

ITEM 18
Position on Department of Finance and Legislative Analyst's Office
Mandate Reform Proposals and Pending Legislation
(Discussion continued from March 29, 2007.)

EXECUTIVE SUMMARY

At the March 29, 2007 hearing, Department of Finance and the Legislative Analyst's Office (LAO) presented overviews of their mandate reform proposals. The Commission requested that staff analyze both proposals and other pending legislation related to mandate reform and present the analyses to the Commission at the April 16, 2007 hearing.

Attached are an analysis of AB 1222 (Laird) that makes technical revisions to the mandates process; and a combined analysis of the LAO and Finance's mandate reform proposals.

Note: Following completion of our combined analysis, Department of Finance submitted a revised reform proposal. The revised proposal includes amendments that make it similar to the LAO's proposal. Finance's revised proposal does not change our Staff Recommendation. Finance's revised proposal is attached.

STAFF RECOMMENDATION

Staff recommends that the Commission **Support** AB 1222 because it would assist staff and other state agencies when they analyze test claims and would assist the Commission in making more informed mandate determinations.

Staff also recommends that the Commission **Support** a mandate reform proposal that includes provisions from the LAO proposal and the original and revised Finance proposals, with the technical amendments needed to provide a cohesive process.

The reform proposal would codify procedures for legislatively determining mandates, and negotiated parameters and guidelines and statewide cost estimates. The proposal would also ease the criteria that must be met to adopt reasonable reimbursement methodologies. Together, these statutory changes may shorten the time it takes to make local government mandate determinations and fund or suspend mandates pursuant to Article XIII B, Section 6 of the California Constitution and Proposition 1A.

Staff recommends that we request that the above reform proposal be carried by Assemblyman Laird, former Chair of the Assembly Special Committee on State Mandates. Staff also recommends that this proposal be co-sponsored by the Administration (Department of Finance and the Commission), Legislative Analyst's Office and Member Laird.

Staff recommends that a working group be established to review the draft proposal and work on technical amendments that will provide a complete process that coexists with the Commission's process.

If the Commission adopts staff's recommendations, staff will provide the parties with draft language of the mandate reform proposal, notify the Governor's Office and Assembly Member Laird's staff of the Commission's decision, make a formal request to Member Laird to carry the proposal, and attend any working group meetings.