subd. (b), & 868.)
10. Certifying information with respect to the CAT/6 test to the California Department of Education within five (5) working days of completed school district testing. (Cal. Code Regs., tit. 5, § 857, subd. (c).)
11. Preparing, executing, and collecting STAR Test Security Agreements and Affidavits from every person who has access to tests and other test materials. (Cal. Code Regs., tit. 5, § 859.)

STAR Program Test Site Coordinator

Reimbursable activities performed by the STAR test site coordinator are limited to (only as applied to the CAT/6):

1. Determining CAT/6 site test and test material needs. (Cal. Code Regs., tit. 5, § 858, subd. (b).)
2. Overseeing the acquisition and distribution of CAT/6 tests and test materials at the test site. (Cal. Code Regs., tit. 5, § 858, subd. (b).)
3. Cooperating with the STAR program district coordinator to provide the CAT/6 testing and make-up testing days for the site. (Cal. Code Regs., tit. 5, § 858, subd. (b).)
4. Maintaining security over CAT/6 test material and test data. (Cal. Code Regs., tit. 5, § 858, subd. (b).)
5. Overseeing the administration of the CAT/6 to eligible students at the test site. (Cal. Code Regs., tit. 5, § 858, subd. (b).)

6. Overseeing the collection and return of all CAT/6 testing materials and tests to the STAR program district coordinator. (Cal. Code Regs., tit. 5, § 858, subd. (b).)
7. Assisting the STAR program district coordinator and the test publisher in resolving any discrepancies in the CAT/6 test information and materials. (Cal. Code Regs., tit. 5, § 858, subd. (b).)
8. Certifying CAT/6 information to the STAR program district coordinator within three (3) working days of complete site testing. (Cal. Code Regs., tit. 5, § 858, subd. (b).)
9. Preparing, executing, and collecting STAR Test Security Agreements and Affidavits from every person who has access to tests and other test materials. (Cal. Code Regs., tit. 5, § 859.)

CAT/6 Test Administration

1. Conducting and monitoring the CAT/6 test to all pupils in grades 3 and 7. (Ed. Code, §§ 60640, subds. (b) & (c), 60641, subd. (a); Cal. Code Regs., tit. 5, §§ 851, 852, subd. (b), 853, & 855.)

Time spent by the classroom teacher during his or her normal classroom hours for test administration is not reimbursable.

Reporting and Record Keeping

1. Inclusion of CAT/6 test results in each pupil's record of accomplishment. (Ed. Code, §§ 60607, subd. (a), & 60641, subd. (a).)
2. Preparing and mailing reports of the individual results of the CAT/6 test to the pupils' parents or guardians, to the pupils' schools, and to the pupils' teachers. (Ed. Code, § 60641, subd. (a)(2); Cal. Code Regs., tit. 5, § 863.)
3. Reporting the results of the CAT/6 test to the school district governing board or county office of education on a districtwide and school-by-school basis. (Ed. Code, § 60641, subd. (a)(3); Cal. Code Regs., tit. 5, § 864.)
4. Submitting to the Superintendent of Public Instruction a report on the CAT/6 test. (Ed. Code, § 60640, subd. (j); Cal. Code Regs., tit. 5, § 862.)
5. Submitting to the California Department of Education whatever information the Department deems necessary to permit the Superintendent of Public Instruction to prepare a report analyzing, on a school-by-school basis, the results and test scores of the CAT/6 test. (Ed. Code, § 60630, subd. (b); Cal. Code Regs., tit. 5, § 861.)

The cost of materials and supplies used for reports (including, paper and envelopes), the cost of postage for mailing reports to parents, and the cost of computer programming used for reporting purposes is reimbursable under this activity.

Repeal of the Program

Statutes 2008, chapter 757, effective September 30, 2008 deleted the CAT/6 mandate in Education Code section 60640, subdivision (b), thus ending the state-mandated program for administration of the CAT/6 tests in grades 3 and 7.

Statewide Cost Estimate

Staff reviewed the claims data submitted by school districts, and compiled by the State Controller's Office (SCO). The actual claims data showed that 855 claims were filed by school districts for fiscal years 2004-2005 through 2007-2008 for a total of \$10,809,432. Claims filed by charter schools are not included in the proposed statewide cost estimate.

Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program. The Commission will report the adopted statewide cost estimate to the Legislature along with staff's assumptions and methodology.

Assumptions

Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program.

1. *The actual amount claimed for reimbursement may increase if late or amended claims are filed for fiscal year 2007-2008.*

The statewide cost estimate is based on claims data reported to the Commission as of May 16, 2008. All claims for fiscal years 2004-2005, 2005-2006, and 2006-2007 have been filed. The last day for filing late or amended claims for fiscal year 2007-2008 is February 15, 2009.

2. *Non-claiming school districts did not file claims because they did not incur more than \$1000 in increased costs for this program or did not have supporting documentation to file a reimbursement claim.*
3. *Claimants have accurately reported and deducted offsets.*

The parameters and guidelines for this program included the following standard and specific language regarding offsets:

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall 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.

In any fiscal year in which school districts are legally required to, they must reduce their estimated and actual mandate reimbursement claims by the amount of funding provided to them from state and federal Title VI funds appropriated for STAR administration.

School districts are not required to use Title I funds to offset administration of the CAT/6 exam. (Emphasis added.)

If offsets are not properly reported and deducted, the SCO may make adjustments. For purposes of this proposed statewide cost estimate, the claiming data used did not include review of offsets by Commission staff.

4. *There is a wide variation in costs claimed for this program.*

Staff selected 29 school districts filing reimbursement claims in fiscal year 2005-2006 for comparison purposes. Using data available from the CDE website, CAT/6 Survey Test Scores -2006,³ staff makes the following observations regarding the costs claimed by the sample districts:⁴

³ See Exhibit C.

⁴ See Exhibit D.

- The sample districts represent 10% of statewide reported grade 3 enrollment and 11% of statewide reported grade 7 enrollments.
 - The sample districts represent 10.6% of total grade 3 and 7 students tested.
 - The total amount claimed by sample districts ranged from \$1,282 to \$194,984.
 - The average cost per pupil tested ranged from \$2.20 to \$166.10.
 - The average statewide cost per pupil tested is \$10.52 (calculated by dividing the total amount claimed by the total number of pupils tested by the sample districts).
 - The average of the average cost per pupil tested is \$21.79 (calculated by dividing the total of the average costs per pupil tested by the number of sample districts (29)).
 - Fifteen (15) sample districts reported testing more than 2000 pupils; their average cost per pupil was \$8.32.
 - Fourteen (14) sample districts reported testing less than 2000 pupils; their average cost per pupil was \$23.86, nearly three times higher than the larger districts.
5. *Because of the wide variation in costs claimed, an SCO audit of this program is likely.*
 6. *The total amount of reimbursement for this program may be lower than the statewide cost estimate, because the SCO may reduce any reimbursement claim for this program.*
 7. *Claims filed for the period of July 1, 2008 to September 30, 2008 will be substantially less because the mandate was eliminated, effective September 30, 2008.*

Methodology

Fiscal Years 2004-2005 through 2007-2008

The proposed statewide cost estimate for fiscal years 2004-2005 through 2007-2008 is based on the total of 855 unaudited actual and estimated reimbursement claims filed with the SCO for these years.

Fiscal Year 2008-2009

No costs are estimated for fiscal year 2008-2009 because Statutes 2008, chapter 757 eliminated the CAT/6 test administration mandate effective September 30, 2008. Thus any claims filed for the period between July 1, 2008 and September 30, 2008 should be negligible.

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| Totals | 855 claims | \$10,809,432 |
| *Based on estimated claiming data. | | |

Comments on the Draft Staff Analysis

No comments were submitted on the draft staff analysis.

RECOMMENDATION

Staff recommends the Commission adopt the proposed statewide cost estimate in the amount of **\$10,809,432** for fiscal years 2004-2005 through 2007-2008.