

## ITEM 14

### PROPOSED AMENDMENT OF PARAMETERS AND GUIDELINES

#### *Employee Benefits Disclosure* 04-PGA-25 (CSM-4502)

Education Code Sections 42140 and 42142

Statutes 1994, Chapter 650 (AB 3141)

Statutes 1995, Chapter 525 (AB 438)

Statutes 1996, Chapter 1158 (AB 2964)

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### EXECUTIVE SUMMARY

#### Background

In 2001, the Commission on State Mandates determined that the *Employee Benefits Disclosure* program (Ed. Code, §§ 42140 and 42142) imposed a reimbursable state mandate on school districts. Education Code section 42140 required school districts<sup>1</sup> that provided retirement health and welfare benefits for employees, continuing after employees reach 65 years of age, to produce an actuarial report every three years on the estimated accrued but unfunded cost of health and welfare benefits for retired employees. Also, Education Code section 42142 required school districts, within 45 days of adopting a collective bargaining agreement, to forward to the county superintendent of schools any revisions to the school district's current year budget that are necessary to fulfill the terms of that agreement, with any additional costs reflected in interim fiscal reports or multiyear fiscal projections. The Commission adopted parameters and guidelines in 1999.

One of the test claim statutes, Education Code section 42140, was repealed by Statutes 2004, chapter 890 (Assem. Bill No. 2855).

On April 15, 2005, the Clovis Unified School District requested that the reimbursable activities regarding the collective bargaining contract cost disclosure be severed and consolidated with the parameters and guidelines for the School District Fiscal Accountability Reporting program because it is the only remaining statute. (Ed. Code, § 42142, 97-TC-19).<sup>2</sup> Clovis requested that the amendment be effective July 1, 2005.

Item 13 of this agenda addresses this request. If the Commission adopts Item 13, effective July 1, 2005, then it is necessary to make technical amendments to the *Employee Benefits*

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<sup>1</sup>Pursuant to a collective bargaining agreement existing prior to January 1, 1995.

<sup>2</sup> See Exhibit A.

*Disclosure* parameters and guidelines for fiscal year 2004-2005. Those technical amendments are addressed here in Item 14.

## **Discussion**

A local agency, school district, or the state may file a written request with the Commission to amend, modify, or supplement the parameters and guidelines. The commission may, after public notice and hearing, amend, modify, or supplement the parameters and guidelines.<sup>3</sup>

Based on the repeal of Education Code section 42140, and Clovis' request to sever the collective bargaining contract cost disclosure activity (Ed. Code, § 42142), staff recommends technical amendments to the parameters and guidelines for the *Employee Benefits Disclosure* program, as described below:

### **I. Summary of the Mandate**

This section has been amended to reference the 2004 repeal of Education Code section 42140.

### **III. Period of Reimbursement**

A parameters and guidelines amendment filed on or before January 15 following a fiscal year, shall establish reimbursement eligibility for that fiscal year.<sup>4</sup> The claimant's proposed amendment was filed on April 18, 2005. Although reimbursement eligibility is established for fiscal year 2004-2005, claimant specifically requested that the amendment severing the activities required by Education Code section 42142 be effective beginning July 1, 2005. This request was analyzed in Item 13.

The first paragraph of this section is amended to add language stating that the period of reimbursement for these parameters and guidelines is July 1, 2004 through June 30, 2005. A sentence is added to state that effective July 1, 2005, school districts may claim reimbursement for activities required by Education Code section 42142, under the parameters and guidelines for the *School District Fiscal Accountability Reporting* program (97-TC-19).

Staff revised the language to conform to other parameters and guidelines recently adopted by the Commission.

### **IV. Reimbursable Activities**

This section is amended to include language regarding supporting documentation requirements adopted by the Commission

The repeal of Education Code section 42140 and Clovis' amendment in Item 13, require that limiting language be added to specify the periods of reimbursement for the Employee Benefits parameters and guidelines.

Sub section IV.A. Retirement Health and Welfare Benefits is amended to add the following language to recognize the repeal of Education Code section 42140: "(The reimbursement period for activities required pursuant to Ed. Code, § 42140 is July 1, 2004-December 31, 2004).

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<sup>3</sup> Government Code section 17557, subdivision (a).

<sup>4</sup> Government Code section 17557, subdivision (d).

Subsection IV. B. Collective Bargaining Budget Revisions is amended to add the following language to recognize the severance of the activities to the School District Fiscal Accountability Reporting parameters and guidelines, effective July 1, 2005: “(The reimbursement period for activities required under Ed. Code, § 42142 is limited to July 1, 2004-June 30, 2005)”.

**Sections V. VI, VII, VIII, IX, and IX**

Staff also revised the language in these sections to conform to other parameters and guidelines recently adopted by the Commission.

**Staff Recommendation**

Staff recommends the Commission adopt the proposed amendments to the parameters and guidelines for the *Employee Benefits Disclosure* program, beginning on page 5.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

