

**ITEM 10**  
**FINAL STAFF ANALYSIS**  
**PROPOSED STATEWIDE COST ESTIMATE**

Education Code Sections 47605, subdivision (b), and 47635

Statutes 1998, Chapter 34

Statutes 1999, Chapter 78

California Department of Education Memo (May 22, 2000)

*Charter Schools III*

99-TC-14

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**EXECUTIVE SUMMARY**

**Summary of the Mandate**

The test claim statutes impose administrative duties upon school districts and county offices of education regarding charter schools.

The Commission on State Mandates (Commission) adopted its Statement of Decision finding that the test claim statutes impose a reimbursable state-mandated program on school districts or county offices of education within the meaning of article XIII B, section 6 of the California Constitution and Government Code sections 17514.

The claimant filed the test claim on June 29, 2000. The Commission adopted the Statement of Decision on May 25, 2006, and the parameters and guidelines on December 4, 2006. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by July 23, 2007, and late claims by July 23, 2008.

**Statewide Cost Estimate**

Staff reviewed the claims data submitted by 18 school districts and compiled by the SCO. The actual claims data showed that 26 claims were filed between fiscal years 1999-2000 and 2006-2007 for a total of \$102,420.<sup>1</sup> 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. Staff issued a draft staff analysis and proposed statewide cost estimate on August 12, 2008. No comments were filed on the proposed statewide cost estimate.

Assumptions

Staff made the following assumptions:

1. *The actual amounts claimed will not increase for fiscal years 1999-2000 through 2006-2007 because July 23, 2008 was the last day to file late or amended claims for the initial*

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<sup>1</sup> Claims data reported as of August 7, 2008.

reimbursement period on this program. Beginning in 2007-2008, reimbursement claims must be filed under consolidated parameters and guidelines for *Charter Schools I, II, and III*.

2. *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.

3. *Costs for this program may increase if the number of charter schools increases, and the school districts that administer those charter schools file reimbursement claims.*

#### Methodology

##### *Fiscal Years 1999-2000 through 2006-2007*

The proposed statewide cost estimate only includes fiscal years 1999-2000 through 2006-2007, because beginning in 2007-2008, reimbursement claims must be filed under consolidated parameters and guidelines *Charter Schools I, II and III*.

The statewide cost estimate was computed by totaling the 26 unaudited reimbursement claims filed with the SCO for these fiscal years.

The proposed statewide cost estimate includes 8 fiscal years for a total of \$102,420. This averages to \$12,803 annually in costs for the state.

#### **STAFF RECOMMENDATION**

Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$102,420** (\$12,803 in annual costs) for costs incurred in complying with the *Charter Schools III* program.

## STAFF ANALYSIS

### Summary of the Mandate

The test claim statutes impose administrative duties upon school districts and county offices of education regarding charter schools.

The Commission on State Mandates adopted its Statement of Decision finding that the test claim statutes impose a reimbursable state-mandated program on school districts or county offices of education within the meaning of article XIII B, section 6 of the California Constitution and Government Code sections 17514.

The claimant filed the test claim on June 29, 2000. The Commission adopted a Statement of Decision on May 25, 2006, and the parameters and guidelines on December 4, 2006. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by July 23, 2007, and late claims by July 23, 2008.

### Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

#### A. School Districts

1. *Findings on denial.* Upon denial of a charter petition, a school district makes written findings of fact to support one or more of the following findings: (1) the charter school presents an unsound educational program for pupils; (2) petitioners are demonstrably unlikely to successfully implement the educational program; (3) the petition does not include the required number of signatures; (4) the petition does not contain reasonably comprehensive descriptions, as specified in statute (Ed. Code, § 47605, subd. (b), amended by Stats. 1998, ch. 34).<sup>2</sup> (*Reimbursement period begins January 1, 1999.*)

#### B. School Districts and County Offices of Education

1. *Transfer funds in lieu of property taxes.* Except for local educational agencies that charge fees under Education Code section 47613, subdivision (c), a school district or county office of education that sponsors a charter school must transfer funds in monthly installments to the charter school in lieu of property taxes (Ed. Code, § 47635, added by Stats. 1999, ch. 78). (*Reimbursement period begins January 1, 2000.*)
2. *Financial information.* For school districts or county offices of education that are chartering authorities, including the revenues and expenditures generated by the charter school in the school district's or county office of education's annual statement, in a format specified by the California Department of Education. (*Reimbursement period: May 22, 2000 through June 30, 2001.*)

### Statewide Cost Estimate

Staff reviewed the claims data submitted by 18 school districts and compiled by the SCO. The actual claims data showed that 26 claims were filed between fiscal years 1999-2000 and 2006-2007 for a total of \$102,420.<sup>3</sup> 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

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<sup>2</sup> This activity does not apply to a county office of education.

<sup>3</sup> Claims data reported as of August 7, 2008.

Commission adopts this proposed statewide cost estimate, it will be reported to the Legislature along with staff's assumptions and methodology.

Staff issued a draft staff analysis and proposed statewide cost estimate on August 12, 2008. No comments were filed on the proposed statewide cost estimate.

Assumptions

Staff made the following assumptions:

1. *The actual amounts claimed will not increase for fiscal years 1999-2000 through 2006-2007 because July 23, 2008 was the last day to file late or amended claims for the initial reimbursement period on this program. Beginning in 2007-2008, reimbursement claims must be filed under consolidated parameters and guidelines for Charter Schools I, II, and III.*
2. *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.

3. *Costs for this program may increase if the number of charter schools increases, and the school districts that administer those charter schools file reimbursement claims.*

Methodology

*Fiscal Years 1999-2000 through 2006-2007*

The proposed statewide cost estimate only includes fiscal years 1999-2000 through 2006-2007, because beginning in 2007-2008, reimbursement claims must be filed under consolidated parameters and guidelines *Charter Schools I, II and III*.

The statewide cost estimate was computed by totaling the 26 unaudited reimbursement claims filed with the SCO for these fiscal years.

The proposed statewide cost estimate includes 8 fiscal years for a total of \$102,420. This averages to \$12,803 annually in costs for the state.

Following is a breakdown of claims filed:

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

<b>Fiscal Year</b>	<b>Number of Claims Filed with SCO</b>	<b>Estimated Cost</b>
1999-2000	1	\$ 1,005
2000-2001	1	1,225
2001-2002	1	1,100
2002-2003	1	\$ 1,180
2003-2004	1	1,295
2004-2005	1	1,932
2005-2006	4	9,700
2006-2007	16	84,983
<b>TOTAL</b>		<b>\$102,420</b>

**STAFF RECOMMENDATION**

Staff recommends that the Commission adopt the proposed statewide cost estimate of **\$102,420** (\$12,803 in annual costs) for costs incurred in complying with the *Charter Schools III* program.