

ITEM 6

PROPOSED PARAMETERS AND GUIDELINES AMENDMENTS

Education Code Section 48262 and 48264.5
Statutes 1975, Chapter 1184; Statutes 1994, Chapter 1023;
and Statutes 2001, Chapter 734

Habitual Truants

01-PGA-06, 09-PGA-01 (CSM-4487 and 4487A)

Clovis Unified School District and
San Jose Unified School District, Requestors

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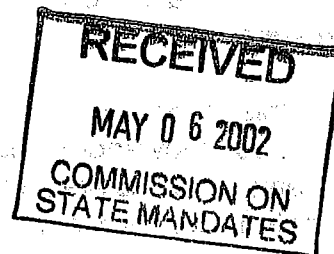
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April 29, 2002



Paula Higashi, Executive Director
Commission on State Mandates
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SUBJECT: Clovis Unified School District
Request to Amend Parameters and Guidelines
To Establish Uniform Cost Allowances

Clovis Unified School District is submitting this request to amend the parameters and guidelines of the following eleven annual claims currently reimbursed based on actual costs:

<u>EMCN</u> <u>Case #</u>	<u>SCO</u> <u>Claim #</u>	<u>Name of Mandate</u>
4487	166	1184/75 Habitual Truants
4454	148	172/86 Interdistrict: Attendance Permits
4445	149	172/86 Interdistrict: Parent Employment
4454	153	161/93 Intradistrict Attendance
4497	189	98/94 Caregiver Affidavits
4458	151	965/77 Pupil Suspension: Counseling
4474	154	1284/88 Parent Classroom Visits
4505	157	1117/89 Law Enforcement Agency Notifications
4451	156	160/93 School District of Choice
96-348-01	182	309/95 Pupil Residency Validation and Appeals
4440	139	1208/76 Pupil Health Screening

The purpose of these requests is to establish a uniform cost allowance for each program. These requests to amend the parameters and guidelines are endorsed by the Education Mandated Cost Network. I have been appointed by Clovis as their representative. The EMCN will be encouraging other districts to contact you and join Clovis on these requests.

Currently, eleven mandates are reimbursed based on unit cost allowances.¹ School districts and county offices of education benefit from having annual reimbursement claims changed from actual cost to unit cost allowances, which significantly reduces the data collection and documentation burden. The State of California benefits from reduced Mandate Reimbursement Process annual mandate costs. The State Controller benefits from a reduced claim processing workload. It is a "win-win" solution for both the claimants and the state.

We hope this process will be a collaborative effort with the State Controller, as in the past. The unit-cost allowances should be based on at least three years of filed claims, and ongoing annual claims are preferred to initial claims. This raw data can be provided by the State Controller for processing by the claimants, or even better, the State Controller can provide average cost information if their claims data base has this capability. Until the data is determined, the claimant's proposed rate is an arbitrary \$999 dollar per workload multiplier.

Clovis Unified School District will stipulate to waive the retroactive effective date (based on the date of this filing) of the change to uniform cost allowances, and instead suggests that the rates be prospective and implemented in the fiscal year immediately following approval of the amended parameters and guidelines. This will avoid the need, or at least, the opportunity to amend claims already filed. I understand that amending claims in this manner poses significant workload burdens on the State Controller.

Where possible, a single uniform cost allowance for the entire mandate is requested rather than several discrete allowances for individual activities. The cost of non-workload driven activities (such as "policies and procedures" and training) are to be merged into the variable costs which are driven by the workload (e.g., number of pupil transfers) wherever practical to do so. Unit-cost per program is proposed rather than unit-times per activity.

¹Current Mandates with Unit Cost Allowances

K-12	448/75	Annual Parent Notification	
K-12	1253/75	Expulsion Transcripts	
K-12	1176/77	Immunization Records	
K-12	668/78	Pupil (Health) Exclusions	(Partial)
7-8	1347/80	Physical Examination for Scoliosis	
K-12	498/83	Notification of Truancy	
K-12	1423/84	Juvenile Court Notices II	
K-12	87/86	Schoolsite Discipline Rules	
K-14	641/86	Open Meetings Act	
K-12	1607/84	School Crimes Reporting II	(Partial)
K-12	239/94	Schoolsite Councils	

since unit-time allowances require the claimant to identify the specific person(s) who implement the mandate and related salary and benefits information.

It is intended that the only documentation requirement be the number of units of services, such as, number of transfers, number of notices, number of students, etc. The option to claim actual cost is limited to those programs for which it appears that there might be significant differences between large and small districts, urban and rural districts, high school vs. elementary vs. unified school districts, etc. In these cases, we propose that individual districts be required to request to amend the parameters and guidelines for their specific situation. It should be noted that no such request to claim unique costs has been filed in the past for current programs with unit cost rates; it is clear that claimants are satisfied with unit-cost reimbursement.

Unit-cost reimbursement requires a workload multiplier. The multiplier must be a statistic currently reported on the annual claim, or readily available from another reliable source. The proposed multiplier for each program is as follows:

Habitual Truants

- Rate 1 The number of pupils reported as habitual truants for the combined costs reported in components 1, 2, and 4.
- Rate 2 The number of parent conferences conducted for the costs reported in component 3.

Interdistrict: Parent Employment

Single Rate The total number of pupil transfers *requested* based on the parent's employment location is representative of the total costs of all components. The number of transfers granted is not as relevant since the majority of the work is prior to the ultimate approval or disapproval. Disapproved transfer requests generate discrete costs in component four, but are not considered to be significant.

Interdistrict: Attendance Permits

K-12 Rate The total number of pupil transfers *requested* for child care purposes is representative of the total costs of all K-12 claim components (1-5). The number of transfers granted is not as relevant since the majority of the work is prior to the ultimate approval or disapproval. Disapproved transfer requests and appealed transfers generate discrete costs in components four and five, but are not considered to be significant.

COE Rate The total number of interdistrict attendance permit appeals (for all causes) *filed* by K-12 students to the county office. The number of hearings and decisions issued generate discrete costs for components 6 and 7, but experience indicates that so few claims reach the hearing process, that the majority of the work is prehearing filing and informal resolution, which relates back to the number of appeals filed.

Intradistrict Attendance

Single Rate Compared to the interdistrict pupil transfer claims, this mandate has a greater portion of fixed or one-time per year costs to variable (workload-related) costs. The majority of these fixed-overhead costs are reported in Component 2 along with almost all the variable costs. Therefore, the total number of transfers *approved* is more representative of the total costs of all components. The number of transfers requested is not as representative since there can be a higher rate of disapprovals in this mandate compare to others, but the cost of disapproval is significantly less since it is usually based on annually established site capacity studies.

Caregiver Affidavits

Single Rate The total number of caregiver affidavits *requested and renewed* is representative of the total costs of all components. The number of affidavits approved is not as relevant since the majority of the work is prior to the ultimate approval or disapproval.

Pupil Suspension: Counseling

Single Rate The total number of parent-teacher conferences is representative of the total costs of all components.

Parent Classroom Visits

Single Rate The total number of parent classroom visits is representative of the total costs of all components.

Law Enforcement Agency Notifications

Single Rate The total number of reports filed with law enforcement agencies is representative of the total costs of all components.

School District of Choice

Single Rate The total district enrollment is the most relevant and available statistic for component 1 "Information Requests." The rest of the components would need to be actual costs because these costs are rarely reported.

Pupil Health Screening

Single Rate The total number of kindergarten and first time enrollment first grade pupils is representative of the total costs of all components.

Pupil Residency Validation and Appeals

Note that this mandate applies only to about ten districts in San Diego and Imperial Counties.

Single Rate The total number pupils for whom residency verification performed is representative of the total costs of all components.

Attached for each of the eleven programs is a request to amend the parameters and guidelines. Once the request is accepted by the Commission for processing, we will begin working with the State Controller to obtain the cost data to develop a specific unit cost rate.

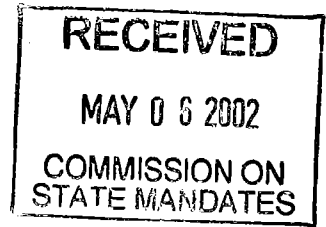
Please contact me if you have any questions.

Sincerely,



Keith Petersen

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BEFORE THE
 COMMISSION ON STATE MANDATES
 STATE OF CALIFORNIA

Request of:)	No. CSM <u>01-16A-06</u>
)	
)	Chapter 1184, Statutes of 1975
)	Chapter 1023, Statutes of 1994
Clovis Unified)	Chapter 734, Statutes of 2001
School District, et al.)	Education Code Sections 48262,
)	48264.5
)	
)	Request to Amend the
)	Parameters and Guidelines
)	
)	Habitual Truants

Authority for the Claim

The Commission on State Mandates has the authority pursuant to Government Code Section 17557 to "... after public notice and hearing, amend, modify, or supplement the parameters and guidelines" upon the claim or request of a local agency, school district, or state agency. Clovis Unified School District and all requesting districts are school districts as defined in Government Code Section 17519.

Statement of the Claim

On September 25, 1997, the Commission on State Mandates, determined that Education Code Section 48262, as added by Chapter 1184, Statutes of 1975, imposed an increased level of service by requiring school districts and county offices of education (except for community colleges) to make a "conscientious effort" to hold at least one conference with the pupil's parent or guardian and the pupil before classifying that pupil as a habitual truant. Chapter 1023, Statutes of 1994, added Education Code section 48264.5 which requires school districts to classify a pupil as a habitual truant upon the pupil's fourth truancy within the same school year. Chapter 734, Statutes of 2001, amended Education Code section 48264.5 to require school districts to classify a pupil as a habitual truant the third time a truancy report is required within the same school year. The original parameters and guidelines for this claim were adopted effective January 29, 1998, and have not been subsequently amended.

Claim Requirements

Section 1183.2, Title 2, California Code of Regulations requires that: "All requests to amend, modify or supplement parameters and guidelines shall outline the specific sections of the existing parameters and guidelines that are to be changed, and a narrative outlining why the amendment is required." Attached as Exhibit 1 is the proposed language, which replaces current language in its entirety. Attached as Exhibit 2 is a copy of the original parameters and guidelines adopted January 29, 1998.

Statement of Reasons for the Amendment

A statement of reasons for the proposed amendments to each part of the parameters and guidelines follows:

I. Summary of the Mandate

The language of the first two paragraphs is from the original parameters and guidelines. The third paragraph reflects the 2001 amendment to Education Code section 48264.5.

II. Eligible Claimants

No change.

III. Period of Reimbursement

The changes proposed reflect current Commission usage.

IV. Reimbursable Activities

Part A is deleted to reflect current Commission usage. Part IV, 1 reflects the change required by Chapter 734, Statutes of 2001.

V. Claim Preparation and Submission

The new language proposed in new Part A implements proposed reimbursement based upon uniform cost allowances (unit cost rates). The new language proposed in part B provides for the possibility of unique costs of implementing the mandate and directs a school district to file a request to amend the parameters and guidelines to have those unique costs recognized. The language was taken from the amended parameters and guidelines for Notification of Truancy dated July 22, 1993 which established a unit-cost rate reimbursement for that claim.

The new language in Part C pertains to direct cost reporting of any approved

unique costs which may be reimbursable above and beyond the cost anticipated by the uniform cost allowances. There is no intent to add to or eliminate any of the reimbursable cost components already enumerated in the current parameters and guidelines. The language is the boilerplate approved for several parameters and guidelines adopted at the January 2002 Commission hearing.

VI. Supporting Data

Part A pertains to the reduced documentation requirements when claimants utilize uniform cost allowance reimbursement. Part B language is the boilerplate approved for several parameters and guidelines adopted at the January 2002 Commission hearing.

VII. Offsetting Savings and Reimbursements

The language is the boilerplate approved for several parameters and guidelines adopted at the January 2002 Commission hearing.

VIII. State Controller's Office Required Certification

The language is the boilerplate approved for several parameters and guidelines adopted at the January 2002 Commission hearing.

IX. Parameters and Guidelines Amendments

The language is the boilerplate approved for several parameters and guidelines adopted at the January 2002 Commission hearing.

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Certification

I certify by my signature below that the statements made in this document and its exhibits are true and correct of my own knowledge or, as to all other matters, based upon information and belief. This amended request to amend the parameters and guidelines was executed on April 22, 2002 at Clovis, California, by:



William McGuire, Associate Superintendent, Business Services
Clovis Unified School District
1450 Herndon Avenue
Clovis, CA 93611-0599
(559) 297-4000, x 2740
(559) 297-4872 (FAX)

APPOINTMENT OF REPRESENTATIVE

The Clovis Unified School District appoints Keith B. Petersen, SixTen and Associates, as its representative for this request to amend the parameters and guidelines.



William McGuire, Associate Superintendent
Business Services

4/22/2002
Date

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FIRST AMENDMENT TO THE PARAMETERS AND GUIDELINES
Chapter 1184, Statutes of 1975
Chapter 1023, Statutes of 1994
Chapter 734, Statutes of 2001
Education Code Sections 48262, 48264.5
HABITUAL TRUANTS

I. SUMMARY OF THE MANDATE

Chapter 1184, Statutes of 1975, added former Education Code section 12403, and Chapter 1010, Statutes of 1976, recodified this section as Education Code section 48262. Section 48262 defines *habitual truant* and states that, no pupil shall be deemed a *habitual truant*, unless school districts make a "conscientious effort" to hold at least one conference with the pupil's parent or guardian and the pupil.

Chapter 1023, Statutes of 1994, added Education Code section 48264.5. Subdivision (d) of this section requires school districts to classify a pupil as a habitual truant as defined in Education Code section 48262 upon the pupil's fourth truancy within the same school year.

Chapter 734, Statutes of 2001 amended subdivision (c) of Education Code section 48264.5 to require school districts to classify a pupil as a habitual truant, as defined in section 48262, the third time a truancy report is required within the same school year.

II. ELIGIBLE CLAIMANTS

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

III. PERIOD OF REIMBURSEMENT

Government Code section 17557, prior to its amendment by Statutes of 1998, Chapter 681 (effective September 22, 1998), stated that a test claim must be submitted or before December 31 following a given fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was submitted on September 28, 1995 and was amended on December 16, 1996. Therefore all mandated costs incurred on or after July 1, 1995 are reimbursable.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of release of 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 provided for by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

For each eligible claimant, the following activities are eligible for reimbursement:

1. **Verifying Prior Truancies**

Review of school district records to verify that the pupil has been reported as a truant at least three times during the same school year.

2. **Making a Conscientious Effort to Schedule a Parent Conference**

Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by:

1. Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and
2. Making a final effort to schedule a conference by placing a telephone call to the parent/guardian, and by placing return calls to the parent/guardian.

3. **Scheduling and Holding a Conference**

If a conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

4. **Reclassifying Pupils**

After the school district has made a conscientious effort to schedule a conference (whether or not this effort resulted in a conference), reclassify the pupil as a habitual truant.

V. CLAIM PREPARATION AND SUBMISSION

Each claim for reimbursement pursuant to this mandate must be timely filed and identify each of the following cost elements to each reimbursable activity identified in Section IV of this document.

A. Uniform Cost Allowance

Pursuant to Government Code section 17557, the Commission on State Mandates has adopted a uniform cost allowance for reimbursement in lieu of payment of total actual costs incurred. The uniform cost allowance is based on two rates: (1) one for the total number of pupils reported as habitual truants for the combined costs reported in components 1, 2, and 4, and (2) one for the total number of parent/guardian conferences conducted for the costs reported in component 3 pursuant to Education Code section 48262. For fiscal year 2002-03, the uniform cost allowance is \$999 per number of pupils reported as habitual truants, and \$999 per parent/guardian conference conducted. The cost allowances shall be adjusted each subsequent year by the Implicit Price Deflator. In order to obtain reimbursement under this uniform cost allowance, claimants are required to report the total number of pupils reported as habitual truants and the total number of parent/guardian conferences conducted each year.

B. Unique Costs

School districts incurring unique costs within the scope of the reimbursable mandate activities may submit a request to amend the parameters and guidelines to the Commission for the unique costs to be approved for reimbursement. Pursuant to Section 1183.2, subdivision (c), Title 2, California Code of Regulations, such requests must be made by January 15 immediately following the fiscal year of the reimbursement claim in which reimbursement for the costs is requested.

The Commission has not identified any circumstances which would cause a school district to incur additional costs to implement this mandate which have not already been incorporated in the uniform cost allowance. If and when the Commission recognizes any unique circumstances which can cause the school district to incur unique reasonable costs to implement this mandate, these unique

implementation costs will be reimbursed for specified fiscal years in addition to the uniform cost allowance. School districts which incur these recognized unique costs will be required to follow the "Direct Cost Reporting" requirements.

C. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. Direct costs that are eligible for reimbursement are:

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for

purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the costs of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

7. Indirect Costs

a. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

b. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.

VI. SUPPORTING DATA

A. Uniform Cost Allowance

Documentation which indicates the total number of pupils reported as habitual truants and the total number of parent/guardian conferences conducted each year.

B. Direct Cost Reporting

1. Source Documents

For auditing purposes, all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements.

2. Record Keeping

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the State Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. See the State Controller's claiming instructions regarding retention of required documentation during the audit period.

VII. OFFSETTING SAVINGS AND REIMBURSEMENTS

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.

VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION

An authorized representative of the claimant shall 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.

IX. PARAMETERS AND GUIDELINES AMENDMENTS

Parameters and guidelines may be amended pursuant to Title 2, California Code of Regulations, section 1183.2.

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Adopted Parameters and Guidelines

Chapter 1184, Statutes of 1975
Chapter 1023, Statutes of 1994
Education Code Section 48262
Education Code Section 48264.5

Habitual Truant

I. SUMMARY OF THE MANDATE SOURCE

Chapter 1184, Statutes of 1975, added former Education Code section 12403, and Chapter 1010, Statutes of 1976, recodified this section as Education Code Section 48262. Section 48262 defines *habitual truant* and states that, no pupil shall be deemed a *habitual truant*, unless school districts make a "conscientious effort" to hold at least one conference with the pupil's parent or guardian and the pupil.

Chapter 1023, Statutes of 1994, added Education Code section 48264.5. Subdivision (d) of this section requires school districts to classify a pupil as a habitual truant as defined in Education Code Section 48262 upon the pupil's fourth truancy within the same school year.

II. COMMISSION ON STATE MANDATES DECISION

The Commission on State Mandates, in the Statement of Decision adopted at the September 25, 1997 hearing, determined that Education Code sections 48262 and 48264.5 subdivision (d), impose a reimbursable state mandated new program or higher level of service upon school districts within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code.

III. 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.

IV. 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 submitted on September 28, 1995 and was amended on December 16, 1996. Therefore, all mandated costs incurred on or after July 1, 1995, for compliance with Education Code sections 48262 and 48264.5, subdivision (d), are eligible for reimbursement.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Section 17561, subdivision (d)(1) 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:

V. REIMBURSABLE COSTS

For each eligible school district, the direct and indirect costs of labor, supplies and services incurred for the following mandate components are reimbursable:

A. Verifying Prior Truancies

Review of school district records to verify that the pupil has been reported as a truant at least four times during the same school year.

B. Making a Conscientious Effort to Schedule a Parent Conference

Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by:

- 1 Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and
- 2 Making a final effort to schedule a conference by placing a telephone call to the parent/guardian, and by placing return calls to the parent/guardian.

C. Scheduling and Holding a Conference

If a conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

D. Reclassifying Pupils

After the school district has made a conscientious effort to schedule a conference (whether or not this effort resulted in a conference), reclassify the pupil as a habitual truant.

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

A. Reporting by Components

Claimed costs must be allocated according to the four components of reimbursable activity described in Section V.

B. Supporting Documentation

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s) and the corresponding job classification(s), describe the mandated functions performed, and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Materials and Supplies

Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate.

3. Contracted Services

Give 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. Show the inclusive dates when services were performed and itemize all costs for those services.

4. Allowable Overhead Cost

- a. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
- b. County Offices of Education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

C. Cost Accounting Statistics

The State Controller is directed to include in its claiming instructions each year the requirement that claimants report to the State Controller the number of pupils verified to have been reported as a truant at least four times during the same school year. This information is being collected for the purpose of establishing a database for potential future reimbursement based on prospective rates. The claiming instructions shall request that claimants send a copy of the completed form HT-1 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. Providing this information is not a condition of payment; however, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

VII. SUPPORTING DATA

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim at the time the claim was filed, supporting documents must be retained for two years from the date of initial

payment of the claim. Such documents shall be made available to the State Controller's Office on request.

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 claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

SixTen and Associates

Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
 5252 Balboa Avenue, Suite 807
 San Diego, CA 92117

Telephone: (858) 514-8605
 Fax: (858) 514-8645
 E-Mail: Kbpsixten@aol.com

May 2, 2003

Paula Higashi, Executive Director
 Commission on State Mandates
 980 Ninth Street, Suite 300
 Sacramento, CA 95814

SUBJECT: Clovis Unified School District
 Request to Amend Parameters and Guidelines
 To Establish Uniform Cost Allowances

On April 29, 2002, Clovis Unified School District submitted requests to amend the parameters and guidelines of the following eleven annual claims currently reimbursed based on actual costs:

<u>EMCN</u> <u>Case #</u>	<u>SCO</u> <u>Claim #</u>	<u>Name of Mandate</u>
4487	166	1184/75 Habitual Truants
4454	148	172/86 Interdistrict: Attendance Permits
4445	149	172/86 Interdistrict: Parent Employment
4454	153	161/93 Intradistrict Attendance
4497	189	98/94 Caregiver Affidavits
4458	151	965/77 Pupil Suspension: Counseling
4474	154	1284/88 Parent Classroom Visits
4505	157	1117/89 Law Enforcement Agency Notifications
4451	156	160/93 School District of Choice
96-348-01	182	309/95 Pupil Residency Validation and Appeals
4440	139	1208/76 Pupil Health Screening

The purpose of the requests is to establish a uniform cost allowance for each program. These requests to amend the parameters and guidelines are endorsed by the Education Mandated Cost Network. School districts and county offices of education benefit from having annual reimbursement claims changed from actual cost to unit cost allowances,

which significantly reduces the data collection and documentation burden. The State of California benefits from reduced Mandate Reimbursement Process annual claim amounts. The State Controller benefits from a reduced claim processing workload. It is a "win-win" solution for both the claimants and the state.

In the past year, the school district representatives have met with your staff and the state agencies several times to discuss the uniform cost allowances. At our last meeting (March 27, 2003) the State Controller presented actual claim statistics for each program. We very much appreciate the work performed by Ginny Brummels and her colleagues to prepare the claim data since it is the best and most complete information available for the process.

On behalf of the requesting district and the EMCN, I have analyzed the SCO data and can now propose uniform cost allowances for nine of the programs. School District of Choice is not included since the Legislature has discontinued this mandate. Pupil Residency Verification is not included because there is only one claim statewide and the sample size is too small. The proposed rates can now be inserted in to each of the requests to amend the parameters and guidelines filed last year, and we can go forward and calendar a hearing. The hearing date should allow sufficient time for the state agencies to review our data and comment, or propose their own uniform cost allowances for further discussion.

Attached to this letter is the following information in support of our proposed rates:

Schedule 1 is a list of the proposed rates by program, as well as the workload units which are the basis of the uniform cost allowance. The workload units are similar to the measurement units proposed last year, and the same selected by the State Controller except for Pupil Health Screening (the SCO used "number of contacts" while we propose kindergarten and unduplicated first grade enrollment as the workload unit). Schedule 2 is a summary of the data generated by our analysis. Behind Schedule 2 is the data for each program.

DATA ANALYSIS METHOD USED: We compared the SCO data to our (EMCN) data. Our data is the SCO data with what we consider the "outliers" removed. Note that most of the outliers removed are from the high side of cost distribution. We did not use any scientific method to select the outliers, rather the data was arrayed from high to low and a "break-point" was drawn where it appeared that the cost data was becoming extreme. This is of course subjective and other reasonable persons could select other reasonable high and low break points. Also, in some cases we removed the data for a few districts which reported the largest number of workload units in order to avoid skewing the workload data reported by most of the other districts. We used Fiscal Year 2000-01 data only since the FY 2001-02 actual claims filing has not been completed. The larger number of claims received for FY 2000-01 is more statistically significant than comparing data from year to year.

UNIT COST PROPOSED: Of all of the unit costs generated, we selected the "EMCN Weighted Average." The weighted average was selected based on our expectation (from this type of process conducted several years ago) that the Department of Finance would insist that the unit cost allowance be revenue neutral. Since the EMCN weighted average is less than the weighted average for the raw SCO data in most cases, the outcome will actually generate a significant cost savings to the state. Also note that the EMCN weighted average is below the 50 th percentile for some of the programs.

EFFECTIVE YEAR FOR REIMBURSEMENT: As stated last year, Clovis Unified School District will stipulate to waive the retroactive effective date (based on the date of this filing) for the conversion to uniform cost allowances, and instead have the rates be prospective and implemented for Fiscal Year 2003-04, assuming the parameters and guidelines are amended in time for the annual release of claiming instructions in September 2003. This will avoid the need, or at least, the opportunity to amend claims already filed. If you believe there is a legal impairment to this type of stipulation, Clovis can simultaneously withdraw and resubmit its requests to obtain the same result. Since the claim data is for FY 2000-01, the State Controller will need to apply the deflator/inflation to move the unit cost forward to FY 2003-04.

Please contact me if you have any questions.

Sincerely,



Keith Petersen

C: William McGuire, Associate Superintendent, Clovis Unified School District
Dr. Carol Berg, School Services of California
Art Palkowitz, San Diego Unified School District

Schedule 1
 Education Mandated Cost Network
 Proposed Unit-Cost Rates
 Source: 2000-01 SCO Data

Prog. #	Name of Program	EMCN Weighted Average	Workload Unit Description
139	Pupil Health Screening	\$5.80	Number of K & new 1st grade enrollment for screening certificates or written waivers
148	Interdistrict Attendance Permits	\$25.31	Number of requested interdistrict transfers for child-care purposes
149	Interdistrict Transfer Requests	\$25.09	Number of requested interdistrict transfers for parent-employment purposes
151	Pupil Suspension: Counseling	\$24.51	Number of conferences for classroom suspensions
153	Intradistrict Attendance	\$35.44	Number of requested intradistrict transfers
154	Parent Classroom Visits	\$65.85	Number of parent classroom visits
157	Law Enforcement Agency Notification	\$78.74	Number of reports to law enforcement agencies for specific violations by pupils
166	Habitual Truants	\$32.15	Number of pupils reported as habitual truants
172	Caregiver Affidavits	\$22.44	Number of pupils enrolled and/or transferred-in pursuant to a caregiver affidavit
182	Pupil Residency Verification/Appeals		<i>Deleted - Insufficient sample size</i>

Schedule 2
 Education Mandated Cost Network
 Summary of Claim Data by Program
 Source: 2000-01 SCO Claim Data

Prog. #	Name of Program	SCO Average of Averages	EMCN Average of Averages	SCO Weighted Average	EMCN Weighted Average	EMCN 75th percentile	EMCN 50th percentile	Total # of claims filed	# of claims without statistics	Outliers Removed (high)	Outliers Removed (low)	Remaining EMCN Sample Size
139	Pupil Health Screening (Revised for enrollment)	\$7.35	\$6.28	\$6.42	\$5.80	\$8.23	\$5.48	663	13	29	12	609
148	Interdistrict Attendance Permits	\$42.49	\$29.90	\$19.14	\$25.31	\$38.15	\$25.96	642	24	46	25	545
149	Interdistrict Transfer Requests	\$43.71	\$28.68	\$30.72	\$25.09	\$35.38	\$26.02	637	13	39	5	577
151	Pupil Suspension: Counseling	\$42.67	\$32.73	\$23.04	\$24.51	\$40.89	\$30.75	204	2	18	10	174
153	Intradistrict Attendance	\$65.48	\$45.03	\$36.36	\$35.44	\$62.01	\$37.05	470	27	38	10	393
154	Parent Classroom Visits	\$78.18	\$66.09	\$73.65	\$65.85	\$82.90	\$61.50	184	16	18	24	126
157	Law Enforcement Agency Notification	\$99.44	\$78.15	\$94.55	\$78.74	\$99.91	\$67.00	401	11	29	6	355
166	Habitual Truants	\$48.60	\$40.79	\$26.74	\$32.15	\$54.04	\$35.58	618	16	45	21	536
172	Caregiver Affidavits	\$55.36	\$25.90	\$29.44	\$22.44	\$35.42	\$21.15	287	15	30	3	239
182	Pupil Residency Verification/Appeals											

Deleted - Insufficient sample size

SixTen and Associates

Mandate Reimbursement Services

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E-Mail: kbsixten@aol.com

January 13, 2010



Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: CSM # 4487 & 4487A
Habitual Truants
Request to Amend the Parameters and Guidelines
San Jose Unified School District

Dear Ms. Higashi:

Enclosed is the original and seven copies of the above referenced Request to Amend the Parameters and Guidelines to Adopt a Reasonable Reimbursement Methodology by the San Jose Unified School District for the Habitual Truants program.

SixTen and Associates has been appointed by the District as its representative for this matter and all interested parties should direct their inquiries to me, with a copy as follows:

Patrick Day, Director
Operations, Purchasing and Contract Management
San Jose Unified School District
855 Lenzen Avenue
San Jose, California 95126-2736
Voice: (408) 535-6572
Fax: (408) 535-2312
E-mail: Patrick_Day@sjusd.org

Sincerely,

Keith B. Petersen

1 Request Prepared By:
2 Keith B. Petersen
3 SixTen and Associates
4 3270 Arena Blvd., Suite 400-363
5 Sacramento, California 95834
6 Voice: (916) 419-7093
7 Fax: (916) 263-9701
8 E-mail: Kbpsixten@aol.com
9

10 BEFORE THE
11
12 COMMISSION ON STATE MANDATES
13
14 STATE OF CALIFORNIA
15

16 Request of:) CSM 4487 10-PGA-_____
17)
18) **HABITUAL TRUANTS**
19)
20) Education Code Section 48262
21) Education Code Section 48264.5
22 San Jose Unified) Statutes of 1975, Chapter 1184
23 School District) Statutes of 1994, Chapter 1023
24)
25) REQUEST TO AMEND PARAMETERS
26) AND GUIDELINES TO ADOPT A
27) REASONABLE REIMBURSEMENT
28) METHODOLOGY
29 _____)
30
31

32 PART I. AUTHORITY FOR THE REQUEST

33 The Commission on State Mandates has the authority pursuant to Government
34 Code Section 17557 (d) to "after public notice and hearing, amend, modify, or
35 supplement the parameters and guidelines" upon the claim or request of a local agency,
36 school district, or state agency. San Jose Unified School District is a school district as
37 defined in Government Code Section 17519. Government Code Section 17557 (b)
38 provides that "[i]n adopting parameters and guidelines, the commission may adopt a
reasonable reimbursement methodology."

1 PART II. PENDING 2002 REQUEST TO ADOPT AMENDED PARAMETERS AND
2 GUIDELINES TO ESTABLISH A UNIFORM COST ALLOWANCE

3 There is pending before the Commission a request to amend the parameters and
4 guidelines for this mandate program to establish a uniform cost allowance (01-PGA-06
5 Habitual Truants) submitted on April 29, 2002, by the Clovis Unified School District. San
6 Jose Unified School District was subsequently added as a requesting party on May 1,
7 2002. Eight other districts were added as requestors on October 26, November 2, and
8 December 21, 2009. SixTen and Associates is the representative of all ten of the
9 requesting districts in this pending action.

10 All documentation submitted in support of 01-PGA-06 is incorporated in this
11 request by reference herein. Included in the documentation is a letter dated May 2,
12 2003 (Exhibit A), from Keith Petersen to the Commission proposing a FY 2000-01 unit
13 cost allowance of \$32.15 per student reported as a habitual truant based on cost and
14 statistical information reported for 536 of the 618 annual claims submitted to the
15 Controller for FY 2000-01. The letter also describes the source data and analysis
16 method used to calculate the proposed unit cost allowance amount.

17 PART III. STATEMENT OF THE ADOPTED MANDATE

18 A. Mandate Legislation

19 Statutes of 1975, Chapter 1184, added former Education Code Section 12403
20 and Statutes of 1976, Chapter 1010, recodified this section as Education Code Section
21 48262. Section 48262 defines "habitual truant" and states that no pupil shall be deemed

Request to Amend the Parameters and Guidelines
San Jose Unified School District
1184/75 Habitual Truants

1 a habitual truant unless school districts make a conscientious effort to hold at least one
2 conference with the pupil's parent or guardian and the pupil.

3 Statutes of 1994, Chapter 1023, added Education Code 48264.5. Subdivision (d)
4 of this section requires school districts to classify a pupil as a habitual truant, as defined
5 in Education Code Section 48262, upon a pupil's fourth truancy within the same school
6 year.

7 B. Test Claim

8 On September 28, 1995, Tustin Unified School District and San Diego Unified
9 School District filed the test claim. On December 16, 1996, the test claim was amended.
10 The test claim, as amended, alleged that the statutes imposed a reimbursable state
11 mandated program upon school districts for the cost of district personnel conducting a
12 parent-pupil conference prior to declaring a pupil a habitual truant.

13 On September 25, 1997, the test claim was adopted by the Commission. The
14 Commission concluded that Section 48264.5 mandated a new and higher level of
15 service in terms of requiring districts to verify pupil truancy, to make a conscientious
16 effort to notify parents or guardians, to schedule and hold conferences with students and
17 parents or guardians, and to classify pupils as habitual truants.

18 C. Parameters and Guidelines

19 On January 29, 1998, the original parameters and guidelines were adopted and
20 have not been subsequently amended. The parameters and guidelines state, in part,
21 that the following mandate activities are reimbursable:

1 "V. REIMBURSABLE COSTS

2
3 For each eligible school district, the direct and indirect costs of labor, supplies
4 and services incurred for the following mandate components are reimbursable:

5
6 A. Verifying Prior Truancies

7
8 Review of school district records to verify that the pupil has been reported
9 as a truant at least four times during the same school year.

10
11 B. Making a Conscientious Effort to Schedule a Parent Conference

12
13 Make a conscientious effort to schedule a conference with the pupil's
14 parent or guardian, the pupil and an appropriate school district employee,
15 by:

- 16
17 1. Sending notice (by certified mail, if necessary) to the pupil's parent
18 or guardian inviting the parent or guardian and the pupil to attend a
19 conference with an appropriate school district employee; and
20
21 2. Making a final effort to schedule a conference by placing a
22 telephone call to the parent/guardian, and by placing return calls to
23 the parent/guardian.
24

25 C. Scheduling and Holding a Conference

26
27 If a conscientious effort results in the parent's or guardian's agreement to
28 confer, schedule and hold a conference.
29

30 D. Reclassifying Pupils

31
32 After the school district has made a conscientious effort to schedule a
33 conference (whether or not this effort resulted in a conference), reclassify
34 the pupil as a habitual truant."
35

36 The parameters and guidelines also state:

37
38 "VI. CLAIM PREPARATION

39
40 C. Cost Accounting Statistics

Request to Amend the Parameters and Guidelines
San Jose Unified School District
1184/75 Habitual Truants

1 The State Controller is directed to include in its claiming instructions each year
2 the requirement that claimants report to the State Controller the number of pupils
3 verified to have been reported as a truant at least four times during the same
4 school year. This information is being collected for the purpose of establishing a
5 database for potential future reimbursement based on prospective rates.”

6 The parameters and guidelines are attached as Exhibit B.

7 D. State Controller’s Claiming Instructions

8 On April 7, 1998, the State Controller’s Office issued claiming instructions and
9 annually updated them thereafter. For information purposes, the September 2009
10 update to the claiming instructions is attached as Exhibit C.

11 E. Post-Test Claim Legislation

12 After the adoption of the test claim and parameters and guidelines, Statutes of
13 2001, Chapter 734 (effective October 11, 2001) amended subdivision (c) of Education
14 Code section 48264.5 to require school districts to classify a pupil as a habitual truant,
15 as defined in section 48262, upon the third time a truancy report is required within the
16 same school year. Previous law required classification as a truant after the fourth
17 truancy report. Since Statutes of 2001, Chapter 734, was effective after FY 2000-01, it
18 has no effect on the calculation of the proposed unit cost rate based on the FY 2000-01
19 annual claims data.

20 PART IV. REQUIREMENTS FOR REQUESTS TO

21 AMEND THE PARAMETERS AND GUIDELINES AND ADOPTION OF A

22 REASONABLE REIMBURSEMENT METHODOLOGY (RRM)

23 1. Requests to Amend the Parameters and Guidelines

Request to Amend the Parameters and Guidelines
San Jose Unified School District
1184/75 Habitual Truants

1 Section 1183.2, Title 2, of California Code of Regulations (Register 2009-17)

2 requires:

3 “(a) All requests pursuant to Government Code Section 17557 to amend,
4 modify, or supplement parameters and guidelines shall include the
5 proposed language for the specific sections of the existing parameters and
6 guidelines that are to be changed, and include a narrative explaining why
7 the amendment is required.
8

9 (b) Number of copies. A clamant or state agency requesting an amendment
10 to existing parameters and guidelines shall submit an original and seven
11 (7) copies of proposed amendments to commission staff.”
12

13 2. Proposed Reasonable Reimbursement Methodology

14 Government Code Section 17518.5, subdivision (a), defines a Reasonable
15 Reimbursement Methodology (RRM) as “a formula for reimbursing local agencies and
16 school districts for costs mandated by the state.”

17 Government Code Section 17518.5, subdivision (b) requires that the reasonable
18 reimbursement methodology “shall be based on cost information from a representative
19 sample of eligible claimants, information provided by associations of local agencies and
20 school districts, or other projections of local costs.” Section 1183.131, Title 2, of
21 California Code of Regulations (Register 2009-17) requires at subdivision (b) that the
22 “[p]roposed reasonable reimbursement methodology, as described in Government Code
23 section 17518.5, shall include any documentation or assumption relied upon to develop
24 the proposed methodology.”

25 Government Code Section 17518.5, subdivision (c) requires that the reasonable
26 reimbursement methodology “shall consider the variation in costs among local agencies

1 and school districts to implement the mandate in a cost-efficient manner.” Section
2 1183.13, Title 2, of California Code of Regulations (Register 2009-17) defines “costs to
3 implement the mandate in a cost-efficient manner” to “include only those costs for the
4 activities that were determined to be reimbursable by the Commission in the Statement
5 of Decision, and the costs for the most reasonable methods of complying with the
6 mandate pursuant to Section 1183.1, subdivision (a)(4), of these regulations.”

7 Government Code Section 17518.5, subdivision (d) requires that “[w]hen
8 possible, a reasonable reimbursement methodology shall be based on general allocation
9 formulas, uniform cost allowances, and other approximations of local costs mandated by
10 the state, rather than detailed documentation of actual local costs.”

11 PART V. PROPOSED CHANGES TO THE PARAMETERS AND GUIDELINES

12 The District proposes the following changes to the language of the parameters
13 and guidelines in order to implement a reasonable reimbursement methodology.

14 I. SUMMARY OF THE MANDATE SOURCE

15 No change.

16 II. COMMISSION ON STATE MANDATES DECISION

17 No change.

18 III. ELIGIBLE CLAIMANTS

19 No change.

20 IV. PERIOD OF REIMBURSEMENT

21 Add the following language:

1 “The period of reimbursement for this parameters and guidelines amendment
2 begins on July 1, 2008.”

3 V. REIMBURSABLE COSTS

4 No change.

5 VI. CLAIM PREPARATION

6 Replace existing language with the following:

7 Reasonable Reimbursement Methodology - Direct and Indirect Costs

8

9 The Commission is adopting a reasonable reimbursement methodology to reimburse
10 claimants for all *direct and indirect* costs of the mandated activities for the Habitual
11 Truant program, as authorized by Government Code Section 17557, subdivision (b), and
12 17518.5, in lieu of filing detailed documentation of actual costs.

13

14 1. Reasonable Reimbursement Methodology

15

16 The definition of reasonable reimbursement methodology is in Government Code
17 section 17518.5 (as amended by Statutes 2007, Chapter 329 (A.B. 1222)) as
18 follows:

19

20 (a) “Reasonable reimbursement methodology” means a formula for
21 reimbursing local agencies and school districts for costs mandated by the
22 state, as defined in Section 17514.

23

24 (b) A reasonable reimbursement methodology shall be based on cost
25 information from a representative sample of eligible claimants, information
26 provided by associations of local agencies and school districts, or other
27 projections of local costs.

28

29 (c) A reasonable reimbursement methodology shall consider the
30 variation in costs among local agencies and school districts to implement
31 the mandate in a cost-efficient manner.

32

33 (d) Whenever possible, a reasonable reimbursement methodology shall
34 be based on general allocation formulas, uniform cost allowances, and
35 other approximations of local costs mandated by the state, rather than

Request to Amend the Parameters and Guidelines
San Jose Unified School District
1184/75 Habitual Truants

1 detailed documentation of actual local costs. In cases when local
2 agencies and school districts are projected to incur costs to implement a
3 mandate over a period of more than one fiscal year, the determination of a
4 reasonable reimbursement methodology may consider local costs and
5 state reimbursements over a period of greater than one fiscal year, but not
6 exceeding 10 years.

7
8 (e) A reasonable reimbursement methodology may be developed by
9 any of the following:

- 10
11 (1) The Department of Finance.
12 (2) The Controller.
13 (3) An affected state agency.
14 (4) A claimant.
15 (5) An interested party.

16
17 2. Uniform Cost Allowance

18
19 The reasonable reimbursement methodology for the mandated activities
20 shall consist of a uniform cost allowance calculated as follows: Multiply
21 the total number of students reported as habitual truants each fiscal year
22 by the relevant unit cost rate for the fiscal year. The unit cost rate for FY
23 2008-09 is **\$(to be determined)**. The unit cost rate shall be adjusted each
24 subsequent year by the Implicit Price Deflator.

25
26 VII. SUPPORTING DATA

27 Replace existing language with the following:

28 Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement
29 claim for actual costs filed by a school district pursuant to this chapter is subject
30 to the initiation of an audit by the Controller no later than three years after the
31 date that the actual reimbursement claim is filed or last amended, whichever is
32 later. However, if no funds are appropriated or no payment is made to a claimant
33 for the program for the fiscal year for which the claim is filed, the time for the
34 Controller to initiate an audit shall commence to run from the date of initial
35 payment of the claim. In any case, an audit shall be completed not later than two
36 years after the date that the audit is commenced. Pursuant to Government Code
37 section 17561, subdivision (d)(2), the Controller has the authority to audit the
38 application of a reasonable reimbursement methodology. If an audit has been
39 initiated by the Controller during the period subject to audit, the retention period is

1 extended until the ultimate resolution of any audit findings. Claimants must retain
2 documentation that supports the application of the reasonable reimbursement
3 methodology, including documentation supporting the number of students
4 reported as habitual truants and offsetting revenue funded by restricted resources
5 during the period subject to audit.
6

7 VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

8 No change.

9 IX. REQUIRED CERTIFICATION

10 No change.

11 The Commission staff may need to propose additional changes to conform the amended
12 parameters and guidelines to current boilerplate language.

13 PART VI. STATEMENT OF REASONS FOR THE AMENDMENT

14 1. Period of Reimbursement (Parameters and Guidelines Part IV)

15 "A parameters and guidelines amendment filed more than 90 days after the
16 claiming deadline for initial claims . . . and on or before the claiming deadline following a
17 fiscal year, shall establish reimbursement eligibility for that fiscal year," pursuant to
18 Government Code Section 17557, subsection (d). This request to amend the
19 parameters and guidelines is filed prior to the claiming deadline for the 2008-09 fiscal
20 year annual claims (February 16, 2010). Therefore, this request establishes
21 reimbursement eligibility beginning July 1, 2008.

22 2. Claim Preparation (Parameters and Guidelines Part VI.)

23 The language proposed in new Part VI. (1) is consistent with the boilerplate
24 language for a reasonable reimbursement methodology stated in the Commission's

Request to Amend the Parameters and Guidelines
San Jose Unified School District
1184/75 Habitual Truants

1 amendment to the parameters and guidelines for the Graduation Requirements mandate
2 that was adopted in November 2008. The language in new Part VI. (2) describes and
3 implements the proposed reasonable reimbursement methodology.

4 REPRESENTATIVE SAMPLE OF CLAIMANTS: The proposed unit cost rate is derived
5 from the cost data from substantially all of the FY 2000-01 annual reimbursement claims
6 submitted to the State Controller, therefore, the data is representative. The calculation
7 of the unit cost rate is included in the incorporated material for 01-PGA-06 attached here
8 as Exhibit D. A total of 618 annual claims were filed for FY 2000-01. The analysis
9 removed 16 claims for lack of student statistics and removed 45 high and 21 low
10 statistical outliers. This calculation will result in at least 50 percent of the districts
11 receiving reimbursement in an amount sufficient to fully offset their projected costs to
12 implement the mandate in a cost-efficient manner. Since the proposed unit cost rate of
13 \$32.15 is based on FY 2000-01 data, it will have to be adjusted by the appropriate
14 Implicit Price Deflator to determine the unit cost rate for FY 2008-09. The State
15 Controller has the formula and historical information to perform this calculation for each
16 fiscal year.

17 COST-EFFICIENT MANNER: The proposed unit cost rates are derived from annual
18 reimbursement claim cost data submitted by the claimants pursuant to the statement of
19 reimbursable activities in the parameters and guidelines adopted by the Commission.
20 The activities enumerated by the parameters and guidelines are adopted after public
21 comment and hearing and are therefore presumed to be the most cost efficient manner

1 of implementing the mandated activities for the program.

2 VARIATION IN COSTS AMONG CLAIMANTS: The proposed uniform cost allowance
3 considers the variation in costs among the districts to implement the mandate in a cost-
4 efficient manner because they are dependent on the number of students determined to
5 be habitual truants at each district. This number of students varies between districts
6 and the level of actual costs incurred is tied to the number of students. Thus, the
7 proposed uniform cost allowance meets all of the requirements for a reasonable
8 reimbursement methodology that balances accuracy with simplicity.

9 3. VI. Record Retention

10 The language is consistent with the record retention requirements for a
11 reasonable reimbursement methodology in the Commission's recent adoptions, such as
12 the amendment to the parameters and guidelines for the Graduation Requirements
13 mandate that was adopted in November 2008.

14 /

15 /

16 /

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19 /

20 /

21 /

Request to Amend the Parameters and Guidelines
San Jose Unified School District
1184/75 Habitual Truants

1 /

2 Attachments

3 Exhibit A: May 2, 2003 SixTen and Associates Letter to Commission

4 Exhibit B: Current Parameters and Guidelines, adopted January 29, 1998

5 Exhibit C: Current Controller's Claiming Instructions, updated September 2009

6 with 2 schedules attached

7 Exhibit D: Supporting Cost and Statistical Documentation

8 Calculation of Weighted Unit Cost Rate-12 pages

9 Truant Line Fit Plot-1 page

10 Summary Output-8 pages

11 Outliers Annotated- 3 pages

12 /

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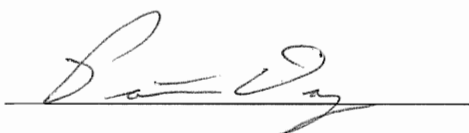
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PART VII. CERTIFICATION

I certify by my signature below that the statements made in this document and its exhibits are true and correct of my own knowledge or, as to all other matters, based upon information and belief. This request to amend the parameters and guidelines was executed on January 8, 2010, at San Jose, California, by:



Patrick Day, Director
Operations, Purchasing and Contract Management
San Jose Unified School District
855 Lenzen Avenue
San Jose, California 95126-2736
Voice: (408) 535-6572
Fax: (408) 535-2312
E-mail: Patrick_Day@sjusd.org

APPOINTMENT OF REPRESENTATIVE

The San Jose Unified School District appoints Keith B. Petersen, SixTen and Associates, as its representative for this request to amend the parameters and guidelines.



Patrick Day, Director
Operations, Purchasing and Contract Management

January 8, 2010

Date

SixTen and Associates

Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone: (858) 514-8605
Fax: (858) 514-8645
E-Mail: Kbpsixten@aol.com

May 2, 2003

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

SUBJECT: Clovis Unified School District
Request to Amend Parameters and Guidelines
To Establish Uniform Cost Allowances

On April 29, 2002, Clovis Unified School District submitted requests to amend the parameters and guidelines of the following eleven annual claims currently reimbursed based on actual costs:

<u>EMCN</u> <u>Case #</u>	<u>SCO</u> <u>Claim #</u>	<u>Name of Mandate</u>
4487	166	1184/75 Habitual Truants
4454	148	172/86 Interdistrict: Attendance Permits
4445	149	172/86 Interdistrict: Parent Employment
4454	153	161/93 Intradistrict Attendance
4497	189	98/94 Caregiver Affidavits
4458	151	965/77 Pupil Suspension: Counseling
4474	154	1284/88 Parent Classroom Visits
4505	157	1117/89 Law Enforcement Agency Notifications
4451	156	160/93 School District of Choice
96-348-01	182	309/95 Pupil Residency Validation and Appeals
4440	139	1208/76 Pupil Health Screening

The purpose of the requests is to establish a uniform cost allowance for each program. These requests to amend the parameters and guidelines are endorsed by the Education Mandated Cost Network. School districts and county offices of education benefit from having annual reimbursement claims changed from actual cost to unit cost allowances,

which significantly reduces the data collection and documentation burden. The State of California benefits from reduced Mandate Reimbursement Process annual claim amounts. The State Controller benefits from a reduced claim processing workload. It is a "win-win" solution for both the claimants and the state.

In the past year, the school district representatives have met with your staff and the state agencies several times to discuss the uniform cost allowances. At our last meeting (March 27, 2003) the State Controller presented actual claim statistics for each program. We very much appreciate the work performed by Ginny Brummels and her colleagues to prepare the claim data since it is the best and most complete information available for the process.

On behalf of the requesting district and the EMCN, I have analyzed the SCO data and can now propose uniform cost allowances for nine of the programs. School District of Choice is not included since the Legislature has discontinued this mandate. Pupil Residency Verification is not included because there is only one claim statewide and the sample size is too small. The proposed rates can now be inserted in to each of the requests to amend the parameters and guidelines filed last year, and we can go forward and calendar a hearing. The hearing date should allow sufficient time for the state agencies to review our data and comment, or propose their own uniform cost allowances for further discussion.

Attached to this letter is the following information in support of our proposed rates:

Schedule 1 is a list of the proposed rates by program, as well as the workload units which are the basis of the uniform cost allowance. The workload units are similar to the measurement units proposed last year, and the same selected by the State Controller except for Pupil Health Screening (the SCO used "number of contacts" while we propose kindergarten and unduplicated first grade enrollment as the workload unit). Schedule 2 is a summary of the data generated by our analysis. Behind Schedule 2 is the data for each program.

DATA ANALYSIS METHOD USED: We compared the SCO data to our (EMCN) data. Our data is the SCO data with what we consider the "outliers" removed. Note that most of the outliers removed are from the high side of cost distribution. We did not use any scientific method to select the outliers, rather the data was arrayed from high to low and a "break-point" was drawn where it appeared that the cost data was becoming extreme. This is of course subjective and other reasonable persons could select other reasonable high and low break points. Also, in some cases we removed the data for a few districts which reported the largest number of workload units in order to avoid skewing the workload data reported by most of the other districts. We used Fiscal Year 2000-01 data only since the FY 2001-02 actual claims filing has not been completed. The larger number of claims received for FY 2000-01 is more statistically significant than comparing data from year to year.

UNIT COST PROPOSED: Of all of the unit costs generated, we selected the "EMCN Weighted Average." The weighted average was selected based on our expectation (from this type of process conducted several years ago) that the Department of Finance would insist that the unit cost allowance be revenue neutral. Since the EMCN weighted average is less than the weighted average for the raw SCO data in most cases, the outcome will actually generate a significant cost savings to the state. Also note that the EMCN weighted average is below the 50 th percentile for some of the programs.

EFFECTIVE YEAR FOR REIMBURSEMENT: As stated last year, Clovis Unified School District will stipulate to waive the retroactive effective date (based on the date of this filing) for the conversion to uniform cost allowances, and instead have the rates be prospective and implemented for Fiscal Year 2003-04, assuming the parameters and guidelines are amended in time for the annual release of claiming instructions in September 2003. This will avoid the need, or at least, the opportunity to amend claims already filed. If you believe there is a legal impairment to this type of stipulation, Clovis can simultaneously withdraw and resubmit its requests to obtain the same result. Since the claim data is for FY 2000-01, the State Controller will need to apply the deflator/inflation to move the unit cost forward to FY 2003-04.

Please contact me if you have any questions.

Sincerely,



Keith Petersen

C: William McGuire, Associate Superintendent, Clovis Unified School District
Dr. Carol Berg, School Services of California
Art Palkowitz, San Diego Unified School District

Schedule 1
 Education Mandated Cost Network
 Proposed Unit-Cost Rates
 Source: 2000-01 SCO Data

Prog. #	Name of Program	EMCN Weighted Average	Workload Unit Description
139	Pupil Health Screening	\$5.80	Number of K & new 1st grade enrollment for screening certificates or written waivers
148	Interdistrict Attendance Permits	\$25.31	Number of requested interdistrict transfers for child-care purposes
149	Interdistrict Transfer Requests	\$25.09	Number of requested interdistrict transfers for parent-employment purposes
151	Pupil Suspension: Counseling	\$24.51	Number of conferences for classroom suspensions
153	Intradistrict Attendance	\$35.44	Number of requested intradistrict transfers
154	Parent Classroom Visits	\$65.85	Number of parent classroom visits
157	Law Enforcement Agency Notification	\$78.74	Number of reports to law enforcement agencies for specific violations by pupils
166	Habitual Truants	\$32.15	Number of pupils reported as habitual truants
172	Caregiver Affidavits	\$22.44	Number of pupils enrolled and/or transferred-in pursuant to a caregiver affidavit
182	Pupil Residency Verification/Appeals		<i>Deleted - Insufficient sample size</i>

Schedule 2
 Education Mandated Cost Network
 Summary of Claim Data by Program
 Source: 2000-01 SCO Claim Data

Prog. #	Name of Program	SCO Average of Averages	EMCN Average of Averages	SCO Weighted Average	EMCN Weighted Average	EMCN 75th percentile	EMCN 50th percentile	Total # of claims filed	# of claims without statistics	Outliers Removed (high)	Outliers Removed (low)	Remaining EMCN Sample Size
139	Pupil Health Screening (Revised for enrollment)	\$7.35	\$6.28	\$6.42	\$5.80	\$8.23	\$5.48	663	13	29	12	609
148	Interdistrict Attendance Permits	\$42.49	\$29.90	\$19.14	\$25.31	\$38.15	\$25.96	642	24	46	25	545
149	Interdistrict Transfer Requests	\$43.71	\$28.68	\$30.72	\$25.09	\$35.38	\$26.02	637	13	39	5	577
151	Pupil Suspension: Counseling	\$42.67	\$32.73	\$23.04	\$24.51	\$40.89	\$30.75	204	2	18	10	174
153	Intradistrict Attendance	\$65.48	\$45.03	\$36.36	\$35.44	\$62.01	\$37.05	470	27	38	10	393
154	Parent Classroom Visits	\$78.18	\$66.09	\$73.65	\$65.85	\$82.90	\$61.50	184	16	18	24	126
157	Law Enforcement Agency Notification	\$99.44	\$78.15	\$94.55	\$78.74	\$99.91	\$67.00	401	11	29	6	355
166	Habitual Truants	\$48.60	\$40.79	\$26.74	\$32.15	\$54.04	\$35.58	618	16	45	21	536
172	Caregiver Affidavits	\$55.36	\$25.90	\$29.44	\$22.44	\$35.42	\$21.15	287	15	30	3	239
182	Pupil Residency Verification/Appeals											

Deleted - Insufficient sample size

Adopted Parameters and Guidelines

Chapter 1184, Statutes of 1975
Chapter 1023, Statutes of 1994
Education Code Section 48262
Education Code Section 48264.5

Habitual Truant

I. SUMMARY OF THE MANDATE SOURCE

Chapter 1184, Statutes of 1975, added former Education Code section 12403, and Chapter 1010, Statutes of 1976, recodified this section as Education Code Section 48262. Section 48262 defines *habitual truant* and states that, no pupil shall be deemed a *habitual truant*, unless school districts make a “conscientious effort” to hold at least one conference with the pupil’s parent or guardian and the pupil.

Chapter 1023, Statutes of 1994, added Education Code section 48264.5. Subdivision (d) of this section requires school districts to classify a pupil as a habitual truant as defined in Education Code Section 48262 upon the pupil’s fourth truancy within the same school year.

II. COMMISSION ON STATE MANDATES DECISION

The Commission on State Mandates, in the Statement of Decision adopted at the September 25, 1997 hearing, determined that Education Code sections 48262 and 48264.5 subdivision (d), impose a reimbursable state mandated new program or higher level of service upon school districts within the meaning of section 6, article XIII B of the California Constitution and section 175 14 of the Government Code.

III. ELIGIBLE CLAIMANTS

Any “school district”, as defined in Government Code section 175 19, except for community colleges, which incurs increased costs as a result of this mandate is eligible to claim reimbursement.

IV. 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 submitted on September 28, 1995 and was amended on December 16, 1996. Therefore, all mandated costs incurred on or after July 1, 1995, for compliance with Education Code sections 48262 and 48264.5, subdivision (d), are eligible for reimbursement.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Section 17561, subdivision (d)(1) 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.

V. REIMBURSABLE COSTS

For each eligible school district, the direct and indirect costs of labor, supplies and services incurred for the following mandate components are reimbursable:

A. Verifying Prior Truancies

Review of school district records to verify that the pupil has been reported as a truant at least four times during the same school year.

B. Making a Conscientious Effort to Schedule a Parent Conference

Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by:

- 1 Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and
- 2 Making a final effort to schedule a conference by placing a telephone call to the parent/guardian, and by placing return calls to the parent/guardian.

C. Scheduling and Holding a Conference

If a conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

D. Reclassifying Pupils

After the school district has made a conscientious effort to schedule a conference (whether or not this effort resulted in a conference), reclassify the pupil as a habitual truant.

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

A. Reporting by Components

Claimed costs must be allocated according to the four components of reimbursable activity described in Section V.

B. Supporting Documentation

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s) and the corresponding job classification(s), describe the mandated functions performed, and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Materials and Supplies

Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate.

3. Contracted Services

Give 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. Show the inclusive dates when services were performed and itemize all costs for those services.

4. Allowable Overhead Cost

- a. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
- b. County Offices of Education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

C. Cost Accounting Statistics

The State Controller is directed to include in its claiming instructions each year the requirement that claimants report to the State Controller the number of pupils verified to have been reported as a truant at least four times during the same school year. This information is being collected for the purpose of establishing a database for potential future reimbursement based on prospective rates. The claiming instructions shall request that claimants send a copy of the completed form HT-1 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. Providing this information is not a condition of payment; however, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

VII. SUPPORTING DATA

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim at the time the claim was filed, supporting documents must be retained for two years from the date of initial

payment of the claim. Such documents shall be made available to the State Controller's Office on request.

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 claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

Habitual Truant

1. Summary of Chapters 1184/75 and 1023/94

Chapter 1184, Statutes of 1975, added former Education Code Section 12403, and Chapter 1010, Statutes of 1976, recodified this Section as Education Code Section 48262 which defines a habitual truant as any pupil who has been reported as a truant three or more times per school year, provided that no pupil shall be deemed an habitual truant unless an appropriate district officer or employee has made a conscientious effort to hold at least one conference with a parent or guardian of the pupil and the pupil himself after the filing of either of the reports required by Section 48260 or 48261.

2. Commission on State Mandates (CSM) Decision

CSM in the Statement of Decision adopted at the hearing on September 25, 1997, determined that Education Code Sections 48262 and 48264.5 Subdivision (d), impose a reimbursable state mandated new program or higher level of service upon school districts within the meaning of Section 6, Article XIII B of the California Constitution and Section 17514 of the Government Code.

3. Eligible Claimants

Except for community colleges, any school district as defined in Government Code Section 17519, that incurs increased costs as a result of this mandate, is eligible to claim reimbursement of these costs.

4. Types of Claims

A. Reimbursement Claims

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a school district for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim.

5. Filing Deadlines

An actual claim for the 2008-09 fiscal year may be filed by **February 16, 2010**, without a late penalty. **Claims filed more than one year after the deadline will not be accepted.**

A. Late Penalty

1. Initial Claims

Late initial claims are assessed a late penalty of 10% of the total amount of the initial claims without limitation.

2. Annual Reimbursement Claims

Late annual reimbursement claims are assessed a late penalty of 10% of the claim amount; \$10,000 maximum penalty.

6. Reimbursable Activities

For each eligible school district, the direct and indirect costs of labor, supplies, and services incurred for the following mandated activities are reimbursable:

A. Verification of Prior Truancies

Review of school district records to verify that the pupil has been reported as a truant at least three times during the same school year.

B. Making a Conscientious Effort to Schedule a Parent Conference

Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil, and the appropriate school district employee as follows:

Send a notice, by certified mail if necessary, to the pupil's parent or guardian and the pupil, inviting the parent or guardian and the pupil to confer with an appropriate school district employee.

Make a final effort to schedule a conference by making a telephone call to the parent or guardian, and by placing return calls to them.

C. Holding a Parent Conference

Hold a conference once the parent or guardian has agreed to confer.

D. Reclassification of Pupil

Reclassify the pupil as a habitual truant once the school district has made a conscientious effort to schedule a conference with the parent or guardian, whether or not this effort resulted in a conference.

7. Reimbursement Limitations

Any offsetting savings or reimbursement the claimant received from any source including but not limited to, service fees collected, federal funds, and other state funds as a direct result of this mandate, must be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

A claimant may submit a computer generated report in substitution for Forms 1 and 2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary.

A. Form 2, Activity Cost Detail

This form is used to segregate the detailed costs by claim activity. A separate Form-2 must be completed for each cost activity being claimed. Costs reported on this form must be supported as follows:

1. Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed and specify the actual time devoted to each function by each employee, the productive hourly rates, and related fringe benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study. A time study may be appropriate for functions that are relatively short in duration and repetitive. If the claim is based on a time study, submit with the claim all documentation for the Controller's review of the study's precision and reliability.

Source documents may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

2. Materials and Supplies

Only expenditures that can be identified as a direct cost of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate.

Source documents may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

3. Contract Services

Give the name(s) of contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

For audit purposes, all supporting documents must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents must be made available to the State Controller's Office on request.

B. Form -1, Claim Summary

This form is used to summarize direct costs by claim activity and compute allowable indirect costs for the mandate. Claim statistics must identify the work performed for costs claimed. The claimant must give the number of pupils who were verified to have been reported as truants at least four times during the same school year.

C. Form FAM-27, Claim for Payment

Form FAM-27 contains a certification that must be signed by an authorized officer of the district. All applicable information from Form-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HABITUAL TRUANT	For State Controller Use Only (19) Program Number 00166 (20) Date Filed (21) LRS Input	PROGRAM 166
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(01) Claimant Identification Number	Reimbursement Claim Data		
(02) Claimant Name	(22) FORM-1, (03)(a)		
County of Location	(23) FORM-1, (03)(b)		
Street Address or P.O. Box Suite	(24) FORM-1, (04)(1)(d)		
City State Zip Code	(25) FORM-1, (04)(2)(d)		
	Type of Claim		(26) FORM-1, (04)(3)(d)
	(03)	(09) Reimbursement <input type="checkbox"/>	(27) FORM-1, (04)(4)(d)
	(04)	(10) Combined <input type="checkbox"/>	(28) FORM-1, (06)
	(05)	(11) Amended <input type="checkbox"/>	(29) FORM-1, (07)
Fiscal Year of Cost	(06)	(12)	(30) FORM-1, (09)
Total Claimed Amount	(07)	(13)	(31) FORM-1, (10)
Less: 10% Late Penalty (refer to attached Instructions)		(14)	(32)
Less: Prior Claim Payment Received		(15)	(33)
Net Claimed Amount		(16)	(34)
Due from State	(08)	(17)	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the school district or county office of education to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 of the Government Code.

I further certify that there was no application other than from the claimant, nor any grant(s) or payment(s) received, for reimbursement of costs claimed herein; claimed costs are for a new program or increased level of services of an existing program; and claimed amounts do not include charter school costs, either directly or through a third party. All offsetting savings and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer _____

Date Signed _____

Telephone Number _____

E-mail Address _____

Type or Print Name and Title of Authorized Signatory _____

(38) Name of Agency Contact Person for Claim _____ Telephone Number _____

E-mail Address _____

Name of Consulting Firm / Claim Preparer _____ Telephone Number _____

E-mail Address _____

PROGRAM 166	HABITUAL TRUANT Certification Claim Form Instructions for Form FAM-27	FORM FAM-27
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- (01) Enter the claimant identification number assigned by the State Controller's Office.
- (02) Enter claimant official name, county of location, street or postal office box address, city, state, and zip code.
- (03) to (08) Leave blank.
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim as shown in the attached Form-1 line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim is timely filed. Otherwise, enter the penalty amount as a result of the calculation formula as follows:
 - Late Initial Claims: FAM-27 line(13) multiplied by 10%, without limitation; or
 - Late Annual Reimbursement Claims: FAM-27, line (13) multiplied by 10%, late penalty not to exceed \$10,000.
- (15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.
- (16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form-1, (03)(a), means the information is located on form Form-1, line (03)(a). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, telephone number and E-mail address. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and E-mail address of the agency contact person for the claim. If claim is prepared by external consultant, type or print the name of the consulting firm, telephone number, and e-mail address.

SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS TO:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 P.O. Box 942850
 Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 3301 C Street, Suite 700
 Sacramento, CA 95816

Program 166	MANDATED COSTS HABITUAL TRUANT CLAIM SUMMARY	FORM 1
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(01) Claimant	(02) Type of Claim	Fiscal Year ___/___
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Claim Statistics

(03) (a) Number of pupils reported as truants at least four times during the year	
(b) Number of pupils in (03)(a) above for whom parent conferences were held	

Direct Costs	Object Accounts			
(04) Reimbursable Activities	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Total
1. Verification of Prior Truancies				
2. Making a Conscientious Effort to Schedule a Parent Conference				
3. Holding a Parent Conference				
4. Reclassification of Pupil				
(05) Total Direct Costs				

Indirect Costs

(06) Indirect Cost Rate	[Refer to claiming instructions]	%
(07) Total Indirect Costs	[Line (05)(d) - \$ <input style="width: 50px;" type="text"/>] x line (06)	
(08) Total Direct and Indirect Costs	[Line (05)(d) + line (07)]	

Cost Reduction

(09) Less: Offsetting Savings, if applicable	
(10) Less: Other Reimbursements, if applicable	
(11) Total Claimed Amount	[Line (08) - (line (09) + line (10))]

Program 166	HABITUAL TRUANT Certification Claim Form Instructions	FORM 1
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year in which costs were incurred.
- (03) (a) Enter the number of pupils who were reported as truants at least four times during the fiscal year.
 (b) Enter the number of pupils in (03)(a) for whom parent conferences were held.
- (04) Reimbursable Activities. For each reimbursable activity, enter the total from Form 2, line (05), columns (d), (e), and (f) to Form 1, block (04) columns (a), (b), and (c) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (d).
- (06) Enter the indirect cost rate from the Restricted Indirect Cost Rates for K-12 Local Educational Agencies (LEAs) Five Year Listing issued by the California Department of Education (CDE) School Fiscal Services Division, for the fiscal year of costs.
- (07) Total Indirect Costs. From the Total Direct Costs line (05)(d), deduct any other item excluded from indirect cost distribution base in accordance with CSAM Procedure 915. Enter zero if there are no exclusions.
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(d), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings, if applicable. Enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements, if applicable. Enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

Program 166	MANDATED COSTS HABITUAL TRUANT ACTIVITY COST DETAIL	FORM 2
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Activities: Check only **one** box per form to identify the activity being claimed.

<input type="checkbox"/> Verification of Prior Truancies	<input type="checkbox"/> Holding a Parent Conference
<input type="checkbox"/> Making a Conscientious Effort to Schedule a Parent Conference	<input type="checkbox"/> Reclassification of Pupil

(04) Description of Expenses: Complete columns (a) to (f)	Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hours Worked or Quantity	(c) Hourly Rate or Unit Cost	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___				
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Program <b style="font-size: 2em;">166	HABITUAL TRUANT CLAIM SUMMARY Instructions	FORM 2
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- (01) Enter the name of the claimant.
- (02) No entry required.
- (03) Reimbursable Activities. Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box checked in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be three years from the date of initial payment of the claim. Such documents must be made available to the SCO on request.

Object/ Sub object Accounts	Columns							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
Benefits	Title Activities	Benefit Rate		Benefits = Benefit Rate x Salaries				
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked		Copy of Contract and Invoices

- (05) Total line (04), columns (d), (e), and (f) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component costs, number each page. Enter totals from line (05), columns (d), (e), and (f) to Form 1, block (04), columns (a), (b), and (c) in the appropriate row.

EMCN Proposed Unit-Cost Rates
 Habitual Truants - Program 166
 Fiscal Year 2000-01

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Payee Name	Payee #	Clim Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
SCOTTS VALLEY UN SCH DIST	S44055	221	2	76	76	38	19	6	110.50
RED BLUFF UNION ELEM SCH DIST	S52075	549	5	109	127	278		7	109.80
SANTA CRUZ CO SUPT OF SCHOOLS	S44001	3,165	29	307	482	1,461	692	8	109.14
KERMAN UNIFIED SCHOOL DIST	S10110	15,385	141	764	1,607	6,116	6,066	6	109.11
TEMPLE CITY UNIF SCH DIST	S19425	5,682	53	1,680	1,557	2,209		4	107.21
CHOWCHILLA UN HIGH SCH DIST	S20020	3,311	31	683	687	1,403	330	7	106.81
LAKESIDE UNION SCHOOL DIST	S16050	212	2	22	67	118		2	106.00
BASSETT UNIF SCH DIST	S19045	12,074	115	1,102	2,849	7,130	231	9	104.99
LOS ALAMITOS UNIF SCH DIST	S30090	8,147	78	3,839	2,361	1,263		6	104.45
PLACERVILLE UN ELEM SCH DIST	S09065	1,040	10	171	346	384	102	4	104.00
WEST CONTRA COSTA UNIFIED SD	S07085	213,119	2,050	91,406	61,085	48,027	1,299	6	103.96
SAN LUIS OBISPO CO SUPT OF SCH	S40001	10,323	100	18	28	9,802	6	5	103.23
LAHABRA CITY SCHOOL DIST	S30080	21,348	209	4,453	5,934	9,760		6	102.14
NEVADA JT UN HI SCH DIST	S29025	23,254	228	4,100	7,829	8,075	1,818	7	101.99
REDONDO BEACH CITY SCH DIST	S19350	8,272	82	1,287	1,754	2,823	1,839	7	100.88
SALIDA UNION SCHOOL DISTRICT	S50110	5,945	59	922	1,574	3,259		4	100.76
FALLBROOK UN HIGH SCH DIST	S37075	23,571	234	12,315	42	1,131	8,662	6	100.73
UNION ELEMENTARY SCHOOL DIST	S43175	906	9	86	250	351	145	9	100.67
GUADALUPE UNION ELEMENTARY SD	S42060	1,759	18	328	656	372	328	5	97.72
PACIFIC GROVE UNIF SCH DIST	S27090	1,234	13	532	218	331	61	9	94.92
RIVER DELTA UNIF SCH DIST	S34070	6,726	71	3,176	59	3,102	26	6	94.73
BRISBANE SCHOOL DISTRICT	S41015	847	9	88	604	114		5	94.11
ARMONA UN ELEM SCH DIST	S16005	2,442	26	357	392	1,552		6	93.92
PASADENA UNIF SCH DIST	S19340	67,987	733	41,350	2,894	18,469		8	92.75
SWEETWATER UNION H S DIST	S37220	50,226	548	6,426	21,549	25,058	6,276	4	91.65
MEADOWS UNION SCHOOL DISTRICT	S13065	1,090	12	50	300	702		4	90.83
DELANO UN ELEM SCH DIST	S15050	8,685	96	528	4,112	2,189	1,394	6	90.47
SAN BERNARDINO CITY UNIF S D	S36145	323,674	3,587	53,559	71,190	147,631	31,624	6	90.24
NUESTRO ELEM SCH DIST	S51040	541	6	391	78	39		7	90.17
OCEAN VIEW SCHOOL DISTRICT	S30110	3,552	40	150	546	2,637		7	88.80
EVERGREEN UN ELEM SCH DIST	S52030	528	6	120	65	251	65	6	88.00
OAK VALLEY UNION ELEM SD	S54115	440	5	44	91	283		6	88.00
FULLERTON ELEM SCH DIST	S30050	34,897	403	1,697	11,632	11,232	3,207	3	86.59
PLANADA ELEMENTARY SCH DIST	S24095	598	7	71	51	440		6	85.43
STOCKTON UNIFIED SCH DIST	S39085	180,822	2,119	122,058	848	50,461	6,514	5	85.33
SAN MATEO UNION HI SCH DIST	S41105	56,936	669	10,051	14,353	22,517	279	7	85.11
SISKIYOU CO SUPT OF SCHOOLS	S47001	5,335	63	383	417	3,912		7	84.68
YREKA UN HI SCH DIST	S47155	842	10	197	200	394		7	84.20
NEWPORT-MESA UNIF SCH DIST	S30100	79,892	964	6,885	29,270	31,675	6,513	7	82.88
BRITTAN ELEMENTARY SCH DIST	S51005	248	3	31	16	172	15	6	82.67
WEST SONOMA COUNTY UN HIGH SD	S49010	3,714	45	799	799	1,758		11	82.53
PLEASANT GROVE JT UN ELEM SD	S51045	406	5	170	69	139	12	5	81.20
CLOVERDALE UNIFIED SCHOOL DIST	S49030	2,755	34	912	1,229	483	54	3	81.03
CASCADE UNION ELEMENTARY SD	S45035	3,560	44	710	774	1,329	611	4	80.91
FORTUNA UNION SCHOOL DISTRICT	S12060	647	8	87	87	446		4	80.88
EDEN AREA ROP	6001005	4,836	60	913	1,101	2,416	201	5	80.60
WM S HART UN HIGH SCH DIST	S19465	18,734	236	1,060	415	16,487		4	79.38

EMCN Proposed Unit-Cost Rates
 Habitual Truants - Program 166
 Fiscal Year 2000-01

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Payee Name	Payee #	Clim Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%#	Cost per Number of Truants
CALIENTE UNION ELEM SCH DIST	S15040	238	3	47	95	66	26	2	79.33
LOS ANGELES CO SUPT OF SCHOOLS	S19001	5,931	75	1,585	1,610	974	1,400	7	79.08
VALLEY CENTER UNION ELEM SCH	S37230	10,813	137	1,036	3,084	5,623	517	5	78.93
TRINIDAD UNION ELEM SCH DIST	S12175	394	5	106	71	159	46	4	78.80
ALBANY UNIFIED SCHOOL DISTRICT	S01010	630	8	57	174	350	19	6	78.75
PLACENTIA-YORBA LINDA UNIF SD	S30120	9,612	123	1,196	3,585	4,321	183	6	78.15
EL CENTRO SCHOOL DISTRICT	S13030	1,717	22	638	274	547	183	5	78.05
SAN LORENZO VALLEY UN SCH DIST	S44040	25,369	327	1,254	4,595	13,706	4,780	5	77.58
INGLEWOOD UNIF SCH DIST	S19210	62,393	805	2,148	5,016	45,736	5,335	8	77.51
ANDERSON UN HI SCH DIST	S45005	4,375	57	306	382	3,362	3,704	9	76.75
CARLSBAD UNIFIED SCHOOL DIST	S37030	25,522	335	5,167	8,472	6,814	3,704	6	76.19
SOLEDAD UNIFIED SCH DIST	S27125	528	7	117	166	150	68	5	75.43
MORELAND ELEMENTARY SCH DIST	S43110	2,170	29	111	33	1,923	5	5	74.83
WINTERS JOINT UNIF SCH DIST	S57020	821	11	278	234	278	4	4	74.64
TULARE CITY ELEMENTARY SD	S54220	7,272	99	3,678	510	2,864	4	4	73.45
GATEWAY UNF SCH DIST	S45150	3,228	44	285	421	1,897	497	5	73.36
AUBURN UNION ELEM SCHOOL DIST	S31015	733	10	90	44	421	154	5	73.02
CUPERTINO UNION SCH DIST	S43030	2,994	41	875	838	1,042	10	9	73.02
KINGSBURG JOINT UNION HIGH SD	S10125	2,115	29	199	150	1,669	5	5	72.93
GLENN CO SUPT OF SCHOOLS	S11001	874	12	53	201	367	184	9	72.83
YUBA CITY UNIFIED SCHOOL DIST	S51060	6,750	93	1,001	1,019	2,188	2,188	6	72.58
LAKE CO SUPT OF SCHOOLS	S17001	795	11	85	174	440	28	10	72.27
SUMMERVILLE ELEMENTARY SD	S55050	287	4	91	23	145	15	5	71.75
LA MESA-SPRING VALLEY SCH DIS	S37105	5,371	75	735	2,495	1,083	818	5	71.61
GALT JOINT UNION SCHOOL DIST	S34035	4,201	59	1,035	570	2,370	65	4	71.20
CABRILLO UNIFIED SCHOOL DIST	S41025	27,017	381	652	116	24,773	6	6	70.91
SOUTH SAN FRANCISCO UNIFIED SD	S41115	3,685	52	700	403	1,758	572	8	70.87
YREKA UN ELEM SCH DIST	S47150	212	3	33	66	57	55	1	70.67
SOMIS UN ELEM SCH DIST	S56100	418	6	41	207	152	5	5	69.67
HUGHES-ELIZABETH LAKES UN ESD	S19205	344	5	74	186	67	208	5	68.80
ALHAMBRA CITY ELEM SCH DIST	S19010	6,027	88	580	1,127	3,734	208	7	68.49
WALNUT CREEK ELEM SCH DIST	S07095	479	7	7	28	397	27	5	68.43
BERRYESSA UNION SCHOOL DIST	S43010	10,704	157	2,411	2,371	4,349	937	7	68.18
NAPA CO SUPT OF SCHOOLS	S28001	807	12	106	156	419	48	11	67.25
IRVINE UNIFIED SCHOOL DISTRICT	S30075	125,594	1,873	37,493	45,817	20,022	18,721	3	67.05
COAST UNIFIED SCHOOL DISTRICT	S40020	1,938	29	480	899	478	5	5	66.83
WOODLAKE UN HI SCH DIST	S54245	401	6	96	118	167	6	6	66.83
SUTTER CO SUPT OF SCHOOLS	S51001	1,193	18	106	194	816	7	7	66.28
DEL NORTE COUNTY UN SCH DIST	S08005	17,420	263	2,202	3,068	8,678	2,771	5	66.24
PLEASANT RIDGE UN ELEM SCH DIS	S29030	793	12	280	133	358	3	3	66.08
VALLECITO UN ELEM SCH DIST	S05020	725	11	85	80	320	194	7	65.91
PALO ALTO UNIFIED SCHOOL DIST	S43145	72,127	1,100	11,644	16,234	32,263	7,590	7	65.57
BURLINGAME ELEM SCH DIST	S41020	262	4	110	25	111	7	7	65.50
CHARTER OAK UNIFIED SCH DIST	S19085	652	10	88	115	401	8	8	65.20
BONITA UNIFIED SCHOOL DISTRICT	S19060	7,060	109	2,086	1,333	3,171	53	6	64.77
ROHNERTVILLE ELEMENTARY SD	S12155	517	8	84	172	84	167	2	64.63
ESCALON UNIFIED SCHOOL DIST	S39015	2,247	35	529	377	903	407	2	64.20

EMCN Proposed Unit-Cost Rates
 Habitual Truants - Program 166
 Fiscal Year 2000-01

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Payee Name	Payee #	Cim Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
PARADISE UNIFIED SCHOOL DIST	S04070	7,740	122	1,748	1,630	2,379	1,674	5	63.44
PORTERVILLE UNIFIED SD	S54140	33,750	533	9,783	5,180	17,229		5	63.32
ATWATER ELEMENTARY SCHOOL DIST	S24005	16,639	263	3,885	5,299		3,109	5	63.27
WHITTIER CITY ELEM SCH DIST	S19455	23,237	373	3,282	14,279		457	5	62.30
SAN RAMON VALLEY UN SCH DIST	S07090	9,314	150	3,663	3,172	1,388	626	6	62.09
SACRAMENTO CO SUPT OF SCHOOLS	S34001	1,421	23	202	423	555	124	10	61.78
LASSEN VIEW UNION ELEM SD	S52050	550	9	34	34	466		3	61.11
SANTA CLARA UNIF SCH DIST	S43160	7,624	125	413	1,012	3,553	2,428	3	60.99
LE GRAND UN HI SCH DIST	S24050	2,128	35	999	10	999		6	60.80
NOVATO UNIFIED SCHOOL DIST	S21060	117,158	1,934	6,195	15,927	67,137	17,549	10	60.58
LIVE OAK ELEMENTARY SCH DIST	S44020	907	15	64	234	484	52	9	60.47
SANTA RITA UN SCH DIST	S27120	240	4	55	58	32	79	8	60.00
COVINA-VALLEY UNIF SCH DIST	S19110	129,387	2,168	31,538	16,669	70,841	5,338	4	59.68
FOLSOM-CORDOVA UNIF SCH DIST	S34030	17,950	301	1,159	3,620	11,456	763	6	59.63
LINNS VLY-POSO FLAT SCH DIST	S15125	1,246	21	322	170	607	115	3	59.33
CLAREMONT UNIF SCH DIST	S19095	10,612	179	285	4,166	3,513	1,834	9	59.28
COLFAX ELEM SCH DIST	S31020	294	5	126	23	84	38	9	58.80
MILPITAS UNIFIED SCHOOL DIST	S43100	8,880	152	1,556	2,507	3,303	778	10	58.42
KINGS CO SUPT OF SCHOOLS	S16001	9,133	157	2,742	2,121	3,634		7	58.17
WILLOWS UNIFIED SCHOOL DIST	S11050	3,003	52	603	766	989	560	3	57.75
JEFFERSON ELEM SD	S39025	1,149	20	29	281	729	29	8	57.45
COTTONWOOD UN ELEM SCH DIST	S45050	629	11	71	98	199	243	3	57.18
WEST PARK SCH DIST	S10270	570	10	81	274	162	26	5	57.00
MAGNOLIA ELEMENTARY SCH DIST	S30095	32,073	563	8,720	9,856	6,489	5,873	4	56.97
VALLE LINDO SCHOOL DISTRICT	S19435	512	9	85	127	254		10	56.89
BISHOP JT UN HI SCHOOL	S14015	682	12	60	239	358		4	56.83
KONOCITI UNIFIED SCHOOL DIST	S17010	7,021	124	519	1,486	4,487	423	2	56.62
CAMPBELL UNION ELEM SCH DIST	S43020	4,221	75	502	1,163	1,546	803	6	56.28
SHASTA UNION HI SCH DIST	S45140	7,238	129	2,328	555	2,602	1,328	7	56.11
SAN MIGUEL JT UNION SCH DIST	S40060	3,741	67	198	35	3,438		2	55.84
EL MONTE ELEMENTARY SCH DIST	S19145	10,047	180	960	1,936	4,240	1,961	11	55.82
CASTRO VALLEY UNIF SCH DIST	S01025	60,008	1,078	12,595	26,880	7,646	10,796	4	55.67
GRASS VALLEY ELEM SD	S29015	1,725	31	606	635	444		2	55.65
HUGHSON UN ELEM SCH DIST	S50040	1,112	20	43	126	878	5	6	55.60
BELLFLOWER UNIF SCH DIST	S19050	38,052	693	7,685	5,724	20,605	1,884	6	54.91
ALTA VISTA ELEMENTARY SCH DIST	S54015	1,917	35	1,122	205	444		9	54.77
ORANGE UNIFIED SCHOOL DISTRICT	S30115	8,726	160	1,525	2,261	2,234	2,429	3	54.54
MOUNTAIN VIEW ELEM SCH DIST	S43120	325	6			302		8	54.17
REDDING ELEMENTARY SCH DIST	S45120	6,551	121	1,366	959	2,638	1,241	6	54.14
SONOMA COUNTY OFFICE OF ED	S49001	5,350	99	369	472	1,860	2,305	7	54.04
SNOWLINE JOINT UNIF SCH DIST	S36195	2,861	53	846	340	1,298	170	8	53.98
PARLIER UNIFIED SCH DIST	S10175	1,501	28	543	185	501	183	7	53.61
EMPIRE UNION SCHOOL DIST	S50020	3,430	64	353	227	2,634	46	6	53.59
SHASTA CO SUPT OF SCHOOLS	S45001	7,927	148	513	1,228	5,075	525	8	53.56
PALOS VERDES PENINSULA UNIFIED	S19325	1,533	29	288	332	474	393	4	52.86
IMPERIAL UNIF SCH DIST	S13050	2,248	43	139	225	1,546	189	7	52.28
UPPER LAKE UNION ELEM SCH DIST	S17030	1,040	20	106	238	653		5	52.00

EMCN Proposed Unit-Cost Rates
 Habitual Truants - Program 166
 Fiscal Year 2000-01

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Payee #	Clm Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
S04040	416	8	76	64	202	50	7	52.00
GRIDLEY UNIFIED SCHOOL DIST								
S28020	20,289	391	3,616	4,806	6,635	4,071	7	51.89
NAPA VALLEY UNIF SCH DIST								
S41035	1,343	26	679	193	340	81	4	51.65
JEFFERSON ELEMENTARY SCH DIST								
S34085	126,353	2,477	11,078	19,074	63,737	25,458	6	51.01
SAN JUAN UNIFIED SCHOOL DIST								
S10048	17,007	334	5,030	9,920	1,242	147	4	50.92
CENTRAL UNIFIED SCHOOL DIST								
S49160	9,388	186	66	50	2,311	31	5	50.47
SANTA ROSA CITY HI SCH DIST								
S35035	9,713	193	1,724	3,457	3,470	433	7	50.33
SAN BENITO UN HI SCH DIST								
S19270	2,059	41	141	518	1,025	256	7	50.22
LOS NIETOS ELEMENTARY SCH DIST								
S52001	551	11	83	103	167	154	9	50.09
TEHAMA CO SUPT OF SCHOOLS								
S41065	951	19	230	138	548	4	4	50.05
MILLBRAE ELEM SCH DIST								
S56001	4,801	96	1,026	1,362	1,949	134	8	50.01
VENTURA CO SUPT OF SCHOOLS								
S07065	11,281	226	1,201	1,876	6,684	1,016	5	49.92
MT DIABLO UNIFIED SCHOOL DIST								
S56033	4,539	91	645	1,971	1,048	645	5	49.88
MOORPARK UNIFIED SCHOOL DIST								
S19360	2,531	51	730	1,168	465	1,929	7	49.63
ROSEMEAD SCHOOL DISTRICT								
S41040	54,124	1,096	7,760	24,110	17,146	534	6	49.38
JEFFERSON UNION H S DIST								
S18055	1,481	30	256	214	400	6	6	49.37
SUSANVILLE SCHOOL DISTRICT								
S50010	1,480	30	526	263	606	192	6	49.33
CHATAM UNION SCHOOL DIST								
S19135	5,590	115	1,226	1,275	2,593	55	5	48.41
EAST WHITTIER CITY ELEM SD								
S04055	2,469	51	265	446	1,606	6,109	5	48.26
ORVILLE CITY ELEM SCH DIST								
S01075	125,909	2,609	16,413	31,614	66,075	32	6	48.20
OAKLAND UNIFIED SCHOOL DIST								
S10250	241	5	26	31	140	84	6	48.18
WASHINGTON COLONY ELEM SD								
S52055	1,060	22	126	259	540	473	5	48.00
LOS MOLINOS UNIFIED SCH DIST								
S04020	11,759	245	433	857	9,455	173	5	47.89
CHICO UNIFIED SCHOOL DISTRICT								
CS385501	288	6	38	20	227	262	6	47.86
LEADERSHIP HIGH SCHOOL								
S16030	5,699	119	448	2,697	2,128	303	5	47.78
HANFORD JT UN HIGH SCH DIST								
S56050	3,494	73	503	525	2,031	13	4	47.71
OCEAN VIEW ELEM SCH DIST								
S32005	1,529	32	291	282	593	495	7	47.46
PLUMAS UNIFIED SCHOOL DISTRICT								
S49150	334	7	49	54	974	446	9	47.27
ROSELAND ELEMENTARY SCH DIST								
S58001	2,278	48	321	350	1,486	1,173	10	47.20
YUBA CO SUPT OF SCHOOLS								
S19055	3,829	81	534	1,062	1,486	1,053	1	47.12
BEVERLY HILLS UNIF SCH DIST								
S01050	9,440	200	3,397	2,902	1,170	148	5	47.06
LIVERMORE VALLEY JT UN SCH DIS								
S47135	7,728	164	2,597	2,325	1,680	2,632	4	47.00
SISKIYOU UNION H S DIST								
S30135	14,354	305	2,860	4,013	6,666	83	3	46.83
SADDLEBACK VALLEY UNIFIED SD								
S15235	12,173	259	946	1,599	6,587	46,74	4	46.74
TEHACHAPI UNIF SCH DIST								
S54170	281	6	95	95	83	46	7	46.50
SPRINGVILLE ELEM SCH DIST								
S10120	9,347	200	717	1,892	6,464	187	5	46.48
KINGSBURG JT UN ELEM SCH DIST								
S15080	279	6	45	54	117	533	5	46.16
FRUITVALE ELEM SCH DIST								
S01095	9,110	196	811	1,382	6,306	372	5	46.08
SAN LEANDRO UNIFIED SCH DIST								
S30145	4,154	90	533	1,606	1,285	232	5	46.00
SAVANNA SCHOOL DISTRICT								
S12125	1,061	23	57	118	465	63	5	45.89
NORTHERN HUMBOLDT UN HIGH SD								
S19035	4,838	105	108	108	4,199	1,931	7	45.36
AZUSA UNIF SCH DIST								
S42050	506	11	41	87	375	48	12	45.22
CUYAMA JOINT UNIFIED SCH DIST								
S17015	1,652	36	63	252	1,203	75	8	45.00
LAKEPORT UNIFIED SCHOOL DIST								
S07055	10,098	222	1,931	3,861	1,931	246	5	45.36
MARTINEZ UNIF SCH DIST								
S30045	998	22	20	210	702	1,931	7	45.36
FOUNTAIN VALLEY ELEM SCH DIST								
S16045	407	9	189	127	48	45	12	45.22
KIT CARSON UN ELEM SCH DIST								
S19475	360	8	37	75	246	45	12	45.00
WISEBURN ELEM SCH DIST								

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Payee #	Clm Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
S15055	270	6	38	38	189			45.00
DI GIORGIO ELEM SCH DIST								
S15045	23,574	528		615,589	1,428,063	71,980	11	44.65
DELANO JT UN HI SCH DIST								
S19245	6,006	135	1,092	2,248	1,660	786	4	44.49
LITTLE LAKE CITY ELEM SCH DIST								
S55035	667	15	26	84	502	26	5	44.47
SONORA ELEM SCH DIST								
S37195	355	8	19	102	203	14	5	44.38
SANTEE ELEMENTARY SCHOOL DIST								
S16010	839	19	90	166	541		5	44.16
CENTRAL UNION ELEM SCH DIST								
CS193002	661	15	221	181	232		5	44.07
FENTON AVE CHARTER SCH								
S09055	352	8	27	81	217	14	4	44.00
MOTHER LODE UN ELEM SCH DIST								
S54185	1,976	45	927	757	116	32	8	43.91
STRATHMORE UN HI SCH DIST								
S49015	439	10	39	114	238	26	6	43.80
BELLEVUE UNION SCHOOL DISTRICT								
S12135	219	5	26	37	112	34	5	43.80
PACIFIC UNION ELEM SCHOOL DIST								
S33055	50,647	1,166	8,278	18,299	14,525	7,442	4	43.44
HEMET UNIF SCH DIST								
S12090	389	9	36	150	190		4	43.22
JACOBY CREEK SCH DIST								
S44045	28,514	660	3,152	10,374	12,614	1,094	5	43.20
SANTA CRUZ CITY ELE SCH DIST								
S56015	6,955	162	738	432	5,217	228	6	42.93
FILLMORE UNIFIED SCHOOL DIST								
S45055	2,908	68	272	774	933	780	6	42.76
ENTERPRISE ELEMENTARY SCH DIST								
S15090	39,400	936	7,585	11,434	9,710	9,102	4	42.09
GREENFIELD UN SCH DIST								
S17020	547	13	33	106	353	33	5	42.08
LUCERNE ELEMENTARY SCH DIST								
S20033	336	8	72	72	153		14	42.00
MINARETS JT UN HI SCH DIST								
S01085	335	8	11	39	234	39	4	41.88
PIEDMONT CITY UNIF SCH DIST								
S01045	27,060	647	9,922	5,476	7,436	2,818	6	41.82
HAYWARD UNIFIED SCHOOL DIST								
S15205	7,430	178	783	3,576	1,858	692	8	41.74
SIERRA SANDS UNIFIED SCH DIST								
S42001	11,382	273	1,335	2,669	5,339	1,335	7	41.69
SANTA BARBARA CO SUPT OF SCH								
S50005	12,820	308	1,379	1,379	9,657		3	41.62
CERES UNIFIED SCHOOL DISTRICT								
S09010	4,117	99	1,176	1,189	1,346	232	5	41.59
BUCKEYE UNION ELEMENTARY SD								
S12165	1,036	25	43	299	516	129	6	41.44
SOUTH BAY UNION ELEM SD								
S12095	5,600	136	1,802	867	2,270	390	5	41.18
KLAMATH-TRINITY JT SCH DIST								
S12065	3,994	97	990	195	2,267	424	3	41.18
FORTUNA UNION HIGH SCH DIST								
S04060	34,837	847	3,640	4,882	24,389		6	41.13
OROVILLE UNION HIGH SCH DIST								
S17025	205	5	45	18	124	10	4	41.00
MIDDLETOWN UNIF SCH DIST								
S41010	3,401	83	1,174	1,584	334		10	40.98
BELMONT ELEM SCH DIST								
S33090	82,972	2,026	10,162	14,361	51,641	2,413	6	40.95
PALM SPRINGS UNIFIED SCH DIST								
S38005	115,125	2,815	18,116	26,640	44,373	15,749	10	40.90
SAN FRANCISCO UNIF SCH DIST								
S30030	6,715	165	978	574	4,847		5	40.70
CENTRALIA ELEMENTARY SCH DIST								
S48025	7,670	189	196	489	6,077	447	7	40.58
TRAVIS UNIFIED SCHOOL DIST								
S18060	445	11	24	32	339	19	8	40.45
WESTWOOD UNIFIED SCHOOL DIST								
S54250	3,113	77	508	671	1,832		3	40.43
WOODVILLE ELEMENTARY SCH DIST								
S15165	605	15	40	91	428		8	40.33
MUROC JT UNIF SCH DIST								
S42055	201	5	18	68	107		4	40.20
GOLETA UNION ELEMENTARY SD								
S41090	923	23	539	143	165		9	40.13
SAN CARLOS ELEM SCH DIST								
S33135	24,564	615	3,592	5,940	10,041	3,592	6	39.94
TEMECULA VALLEY UNF SCH DIST								
S19390	10,866	273	1,250	1,843	6,446	616	7	39.80
SANTA MONICA-MALIBU UNIFIED SD								
S15160	915	23	155	116	553	18	9	39.78
MOJAVE UNIF SCH DIST								
CS199002	4,007	101	115	729	2,924	77	5	39.67
VAUGHN NEXT CENTURY LEARNING								
S41080	1,585	40	478	423	597		6	39.63
REDWOOD CITY ELEM SCH DIST								
S30070	54,331	1,379	10,924	8,735	30,709	1,356	5	39.40
HUNTINGTON BEACH U H S DIST								
S30155	12,330	313	1,829	2,358	7,693		4	39.39
TUSTIN UNIFIED SCHOOL DISTRICT								

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Payee #	Clm Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
S35001	2,308	59			2,097		11	39.12
S14010	272	7	40	40	180	4	3	38.86
S36005	23,845	614	3,043	5,736	11,522	2,648	4	38.84
S19165	1,006	26	196	156	502	104	6	38.69
S13010	8,829	229	548	2,268	5,235	433	4	38.55
S21100	6,726	175	937	937	4,189	264	6	38.43
S50050	1,255	33	187	202	808		5	38.03
S37200	379	10	29	44	287		5	37.90
S01005	12,762	337	2,803	4,117	4,858	443	5	37.87
S36065	13,600	360	806	2,506	9,047	806	3	37.78
S54195	453	12	137	146	23	137	3	37.75
S19365	14,648	390	1,701	2,205	8,659	1,190	7	37.56
S07070	13,251	353	5,679	3,921	2,500	436	6	37.54
S29020	1,836	49	269	232	1,260		4	37.47
S37190	27,788	742	13,800	13,800	273	11,543	8	37.45
S51010	560	15	39	119	361	13	6	37.33
S12001	5,653	152	523	1,414	3,163	30	11	37.19
S43040	848	23	413	173	134	97	4	36.87
S12040	11,273	306	2,116	876	5,768	2,098	4	36.84
S39005	256	7	11	32	200		6	36.57
S43095	2,225	61	210	238	1,454	210	6	36.48
S31075	1,487	41	21	423	916	43	7	36.27
S19030	38,170	1,055	1,218	15,694	18,897	21	7	36.18
S19070	3,171	88	581	598	1,775		7	36.03
S12150	573	16	322	322	228		4	35.81
S22005	679	19	220	206	153	56	7	35.74
S01020	4,180	117	1,044	1,002	1,512	318	8	35.73
S55055	250	7			239		5	35.71
S50095	714	20	47	117	526	23	1	35.70
S36060	107,934	3,029	25,370	25,415	41,877	10,329	5	35.63
S36165	23,847	670	3,059	7,342	12,442		4	35.59
S21080	10,108	284	1,850	4,074	3,496	178	6	35.59
S52080	15,084	424	3,515	1,888	7,589	1,272	6	35.58
S19125	17,129	482	1,568	3,082	9,928	1,493	7	35.54
S31070	3,051	86	270	1,085	1,469		9	35.48
S13020	2,978	84	523	547	1,406	335	6	35.45
S57025	28,552	806	930	1,804	23,531	305	8	35.42
S49035	6,445	182	3,921	1,430	550	325	4	35.41
S10130	353	10	23	126	175	7	7	35.30
CS199003	282	8	63	63	125	20	5	35.25
S19285	4,498	128	459	511	3,309		6	35.14
S40025	6,524	186	426	1,248	4,098	510	4	35.08
S54025	2,554	73	1,102	774	608		3	34.99
S37110	3,073	88	275	368	2,276	13	5	34.92
CS197001	623	18	64	251	176	117	3	34.61
S33105	12,973	375	3,440	7,441	995	1,871	2	34.59
S57015	2,134	62	500	403		160	4	34.42

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Payee Name	Payee #	Clim Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
LA CANADA UNIF SCH DIST	S19220	17,306	503	2,267	1,410	8,482	4,558	4	34.41
BRAWLEY ELEM SCH DIST	S13005	13,724	399	1,951	3,268	6,451	1,600	3	34.40
ROBLA SCHOOL DISTRICT	S34075	2,227	65	261	260	721	856	7	34.26
ORLAND JT U.S.D	S11025	648	19	58	343	180	37	5	34.11
SIERRA-PLUMAS JT UNIF SCH DIST	S46005	1,737	51	405	410	799	37	8	34.06
COACHELLA VALLEY UN SCH DIST	S33020	25,336	747	4,002	8,879	10,396	456	7	33.92
SANGER UNIF SCHOOL DIST	S10200	12,552	370	1,307	1,961	8,098	289	8	33.92
HAWTHORNE SCHOOL DISTRICT	S19195	11,465	339	1,479	2,687	5,950	431	9	33.82
UPPER LAKE UN HIGH SCH DIST	S17035	1,217	36	114	81	777	170	7	33.81
VENTURA UNIF SCH DIST	S56110	15,839	470	2,885	2,376	8,760	805	7	33.70
BIGGS UNIFIED SCHOOL DIST	S04010	1,717	51	129	417	849	223	7	33.67
BAKER VALLEY UNIF SCH DIST	S36020	437	13	93	124	199	6	4	33.62
MARYSVILLE JT UNIF SCH DIST	S58010	14,907	444	5,344	4,632	3,398	971	4	33.57
RIM OF THE WORLD UNIFIED SD	S36140	16,636	496	1,685	2,439	11,421	130	6	33.54
LOS GATOS-SARATOGA JT UN HI	S43085	2,946	88	742	514	1,541	130	6	33.48
PITTSBURG UNIF SCH DIST	S07080	14,486	434	723	7,438	4,984	613	6	33.38
YUCAIPA-CALIMESA JT UNIFIED SD	S36190	35,591	1,069	4,149	6,670	18,825	4,094	5	33.29
BEAUMONT UNIFIED SCHOOL DIST	S33015	28,114	850	2,225	4,220	18,152	2,225	5	33.08
SAN MATEO-FOSTER CITY SCH DIST	S41095	3,672	111	293	412	2,751	129	7	33.08
SAN MARCOS UNIF SCH DIST	S37180	28,062	850	11,379	4,374	7,568	3,417	5	33.01
WESTMINSTER ELEMENTARY SD	S30160	8,613	261	1,415	1,083	5,767	1,220	4	33.00
MORGAN HILL UNIF SCH DIST	S43115	28,936	879	2,295	2,080	21,929	1,220	6	32.92
PARAMOUNT UNIF SCH DIST	S19330	99,819	3,035	21,070	22,466	50,279	1,934	4	32.89
WOODLAKE UNION ELEMENTARY SD	S54240	554	17	69	92	243	129	4	32.59
CENTER UNIFIED SCHOOL DIST	S34010	2,731	85	252	577	1,730	129	7	32.13
KING CITY UN ELEM SCH DIST	S27055	640	20	191	115	270	37	4	32.00
RIALTO UNIF SCHOOL DIST	S36135	42,176	1,323	6,776	10,097	20,835	2,990	4	31.88
FREMONT UNIFIED SCHOOL DIST	S01040	87,513	2,761	6,219	19,944	57,791	177	5	31.70
LENNOX ELEMENTARY SCHOOL DIST	S19240	15,653	495	2,847	4,375	3,778	3,907	5	31.62
TRINITY CO SUPT OF SCHOOLS	S53001	221	7	56	38	111	111	8	31.57
BREA OLINDA UNIF SCH DIST	S30015	8,995	285	941	1,886	5,720	862	5	31.56
GALT JOINT UNION H S DIST	S34040	2,231	71	331	419	1,118	315	3	31.42
LOS BANOS UNIFIED SCH DIST	S24060	2,572	82	137	585	1,567	125	7	31.37
CORONA-NORCO UNIFIED SCH DIST	S33030	23,781	763	4,683	5,570	10,700	2,010	4	31.17
GUSTINE UNIF SCH DIST	S24035	1,855	60	287	277	1,334	168	5	30.92
SANTA BARBARA ELEM SCH DIST	S42095	10,932	354	1,103	3,407	5,224	862	3	30.88
REEF-SUNSET UNIFIED SCH DIST	S16070	1,173	38	12	161	945	450	5	30.87
PALO VERDE UNIF SCH DIST	S33100	17,910	582	4,783	6,884	450	4,574	7	30.77
LAYTONVILLE UNIF SCH DIST	S23018	4,153	135	2,573	1,412	302	24	4	30.76
ROMOLAND ELEM SCH DIST	S33125	1,045	34	201	313	13,583	168	6	30.74
SANTA ANA UNIFIED SCH DIST	S30140	63,031	2,052	2,768	43,711	13,583	140	5	30.72
LIBERTY ELEM SCH DIST	S49095	1,033	34	16	406	536	140	8	30.38
FARMERSVILLE SCHOOL DISTRICT	S54080	9,873	327	1,975	2,498	3,994	712	8	30.19
MOUNTAIN VALLEY UNIF SCH DIST	S53042	477	16	27	86	272	79	3	29.81
NEEDLES UNIF SCH DIST	S36110	5,683	191	1,743	1,743	3,810	3,600	2	29.75
SALINAS UN HI SCH DIST	S27100	43,209	1,456	3,600	11,359	22,604	3,600	5	29.68
VICTOR VALLEY UNION HIGH SD	S36180	7,705	260	790	1,382	5,336	3,600	3	29.63

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Payee Name	Payee #	Cim Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
WALNUT VALLEY UNIF SCHOOL DIST	S19440	6,651	225	833	407	5,093		5	29.56
VACAVILLE UNIF SCH DIST	S48030	25,471	869	7,285	7,099	6,407	3,984	3	29.31
RIPON UNIF SCH DIST	S39075	7,854	269	516	2,570	3,331	1,030	6	29.20
CAMINO UNION ELEMENTARY SCHOOL	S09015	3,199	110	305	784	1,669	277	6	29.08
APPLE VALLEY UNIFIED SCH DIST	S36015	8,104	279	2,671	2,418	1,725	847	6	29.05
GLENDORA UNIFIED SCHOOL DIST	S19180	6,960	240	782	2,790	2,829		9	29.00
LIVE OAK UNIF SCH DIST	S51025	406	14	91	88	194	13	6	29.00
WASCO UNION HIGH SCH DIST	S15250	19,046	659	8,315	3,894	3,379	2,306	7	28.90
SIERRA UNIFIED SCH DIST	S10218	4,449	155	1,939	810	1,529		4	28.70
COALINGA/HURON JT UN SCH DIST	S10070	258	9	77	82	33	53	6	28.67
WASHINGTON UN HIGH SCH DIST	S10255	6,768	238	2,169	1,084	3,253		4	28.44
MARK TWAIN UNION ELEM SCH DIST	S06015	483	17	65	121	227	50	5	28.41
UKIAH UNIFIED SCHOOL DISTRICT	S23050	1,091	39	357	189	419	89	4	27.97
KING CITY JT UN HI SCH DIST	S27050	1,953	70	638	1,058	184		4	27.90
RIO LINDA UNION ELEMENTARY SD	S34065	11,854	426	1,457	728	8,508	426	7	27.83
SULPHUR SPRINGS UNION ELEM SD	S19420	1,056	38	163	116	753		2	27.79
ALVIEW-DAIRYLAND UNION ELEM SD	S20005	500	18	76	76	272	51	6	27.78
MT PLEASANT ELEMENTARY SD	S43130	1,439	52	148	208	895	156	3	27.67
BAKERSFIELD CITY SCH DIST	S15010	34,980	1,268	13,343	2,959	16,949		5	27.59
WINDSOR UNION SCHOOL DIST	S49205	1,434	52	145	253	982		4	27.58
HESPERIA UNIFIED SCHOOL DIST	S36085	16,538	605	3,325	4,103	8,329	292	3	27.34
FALLBROOK UN ELEM SCH DIST	S37070	5,756	211	437	2,615	1,999	463	5	27.28
CORONADO UNIF SCH DIST	S37040	4,142	152	1,117	1,223	808	809	5	27.25
PAJARO VALLEY UNIF SCH DIST	S44035	6,401	237	1,250	3,958	919		5	27.01
GRAVENSTEIN UNION SCH DIST	S49060	295	11	50	31	168	28	7	26.82
MERCED UNION HIGH SCHOOL DIST	S24085	7,164	269	905	1,367	4,521	90	5	26.63
PIONEER UNION ELEM SCH DIST	S16065	236	9	54	11	154		8	26.22
NO SACRAMENTO ELEM SCH DIST	S34060	6,550	250	555	1,608	3,443	631	6	26.20
WESTMORLAND UN ELEM SCH DIST	S13085	2,147	82	252	528	947	264	8	26.18
MANTECA UNIF SCHOOL DIST	S39050	19,442	743	3,895	5,087	6,169	3,714	4	26.17
SOUTHERN KERN UNIF SCH DIST	S15215	497	19	94	94	280		7	26.16
BUENA PARK SCH DIST	S30020	3,917	150	764	922	1,521	612	3	26.11
ELK GROVE UNIFIED SCH DIST	S34020	14,042	539	683	337	9,990	2,339	6	26.05
SACRAMENTO CITY UNIF SCH DIS	S34080	19,961	770			19,029		5	25.92
BRET HARTE UN HIGH SCHOOL DIST	S05005	1,399	54	754	41	469	78	5	25.91
ANTELOPE VALLEY UN HI SCH DIST	S19025	7,687	299	1,423	3,065	2,555	214	6	25.71
SHANDON JT UNIF SCH DIST	S40065	1,221	48	507	167	517		3	25.44
PALERMO UNION SCHOOL DIST	S04065	606	24	76	106	394	86	5	25.25
DRY CREEK JT ELEM SCH DIST	S31025	1,766	70	366	532	649		9	25.23
FALL RIVER JOINT UNIFIED	S45060	302	12	41	41	193	8	7	25.17
COLUSA UNIFIED SCHOOL DIST	S06005	201	8	19	18	101	49	8	25.13
CORNING UN ELEM SCH DIST	S52015	226	9	32	26	154		7	25.11
CHAFFEY UNION HIGH SCH DIST	S36050	19,163	765	3,443	5,315	6,742	2,715	5	25.05
ORANGE CO SUPT OF SCHOOLS	S30001	3,702	149	463	1,893	1,032		9	24.85
WHITTIER UNION HIGH SCH DIST	S19460	18,512	749	2,981	4,462	7,985	2,238	5	24.72
TURLOCK JT ELEM SCH DIST	S50130	665	27	66	184	312	84	3	24.63
FRANKLIN MCKINLEY ELEM SCH DIS	S43050	3,330	137	467	641	1,861	137	8	24.31

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Payee #	Clm Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
S36075	56,072	2,310	10,782	13,527	23,820	5,560	4	24.27
FONTANA UNIF SCH DIST								
OAK GROVE ELEMENTARY SCH DIST	2,272	94	1,379	206	556	6	6	24.17
S39045	4,275	177	520	453	3,015	83	5	24.15
LODI UNIFIED SCHOOL DIST								
MENDOCINO CO OFFICE OF EDUCATI	579	24	126	149	257		9	24.13
S23001								
FRESNO UNIFIED SCHOOL DISTRICT	114,382	4,745	10,529	12,900	64,500	21,058	5	24.11
S10085								
SAN DIEGUITO UN HI SCH DIST	58,393	2,422	1,961	9,277	40,995	2,571	7	24.11
S37175								
EXETER UNION ELEM SCHOOL DIST	1,463	61	394	616	385	11	5	23.98
S54070								
TULARE CO SUPT OF SCHOOLS	2,092	89	601	504	681	183	7	23.51
S54001								
ROUND VALLEY UNIF SCH DIST	719	31	384	281			9	23.19
S23045								
ANAHEIM UNION HIGH SCHOOL DIST	27,369	1,190	1,159	6,208	18,620		5	23.00
S30010								
DOWNNEY UNIF SCH DIST	22,045	962	5,645	2,666	12,392		6	22.92
S19120								
JOHN SWETT UNIF SCH DIST	1,347	59	282	309	312	380	5	22.83
S07035								
WILLIAMS UNIFIED SCHOOL DIST	1,447	64	393	382	592		6	22.61
S06020								
SAN JACINTO UNIFIED SCH DIST	23,106	1,023	3,374	4,623	11,871	2,169	5	22.59
S33130								
MORONGO UNIF SCH DIST	18,474	818	3,804	7,050	4,699	2,504	2	22.58
S36095								
BELLA VISTA ELEM SCH DIST	631	28	175	242	185		5	22.54
S45015								
SOUTHERN HUMBOLDT JT UNIFIED	1,324	59	81	393	654	147	4	22.44
S12170								
BIG OAK FLAT-GROVELAND UNIF SD	982	44	92	152	727		2	22.32
S55010								
ALISAL UN ELEM SCH DIST	6,292	282	1,670	1,117	2,565	554	7	22.31
S27005								
EAST SIDE UNION H S DIST	64,418	2,890	2,223	12,563	29,916	16,514	6	22.29
S43035								
STANISLAUS CO SUPT OF SCHOOLS	11,351	510	1,823	1,039	5,006	2,401	53	22.26
S50001								
ST HELENA UNIF SCH DIST	1,291	58	134	348	683	116	1	22.26
S28030								
SAN LORENZO UNIF SCH DIST	14,572	655	3,443	6,268	2,892	1,175	6	22.25
S01100								
REDLANDS UNIF SCH DIST	85,577	3,850	38,332	12,944	25,717	4,308	5	22.23
S36130								
VISALIA UNIF SCHOOL DIST	26,355	1,186	3,968	1,400	19,616	390	4	22.22
S54230								
GARDEN GROVE UNIF SCH DIST	2,464	112	610	540	994	258	3	22.00
S30060								
STRATHMORE UN ELEM SCH DIST	656	30	99	272	198	69	3	21.87
S54180								
BONSALL UN ELEM SCH DIST	3,549	163	270	1,209	1,650	270	4	21.77
S37010								
MENIFEE UNION SCHOOL DISTRICT	16,628	768	3,061	6,406	5,332	1,382	3	21.65
S33065								
ONTARIO-MONTCLAIR SCH DIST	104,761	4,842	29,163	29,702	32,863	8,168	5	21.64
S36115								
LAKE ELSINORE UNIFIED SCH DIST	45,890	2,130	11,750	14,816	11,903	5,771	4	21.54
S33045								
CAJON VALLEY UNION SCHOOL DIST	2,699	126	398	353	1,857		4	21.42
S37020								
ALVORD UNIFIED SCH DIST	39,506	1,849	8,255	8,795	16,875	4,092	4	21.37
S33005								
MURRIETA VALLEY USD	32,496	1,529	13,884	9,788	4,179	2,150	8	21.25
S33081								
QUAI UNIFIED SCHOOL DISTRICT	1,138	54	645	254	177	4	6	21.07
S56055								
SAN GABRIEL ELEM SCH DIST	4,396	209	1,123	2,378	625		7	21.03
S19370								
PLEASANT VALLEY SCHOOL DIST	691	33	270	80	177	124	7	20.94
S56070								
LEMOORE UNION HIGH SCHOOL DIST	21,609	1,039	1,568	1,720	17,456		5	20.80
S16060								
OXNARD ELEM SCHOOL DIST	2,235	108	256	256	1,642		4	20.69
S56060								
WINTON SCHOOL DISTRICT	1,562	76	664	327	456		8	20.55
S24110								
ACALANES UNION HIGH SCH DIST	7,649	373	922	2,352	3,371	398	9	20.51
S07005								
MERCED CITY ELEM SCH DIST	25,960	1,268	3,998	5,183	15,899		4	20.47
S24070								
HANFORD SCHOOL DISTRICT	8,542	420		3,981	1,446	2,449	8	20.34
S16025								
LOMPOC UNIF SCH DIST	1,136	56	48	86	503	436	6	20.29
S42070								
LAKE TAHOE UNIF SCH DIST	8,769	434	2,492	736	5,075	92	5	20.21
S09045								
ATASCADERO UNIF SCH DIST	3,550	176	528	733	1,652	333	10	20.17
S40005								
SANTA BARBARA HIGH SCHOOL DIST	8,500	422	919	1,128	5,229	894	4	20.14
S42100								

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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Payee Name	Payee #	C/m Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
MONTEREY PENINSULA UNIF SD	SZ7075	2,877	143	270	191	2,085	254	3	20.12
CARPINTERIA UNIF SCH DIST	S42030	784	39	78	78	259	336	5	20.10
PIERCE JOINT UNIF SCH DIST	S06015	1,001	50	167	150	408	164	13	20.02
WEST COVINA UNIF SCH DIST	S19445	28,040	1,412	3,900	6,427	13,262	1,885	10	19.86
NEW HAVEN UNIFIED SCHOOL DIST	S01065	12,002	605	4,435	2,862	3,792	513	4	19.84
BLACK OAK MINE UNIF SCH DIST	S09005	3,135	158	1,085	464	1,447		5	19.84
BUTTE CO SUPT OF SCHOOLS	S04001	238	12	49	56	83	36	7	19.83
CORCORAN JOINT UNIFIED SCH DIST	S16015	3,174	161	367	343	2,462		8	19.71
ETIWANDA ELEMENTARY SCH DIST	S36070	1,512	78	498	420	488		8	19.38
MORENO VALLEY UNIF SCH DIST	S33070	70,371	3,650	10,421	22,838	22,183	9,784	8	19.28
CAMBRIAN ELEMENTARY SCH DIST	S43015	268	14	125	65	66		5	19.14
SOUTH PASADENA UNIF SCH DIST	S19410	874	46	446	58	154	172	6	19.00
CHOWCHILLA SCHOOL DISTRICT	S20015	5,115	270	1,143	1,360	2,187	243	4	18.94
ALHAMBRA CITY HI SCH DIST	S19015	2,020	107	305	675	865	48	7	18.88
SAN BRUNO PARK ELE SCH DIST	S41085	320	17	127	95	70		10	18.82
OXNARD UNION HIGH SCHOOL DIST	S56065	2,435	130	291	291	1,469	291	4	18.73
RIVERDALE JOINT UN SCH DIST	S10190	598	32	154	142	206	64	6	18.69
BARSTOW UNIF SCHOOL DIST	S36030	13,968	749	4,193	3,540	4,383	444	11	18.65
GOLDEN PLAINS UNIFIED SCH DIST	S10093	447	24	103	220	103	103	6	18.63
BEARDSLEY ELEM SCH DIST	S15015	9,221	499	3,103	3,467	1,907	282	5	18.48
MOUNTAIN VIEW ELEM SCH DIST	S19300	7,131	386	484	1,762	4,590		4	18.47
RAMONA UNIFIED SCHOOL DISTRICT	S37155	13,107	711	1,603	2,486	6,817	1,603	5	18.43
TURLOCK JT UN HIGH SCH DIST	S50135	10,276	565	3,890	2,713	3,343		4	18.19
DESERT SANDS UNIF SCH DIST	S33040	43,706	2,408	8,236	13,277	12,142	8,236	4	18.15
RICHLAND SCHOOL DISTRICT	S15185	4,844	267	1,590	760	1,038	1,271	4	18.14
PLEASANT VIEW ELEM SCH DIST	S54135	341	19	24	52	261		2	17.95
HACIENDA-LA PUENTE UNF SCH	S19190	2,260	126	585	1,210	423		2	17.94
ARVIN UNION ELEM SCH DIST	S15005	9,228	517	1,065	4,603	2,920	77	7	17.85
WHEATLAND UNION HIGH SCHOOL	S58025	533	30	41	185	160	121	6	17.77
CENTRAL SCHOOL DISTRICT	S36040	12,375	697	2,357	3,594	4,435	1,414	5	17.75
PERRIS UNION HIGH SCHOOL DIST	S33110	36,154	2,045	8,375	16,685		8,375	8	17.68
FAIRFIELD-SUISUN UNIFIED SD	S48015	10,119	581	359	1,014	7,023	1,195	6	17.42
HILMAR UNIF SCH DIST	S24040	309	18	34	41	219		6	17.17
LONG BEACH UNIF SCH DIST	S19255	29,127	1,715	10,933	4,628	7,968	4,111	6	16.98
JURUPA UNIFIED SCHOOL DISTRICT	S33060	27,035	1,600	6,988	9,156	8,016	1,508	5	16.90
MONTAGUE CHARTER ACADEMY	CS196001	1,516	90	300	303	852		5	16.84
SILVER VALLEY UNIF SCH DIST	S36155	2,152	130	538	931	599		4	16.55
POMONA UNIFIED SCHOOL DIST	S19345	28,311	1,729	3,204	6,421	13,598	2,717	5	16.37
WASCO UNION ELEM SCH DIST	S15245	1,863	114	524	562	705		9	16.34
NEVADA CO SUPT OF SCHOOLS	S29001	669	41	277	53	146	143	9	16.32
FAIRFAX ELEMENTARY SCHOOL DIST	S15075	2,368	147	413	1,737	23	158	2	16.11
ANTIOCH UNIF SCH DIST	S07010	19,494	1,231	1,925	8,003	8,489	55	6	15.84
LANCASTER ELEMENTARY SCH DIST	S19225	3,313	230	2,434	379	122	191	6	15.78
CAMPBELL UNION H S DIST	S43025	8,507	546	774	3,247	3,850	53	8	15.58
LEMOORE UNION ELEMENTARY SD	S16055	763	49	67	272	205	189	5	15.57
BURBANK UNIFIED SCHOOL DIST	S18065	17,234	1,110	5,823	4,921	4,775	1,081	4	15.53
SAN PASQUAL VALLEY UNIFIED SD	S13075	3,541	228	866	575	1,784		10	15.53

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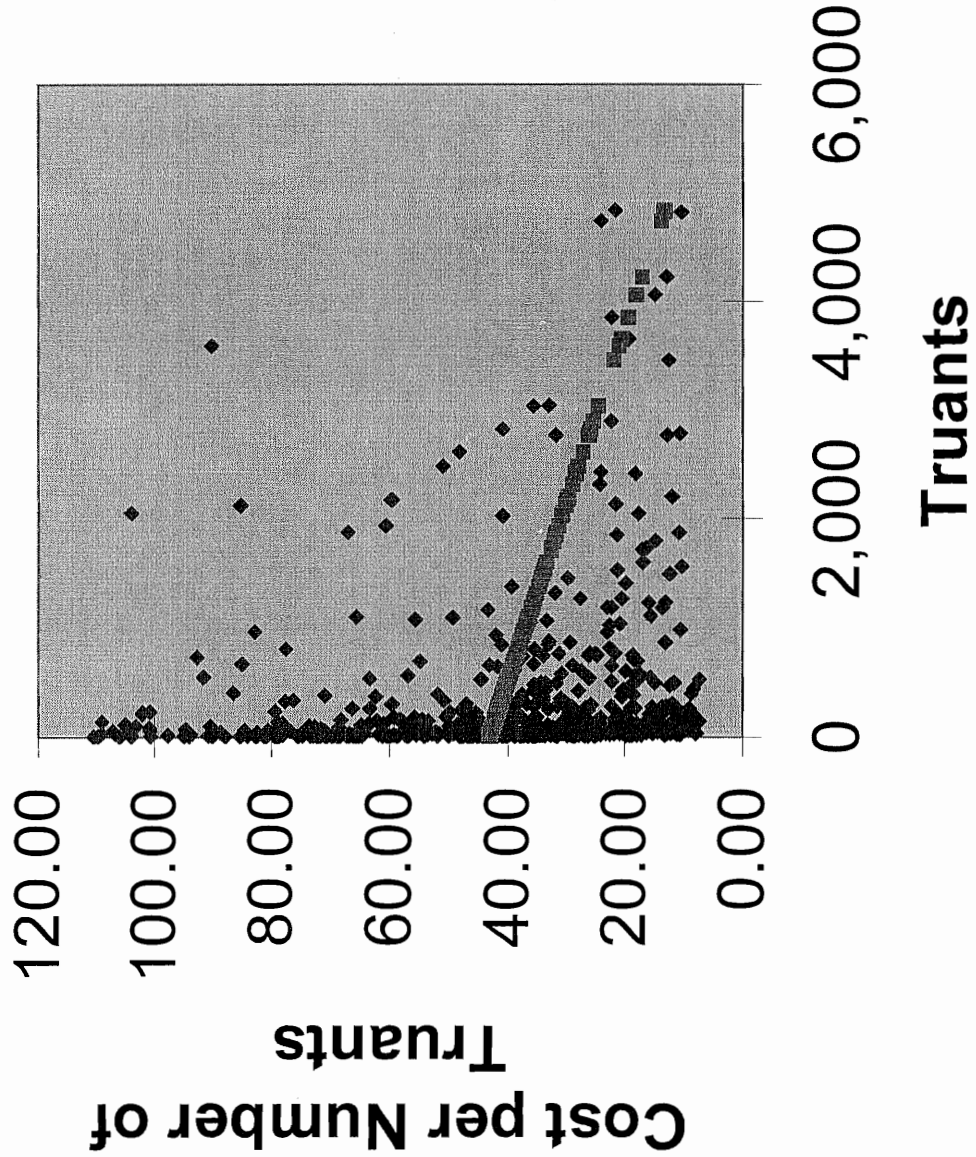
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Payee Name	Payee #	Clm Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
CENTRAL UNION HIGH SCH DIST	S13025	2,076	135	370	564	868	157	5	15.38
OAKDALE JOINT UNIFIED SCH DIST	S50080	4,185	274	913	791	1,431	864	5	15.27
VINELAND ELEMENTARY SCH DIST	S15240	504	33	153	84	247		5	15.27
NATOMAS UNIFIED SCH DIST	S34053	617	41	259	227	92		7	15.05
FORT BRAGG UNIFIED SCH DIST	S23015	1,041	70	18	41	907	28	5	14.87
ABC UNIFIED SCHOOL DISTRICT	S19005	60,130	4,060	12,563	22,014	9,272	12,563	7	14.81
SAN LUIS COASTAL UNIV SCH DIST	S40050	7,346	497	667	999	4,470	819	6	14.78
ESCONDIDO UN SCH DIST	S37060	26,402	1,797	6,586	9,801	6,279	2,424	5	14.69
PASO ROBLES JOINT UNIFIED SD	S40030	1,396	95	282	614	401	13	7	14.69
EL DORADO CO SUPT OF SCHOOLS	S09001	2,370	163	393	554	995	252	9	14.54
SOUTH BAY UNION SCH DIST	S37205	687	48	255	120	271		7	14.31
STANISLAUS UNION ELEM SCH DIST	S50120	1,749	123	211	580	572	331	4	14.22
NUVIEW UNION SCHOOL DISTRICT	S33085	1,824	129	208	311	1,019	208	4	14.14
IMPERIAL CO SUPT OF SCHOOLS	S13001	3,762	278	255	1,722	1,518		8	13.53
VICTOR ELEM SCHOOL DIST	S36170	16,001	1,185	3,045	6,090	3,155	3,045	4	13.50
RICHGROVE ELEMENTARY SCH DIST	S54150	429	32	139	65	106	114	2	13.41
CALAVERAS UNIFIED SCHOOL DIST	S05010	663	50	94	135	322	77	6	13.26
HEALDSBURG UNIFIED SD	S49081	3,077	234	1,224	1,144	534	13	6	13.15
PACHECO UNION ELEM SCH DIST	S45115	236	18	51	41	97	36	6	13.11
CULVER CITY UNIF SCH DIST	S19115	1,216	93	234	444	162	325	5	13.08
SELMA UNIFIED SCHOOL DISTRICT	S10210	16,115	1,236	3,406	3,732	6,203	1,666	8	13.04
ROSEVILLE JT UN HI SCH DIST	S31085	11,272	867	743	8,083	1,479	293	7	13.00
BRENTWOOD UN ELEM SCH DIST	S07015	3,599	280	1,450	863	258	825	6	12.85
KERN HIGH SCHOOL DISTRICT	S15100	54,251	4,226	8,015	8,015	34,681		6	12.84
CAYUCOS ELEM SCH DIST	S40015	371	29	82	152	46	61	9	12.79
LAWNDALE ELEMENTARY SCH DIST	S19235	446	35	99	192	60	62	8	12.74
POWAY UNIFIED SCHOOL DISTRICT	S37150	35,093	2,763	12,694	15,175	4,801	1,382	3	12.70
O'FARRELL COMMUNITY SCHOOL	CS377001	470	37	116	128	207		5	12.70
CENTINELA VALLEY UN H S DIST	S19075	43,138	3,453	2,879	29,423	9,085		9	12.49
NATIONAL SCHOOL DISTRICT	S37125	18,423	1,493	3,325	6,809	3,922	3,325	6	12.34
SONOMA VALLEY UNIFIED SD	S49175	1,464	119	292	169	948		4	12.30
HUNTINGTON BEACH CITY ELEM SD	S30065	5,815	474	2,379	2,220	918		5	12.27
MC FARLAND UNIF SCH DIST	S15145	3,294	271	712	262	2,172	68	3	12.15
HAPPY VALLEY UN ELEM SCH DIST	S45075	413	34	190	12	53	130	8	12.15
MODESTO CITY HI SCHOOL DIST	S50070	26,297	2,199	1,660	2,223	20,355	601	6	11.96
LAS VIRGENES UNIFIED SCH DIST	S19230	3,641	307	924	1,045	1,307	139	7	11.86
DINUBA SCH DIST	S54050	3,442	293	847	1,689	839		2	11.75
CALEXICO UNIF SCH DIST	S13015	5,789	500	501	3,953	972		7	11.58
RAISIN CITY SCHOOL DISTRICT	S10185	1,376	121	1,049			262	5	11.37
TIPTON ELEM SCH DIST	S54210	290	26	45	21	188		6	11.15
RIO ELEMENTARY SCH DIST	S56075	2,114	193	1,022	272	549	152	6	10.95
EUREKA UNION ELEMENTARY SD	S31035	349	32	107	161	35	24	7	10.91
SAN JOSE UNIFIED SCHOOL DIST	S43155	20,236	1,870	4,829	6,078	7,795	673	4	10.82
CHINO UNIFIED SCHOOL DIST	S36055	29,520	2,778	6,162	6,797	8,285	6,957	5	10.63
THERMALITO UNION SCH DIST	S04080	255	24	73	52	73	48	4	10.63
NEWARK UNIF SCHOOL DISTRICT	S01070	10,402	982	845	1,408	7,531		6	10.59
LATON UNIFIED SCHOOL DISTRICT	S10135	1,006	95	38	208	661	38	7	10.59

EMCN Proposed Unit-Cost Rates
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(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Payee Name	Payee #	Clim Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
VISTA UNIFIED SCHOOL DISTRICT	S37235	50,503	4,825	12,234	5,540	18,809	11,515	5	10.47
KERNVILLE UN ELEM SCH DIST	S15105	1,116	107	262	395	459			10.43
VALLEJO CITY UNIFIED SCH DIST	S48035	16,168	1,560	972	11,065	2,191	983	7	10.36
HELIX HIGH SCHOOL	CS374003	2,214	216	830	511	751		6	10.25
SANTA ROSA CITY ELEM SCH DIST	S49155	1,568	164	13	26	487	1	5	9.56
FIREBAUGH-LAS DELTAS UNIF SD	S10075	2,241	244	986	610	515	11	6	9.18
TULARE JT UN HI SCH DIST	S54225	2,380	262	279	215	1,818		3	9.08
ESPARTO UNIFIED SCH DIST	S57010	627	70	139	156	290		8	8.96
EL RANCHO UNIFIED SCHOOL DIST	S19155	3,464	398	526	636	1,216	845	8	8.70
GILROY UNIFIED SCHOOL DISTRICT	S43065	1,674	193	450	282	377	467	7	8.67
SANTA YNEZ VLY HI SCH DIST	S42120	564	66	37	37	462		5	8.55
SEQUOIA UNION HIGH SCH DIST	S41110	3,693	439	483	913	2,010		8	8.41
BEAR VALLEY UNIF SCH DIST	S36035	1,714	205	260	184	1,183	17	4	8.36
LINDEN UNIFIED SCH DIST	S39040	403	49			385		5	8.22
JUNCTION ELEMENTARY SCH DIST	S45090	230	29	146	67			9	7.93
JAMESTOWN SCHOOL DISTRICT	S55030	929	118	678			216	8	7.87
SYLVAN UNION SCHOOL DIST	S50125	267	34	167	92			4	7.85
LIBERTY UNION HIGH SCH DIST	S07050	3,901	529	891	1,644	1,038	74	7	7.37
SUNNYVALE ELEMENTARY SCHOOL	S43170	1,066	145	375	446	174	8	7	7.35
Total		6,796,144	211,399	1,346,200	2,233,492	4,291,956	662,751		
Count		536	536	525	529	527	379	533	536.00
Maximum		323,674	4,842	122,058	615,589	1,428,063	71,980	53	110.50
Minimum		201	2	7	10	23	1	1	7.35
Average		12,679	394	2,564	4,222	8,144	1,749	6	40.79

Weighted Average (Total Claim Amounts / Total Truants) \$ 32.15

Truants Line Fit Plot



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SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.191334838
R Square	0.03660902
Adjusted R Square	0.034804917
Standard Error	23.64121809
Observations	536

ANOVA					
	df	SS	MS	F	Significance F
Regression	1	11341.39524	11341.39524	20.29209033	8.1709E-06
Residual	534	298456.441	558.9071928		
Total	535	309797.8362			

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	43.24064259	1.156728942	37.38182821	3.4159E-151	40.96834389	45.51294129	40.96834389	45.51294129
Truants	-0.006206484	0.001377787	-4.504674275	8.1709E-06	-0.008913034	-0.003499934	-0.008913034	-0.003499934

RESIDUAL OUTPUT

Observation	Predicted Cost per Number of Truants	Residuals
1	43.22822962	67.27177038
2	43.20961017	66.59038983
3	43.06065457	66.07934543
4	42.3655284	66.7444716
5	42.91169896	64.29830104
6	43.0482416	63.7617584
7	43.22822962	62.77177038
8	42.52689698	62.46310302
9	42.75653687	61.69346313
10	43.17857775	60.82142225
11	30.51735119	73.44264881
12	42.61999423	60.61000577
13	41.94348752	60.19651248
14	41.82556433	60.16443567
15	42.73171093	58.14828907
16	42.87446006	57.88553994
17	41.78832543	58.94167457
18	43.18478424	57.48521576
19	43.12892589	54.59107411
20	43.1599583	51.7600417
21	42.79998225	51.93001775
22	43.18478424	50.92521576
23	43.07927402	50.84072598
24	38.69129011	54.05870989
25	39.83948957	51.81051043
26	43.16616479	47.66383521
27	42.64482016	47.82517984
28	20.97798589	69.26201411
29	43.20340369	46.96659631
30	42.99238325	45.80761675
31	43.20340369	44.79659631
32	43.20961017	44.79038983
33	40.7394297	45.8505703
34	43.1971972	42.2328028
35	30.08910382	55.24089618
36	39.08850506	46.02149494
37	42.84963412	41.83036588
38	43.17857775	41.02142225
39	37.25759239	45.62240761
40	43.22202314	39.44797686
41	42.96135083	39.56864917
42	43.20961017	37.99038983
43	43.02962215	38.00037785
44	42.96755731	37.94244269
45	43.19099072	37.68900928
46	42.86825357	37.73174643
47	41.77591246	37.60408754
48	43.22202314	36.10797686
49	42.77515632	36.30484368
50	42.39035434	36.53964566
51	43.20961017	35.59038983
52	43.19099072	35.55900928
53	42.47724511	35.67275489
54	43.10409995	34.94590005
55	41.21112245	36.36887755
56	38.24442329	39.26557671
57	42.88687302	33.86312698

PROBABILITY OUTPUT

Percentile	Cost per Number of Truants
0.093283582	7.35
0.279850746	7.37
0.46641791	7.85
0.652985075	7.87
0.839552239	7.93
1.026119403	8.22
1.212686567	8.36
1.399253731	8.41
1.585820896	8.55
1.77238806	8.67
1.958955224	8.7
2.145522388	8.96
2.332089552	9.08
2.518656716	9.18
2.705223881	9.56
2.891791045	10.25
3.078358209	10.36
3.264925373	10.43
3.451492537	10.47
3.638059701	10.59
3.824626866	10.59
4.01119403	10.63
4.197761194	10.63
4.384328358	10.82
4.570895522	10.91
4.757462687	10.95
4.944029851	11.15
5.130597015	11.37
5.317164179	11.58
5.503731343	11.75
5.690298507	11.86
5.876865672	11.96
6.063432836	12.15
6.25	12.15
6.436567164	12.27
6.623134328	12.3
6.809701493	12.34
6.996268657	12.49
7.182835821	12.7
7.369402985	12.7
7.555970149	12.74
7.742537313	12.79
7.929104478	12.84
8.115671642	12.85
8.302238806	13
8.48880597	13.04
8.675373134	13.08
8.861940299	13.11
9.048507463	13.15
9.235074627	13.26
9.421641791	13.41
9.608208955	13.5
9.794776119	13.53
9.981343284	14.14
10.16791045	14.22
10.35447761	14.31
10.54104478	14.54

EMCN Proposed Unit-Cost Rate Analysis
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RESIDUAL OUTPUT

PROBABILITY OUTPUT

Observation	Predicted Cost per Number of Truants	Residuals
58	41.16147058	35.02852942
59	43.1971972	32.2328028
60	43.06065457	31.76934543
61	43.17237127	31.46762873
62	42.62620071	30.82379929
63	42.96755731	30.39244269
64	43.17857775	30.12142225
65	42.98617676	30.03382324
66	43.06065457	29.86934543
67	43.16616479	29.66383521
68	42.66343961	29.91656039
69	43.17237127	29.09762873
70	43.21581666	28.53418334
71	42.77515632	28.83484368
72	42.87446006	28.32553994
73	40.87597234	30.03402766
74	42.91790544	27.95209456
75	43.22202314	27.44797686
76	43.20340369	26.46659631
77	43.20961017	25.59038983
78	42.69447203	25.79552797
79	43.1971972	25.2328028
80	42.26622466	25.91377534
81	43.16616479	24.08383521
82	31.61589879	35.43410121
83	43.06065457	23.76934543
84	43.20340369	23.62659631
85	43.12892589	23.15107411
86	41.6083374	24.6316626
87	43.16616479	22.91383521
88	43.17237127	22.73762873
89	36.41351062	29.15648938
90	43.21581666	22.28418334
91	43.17857775	22.02142225
92	42.56413588	22.20586412
93	43.19099072	21.43900928
94	43.02341566	21.17658434
95	42.48345159	20.95654841
96	39.93258683	23.38741317
97	41.6083374	21.6616626
98	40.9256242	21.3743758
99	42.30967005	19.78032995
100	43.09789347	18.68210653
101	43.18478424	17.92521576
102	42.46483214	18.52516786
103	43.02341566	17.77658434
104	31.23730329	29.34269671
105	43.14754534	17.32245466
106	43.21581666	16.78418334
107	29.78498613	29.89501387
108	41.37249102	18.25750898
109	43.11030643	16.21969357
110	42.12968202	17.15031798
111	43.20961017	15.59038983
112	42.29725708	16.12274292
113	42.26622466	15.90377534
114	42.91790544	14.83209456
115	43.11651292	14.33348708
116	43.17237127	14.00762873
117	43.17857775	13.82142225
118	39.74639232	17.22360768
119	43.18478424	13.70521576
120	43.16616479	13.66383521
121	42.47103862	14.14896138
122	42.77515632	13.50484368
123	42.4400062	13.6699938
124	42.82480819	13.01519181
125	42.12347554	13.69652446
126	36.55005326	19.11994674
127	43.0482416	12.6017584
128	43.11651292	12.48348708
129	38.93954945	15.97045055
130	43.02341566	11.74658434
131	42.24760521	12.29239479
132	43.20340369	10.96659631
133	42.48965807	11.65034193
134	42.62620071	11.41379929
135	42.91169896	11.06830104

Percentile	Cost per Number of Truants
10.72761194	14.69
10.9141791	14.69
11.10074627	14.78
11.28731343	14.81
11.4738806	14.87
11.66044776	15.05
11.84701493	15.27
12.03358209	15.27
12.22014925	15.38
12.40671642	15.53
12.59328358	15.53
12.77985075	15.57
12.96641791	15.58
13.15298507	15.78
13.33955224	15.84
13.5261194	16.11
13.71268657	16.32
13.89925373	16.34
14.0858209	16.37
14.27238806	16.55
14.45895522	16.84
14.64552239	16.9
14.83208955	16.98
15.01865672	17.17
15.20522388	17.42
15.39179104	17.68
15.57835821	17.75
15.76492537	17.77
15.95149254	17.85
16.1380597	17.94
16.32462687	17.95
16.51119403	18.14
16.69776119	18.15
16.88432836	18.19
17.07089552	18.43
17.25746269	18.47
17.44402985	18.48
17.63059701	18.63
17.81716418	18.65
18.00373134	18.69
18.19029851	18.73
18.37686567	18.82
18.56343284	18.88
18.75	18.94
18.93656716	19
19.12313433	19.14
19.30970149	19.28
19.49626866	19.38
19.68283582	19.71
19.86940299	19.83
20.05597015	19.84
20.24253731	19.84
20.42910448	19.86
20.61567164	20.02
20.80223881	20.1
20.98880597	20.12
21.17537313	20.14
21.3619403	20.17
21.54850746	20.21
21.73507463	20.29
21.92164179	20.34
22.10820896	20.47
22.29477612	20.51
22.48134328	20.55
22.66791045	20.69
22.85447761	20.8
23.04104478	20.94
23.22761194	21.03
23.4141791	21.07
23.60074627	21.25
23.78731343	21.37
23.9738806	21.42
24.16044776	21.54
24.34701493	21.64
24.53358209	21.65
24.72014925	21.77
24.90671642	21.87
25.09328358	22

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RESIDUAL OUTPUT

PROBABILITY OUTPUT

Observation	Predicted Cost per Number of Truants	Residuals
136	43.06686105	10.54313895
137	42.84342764	10.74657236
138	42.32208302	11.23791698
139	43.06065457	9.799345434
140	42.9737638	9.306236205
141	43.11651292	8.883487082
142	43.19099072	8.809009279
143	40.8139075	11.0760925
144	43.07927402	8.570725984
145	27.86718269	23.14281731
146	41.16767706	9.752322935
147	42.08623664	8.383763361
148	42.04279125	8.287208746
149	42.98617676	7.233823238
150	43.17237127	6.917628729
151	43.1227194	6.927280598
152	42.64482016	7.365179836
153	41.83797729	8.082022705
154	42.67585258	7.204147418
155	42.92411193	6.705888074
156	36.43833656	12.94166344
157	43.05444808	6.315551918
158	43.05444808	6.275551918
159	42.52689698	6.083103025
160	42.92411193	5.485888074
161	27.04792686	21.21207314
162	43.20961017	4.990389828
163	43.10409995	5.075900049
164	41.72005411	6.279945894
165	43.20340369	4.796596311
166	42.50207104	5.387928959
167	42.78756929	5.072430713
168	43.04203511	4.737964885
169	43.1971972	4.512802795
170	42.94273138	4.517268623
171	42.73791742	4.532082582
172	41.99934587	5.200654131
173	42.22277928	4.897220722
174	41.34766509	5.71233491
175	41.63316334	5.366836664
176	43.20340369	3.626596311
177	41.99934587	4.740654131
178	43.20340369	3.296596311
179	42.0241718	4.455828197
180	42.68205907	3.477940935
181	43.09789347	3.032106533
182	42.58896181	3.491038189
183	43.17237127	2.827628729
184	43.01720918	2.87279082
185	41.86280323	3.627196771
186	43.10409995	2.255900049
187	43.18478424	2.035215762
188	43.19099072	1.809009279
189	43.20340369	1.796596311
190	39.96361924	4.686380755
191	42.4027673	2.087232697
192	43.14754534	1.322454664
193	43.19099072	1.189009279
194	43.1227194	1.037280598
195	43.14754534	0.922454664
196	43.19099072	0.809009279
197	42.96135083	0.948649172
198	43.17857775	0.721422246
199	43.20961017	0.590389828
200	36.0038827	7.436117297
201	43.18478424	0.035215762
202	39.14436341	4.055636591
203	42.23519225	0.694807754
204	42.8186017	-0.058601705
205	37.43137393	4.658626067
206	43.1599583	-1.079958303
207	43.19099072	-1.190990721
208	43.19099072	-1.310990721
209	39.2250477	2.594952304
210	42.13588851	-0.395888508
211	41.54627257	0.143727435
212	41.32904564	0.290954361
213	42.62620071	-1.036200713

Percentile	Cost per Number of Truants
25.27985075	22.22
25.46641791	22.23
25.65298507	22.25
25.83955224	22.26
26.0261194	22.26
26.21268657	22.29
26.39925373	22.31
26.5858209	22.32
26.77238806	22.44
26.95895522	22.54
27.14552239	22.58
27.33208955	22.59
27.51865672	22.61
27.70522388	22.83
27.89179104	22.92
28.07835821	23
28.26492537	23.19
28.45149254	23.51
28.6380597	23.98
28.82462687	24.11
29.01119403	24.11
29.19776119	24.13
29.38432836	24.15
29.57089552	24.17
29.75746269	24.27
29.94402985	24.31
30.13059701	24.63
30.31716418	24.72
30.50373134	24.85
30.69029851	25.05
30.87686567	25.11
31.06343284	25.13
31.25	25.17
31.43656716	25.23
31.62313433	25.25
31.80970149	25.44
31.99626866	25.71
32.18283582	25.91
32.36940299	25.92
32.55597015	26.05
32.74253731	26.11
32.92910448	26.16
33.11567164	26.17
33.30223881	26.18
33.48880597	26.2
33.67537313	26.22
33.8619403	26.63
34.04850746	26.82
34.23507463	27.01
34.42164179	27.25
34.60820896	27.28
34.79477612	27.34
34.98134328	27.58
35.16791045	27.59
35.35447761	27.67
35.54104478	27.78
35.72761194	27.79
35.9141791	27.83
36.10074627	27.9
36.28731343	27.97
36.4738806	28.41
36.66044776	28.44
36.84701493	28.67
37.03358209	28.7
37.22014925	28.9
37.40671642	29
37.59328358	29
37.77985075	29.05
37.96641791	29.08
38.15298507	29.2
38.33955224	29.31
38.5261194	29.56
38.71268657	29.63
38.89925373	29.68
39.0858209	29.75
39.27238806	29.81
39.45895522	30.19
39.64552239	30.38

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RESIDUAL OUTPUT

PROBABILITY OUTPUT

Observation	Predicted Cost per Number of Truants	Residuals
214	43.0854805	-1.6454805
215	42.39656082	-1.216560819
216	42.63861368	-1.45861368
217	37.98375097	3.146249026
218	43.20961017	-2.209610172
219	42.72550445	-1.745504451
220	30.6663068	10.2836932
221	25.76939123	15.13060877
222	42.21657279	-1.516572795
223	42.06761719	-1.487617188
224	43.17237127	-2.722371271
225	42.76274335	-2.332743352
226	43.14754534	-2.817545336
227	43.20961017	-3.009610172
228	43.09789347	-2.967893467
229	39.42365517	0.516344829
230	41.54627257	-1.746272565
231	43.09789347	-3.317893467
232	42.61378775	-2.943787746
233	42.99238325	-3.362383246
234	34.68190169	4.718098306
235	41.29801322	-1.908013221
236	42.87446006	-3.754460057
237	43.1971972	-4.337197205
238	39.42986165	-0.589861655
239	43.07927402	-4.389274016
240	41.81935784	-3.269357844
241	42.15450796	-3.724507959
242	43.03582863	-5.005828631
243	43.17857775	-5.278577754
244	41.14905761	-3.279057614
245	41.00630849	-3.226308491
246	43.16616479	-5.416164787
247	40.82011398	-3.260113983
248	41.04975388	-3.509753876
249	42.93652489	-5.466524893
250	38.63543175	-1.185431753
251	43.14754534	-5.817545336
252	42.29725708	-5.107257082
253	43.09789347	-6.227893467
254	41.34145861	-4.501458606
255	43.1971972	-6.627197205
256	42.86204709	-6.38204709
257	42.98617676	-6.716176762
258	36.69280238	-0.512802383
259	42.69447203	-6.664472033
260	43.14133885	-7.331338852
261	43.1227194	-7.382719402
262	42.51448401	-6.784484008
263	43.1971972	-7.487197205
264	43.11651292	-7.416512918
265	24.44120374	11.18879626
266	39.08229857	-3.492298573
267	41.47800125	-5.888001245
268	40.60909354	-5.02909354
269	40.24911749	-4.709117491
270	42.706885	-7.226885
271	42.71929797	-7.269297967
272	38.2382168	-2.818216802
273	42.11106257	-6.701062573
274	43.17857775	-7.878577754
275	43.19099072	-7.940990721
276	42.44621269	-7.306212688
277	42.08623664	-7.006236639
278	42.78756929	-7.797569287
279	42.69447203	-7.774472033
280	43.12892589	-8.518925885
281	40.91321124	-6.323211237
282	42.85584061	-8.435840606
283	40.11878134	-5.708781335
284	40.76425563	-6.36425563
285	42.83722116	-8.577221156
286	43.1227194	-9.012719402
287	42.92411193	-8.864111926
288	38.60439933	-4.684399335
289	40.94424366	-7.024243655
290	41.13664465	-7.316644647
291	43.01720918	-9.20720918

Percentile	Cost per Number of Truants
39.83208955	30.72
40.01865672	30.74
40.20522388	30.76
40.39179104	30.77
40.57835821	30.87
40.76492537	30.88
40.95149254	30.92
41.1380597	31.17
41.32462687	31.37
41.51119403	31.42
41.69776119	31.56
41.88432836	31.57
42.07089552	31.62
42.25746269	31.7
42.44402985	31.88
42.63059701	32
42.81716418	32.13
43.00373134	32.59
43.19029851	32.89
43.37686567	32.92
43.56343284	33
43.75	33.01
43.93856716	33.08
44.12313433	33.08
44.30970149	33.29
44.49626866	33.38
44.68283582	33.48
44.86940299	33.54
45.05597015	33.57
45.24253731	33.62
45.42910448	33.67
45.61567164	33.7
45.80223881	33.81
45.98880597	33.82
46.17537313	33.92
46.3619403	33.92
46.54850746	34.06
46.73507463	34.11
46.92164179	34.26
47.10820896	34.4
47.29477612	34.41
47.48134328	34.42
47.66791045	34.59
47.85447761	34.61
48.04104478	34.92
48.22761194	34.99
48.4141791	35.08
48.60074627	35.14
48.78731343	35.25
48.9738806	35.3
49.16044776	35.41
49.34701493	35.42
49.53358209	35.45
49.72014925	35.48
49.90671642	35.54
50.09328358	35.58
50.27985075	35.59
50.46641791	35.59
50.65298507	35.63
50.83955224	35.7
51.0261194	35.71
51.21268657	35.73
51.39925373	35.74
51.5858209	35.81
51.77238806	36.03
51.95895522	36.18
52.14552239	36.27
52.33208955	36.48
52.51865672	36.57
52.70522388	36.84
52.89179104	36.87
53.07835821	37.19
53.26492537	37.33
53.45149254	37.45
53.6380597	37.47
53.82462687	37.54
54.01119403	37.56
54.19776119	37.75

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EMCN Proposed Unit-Cost Rate Analysis
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RESIDUAL OUTPUT

PROBABILITY OUTPUT

Observation	Predicted Cost per Number of Truants	Residuals
292	40.32359529	-6.623595294
293	42.92411193	-9.254111926
294	43.1599583	-9.539958303
295	40.48496387	-6.914963868
296	40.16222672	-6.62222672
297	42.69447203	-9.214472033
298	40.5470287	-7.167028704
299	36.60591161	-3.315911613
300	37.96513152	-4.885131523
301	42.55172291	-9.47172291
302	37.96513152	-4.955131523
303	41.62075037	-8.620750368
304	37.7851435	-4.865143498
305	24.40396484	8.486035162
306	43.13513237	-10.54513237
307	42.71309148	-10.58309148
308	43.11651292	-11.11651292
309	35.02946478	-3.149464776
310	26.10454135	5.595458653
311	40.1684332	-8.548433204
312	43.1971972	-11.6271972
313	41.47179476	-9.911794762
314	42.79998225	-11.37998225
315	42.73171093	-11.36171093
316	38.5050956	-7.335095597
317	42.86825357	-11.94825357
318	41.04354739	-10.16354739
319	43.00479621	-12.13479621
320	39.62846913	-8.85846913
321	42.4027673	-11.6427673
322	43.02962215	-12.28962215
323	30.50493823	0.215061774
324	43.02962215	-12.64962215
325	41.21112245	-11.02112245
326	43.14133885	-13.33133885
327	42.05520422	-12.30520422
328	34.20400246	-4.524002456
329	41.62695685	-11.99695685
330	41.84418378	-12.28418378
331	37.84720833	-8.537208334
332	41.5710985	-12.3710985
333	42.55792939	-13.47792939
334	41.50903366	-12.45903366
335	41.75108652	-12.75108652
336	43.15375182	-14.15375182
337	39.15056989	-10.25056989
338	42.27863763	-13.57863763
339	43.18478424	-14.51478424
340	41.76349949	-13.32349949
341	43.13513237	-14.72513237
342	42.99858973	-15.02858973
343	42.80618874	-14.90618874
344	40.59668057	-12.76668057
345	43.00479621	-15.21479621
346	43.12892589	-15.34892589
347	42.91790544	-15.24790544
348	35.37082137	-7.780821375
349	42.91790544	-15.33790544
350	39.48572001	-12.14572001
351	41.93107455	-14.65107455
352	42.29725708	-15.04725708
353	41.76970597	-14.75970597
354	43.17237127	-16.35237127
355	41.5710985	-14.9410985
356	43.18478424	-16.96478424
357	41.68902169	-15.48902169
358	42.73171093	-16.55171093
359	38.62922527	-12.45922527
360	43.1227194	-16.9627194
361	42.30967005	-16.19967005
362	39.89534793	-13.84534793
363	38.46165021	-12.54165021
364	42.90549248	-16.99549248
365	41.38490399	-15.67490399
366	42.94273138	-17.50273138
367	43.09168698	-17.84168698
368	42.80618874	-17.57618874
369	43.16616479	-17.99616479

Percentile	Cost per Number of Truants
54.38432836	37.78
54.57089552	37.87
54.75746269	37.9
54.94402985	38.03
55.13059701	38.43
55.31716418	38.55
55.50373134	38.69
55.69029851	38.84
55.87686567	38.86
56.06343284	39.12
56.25	39.39
56.43656716	39.4
56.62313433	39.63
56.80970149	39.67
56.99626866	39.78
57.18283582	39.8
57.36940299	39.94
57.55597015	40.13
57.74253731	40.2
57.92910448	40.33
58.11567164	40.43
58.30223881	40.45
58.48880597	40.58
58.67537313	40.7
58.8619403	40.9
59.04850746	40.95
59.23507463	40.98
59.42164179	41
59.60820896	41.13
59.79477612	41.18
59.98134328	41.18
60.16791045	41.44
60.35447761	41.59
60.54104478	41.62
60.72761194	41.69
60.9141791	41.74
61.10074627	41.82
61.28731343	41.88
61.4738806	42
61.66044776	42.08
61.84701493	42.09
62.03358209	42.76
62.22014925	42.93
62.40671642	43.2
62.59328358	43.22
62.77985075	43.44
62.96641791	43.8
63.15298507	43.9
63.33955224	43.91
63.5261194	44
63.71268657	44.07
63.89925373	44.16
64.0858209	44.38
64.27238806	44.47
64.45895522	44.49
64.64552239	44.65
64.83208955	45
65.01865672	45
65.20522388	45.22
65.39179104	45.36
65.57835821	45.49
65.76492537	45.89
65.95149254	46
66.1380597	46.08
66.32462687	46.13
66.51119403	46.16
66.69776119	46.48
66.88432836	46.5
67.07089552	46.74
67.25746269	46.83
67.44402985	47
67.63059701	47.06
67.81716418	47.12
68.00373134	47.2
68.19029851	47.27
68.37686567	47.46
68.56343284	47.71
68.75	47.78

EMCN Proposed Unit-Cost Rate Analysis
 Habitual Truants - Program 166
 Fiscal Year 2000-01

RESIDUAL OUTPUT

PROBABILITY OUTPUT

Observation	Predicted Cost per Number of Truants	Residuals
370	43.19099072	-18.06099072
371	43.18478424	-18.07478424
372	38.49268263	-13.44268263
373	42.31587653	-17.46587653
374	38.59198637	-13.87198637
375	43.07306753	-18.44306753
376	42.39035434	-18.08035434
377	28.90366545	-4.63366545
378	42.65723313	-18.48723313
379	42.14209499	-17.99209499
380	43.09168698	-18.96168698
381	13.79087787	10.31912213
382	28.20853929	-4.09853929
383	42.86204709	-18.88204709
384	42.68826555	-19.17826555
385	43.0482416	-19.8582416
386	35.8549271	-12.8549271
387	37.27000536	-14.35000536
388	42.87446006	-20.04446006
389	42.84342764	-20.23342764
390	36.89140986	-14.30140986
391	38.163739	-15.583739
392	43.06686105	-20.52686105
393	42.87446006	-20.43446006
394	42.96755731	-20.64755731
395	41.49041421	-19.18041421
396	25.30390496	-3.01390496
397	40.07533595	-17.81533595
398	42.88066654	-20.62066654
399	39.17539583	-16.92539583
400	19.3456807	2.884319303
401	35.87975303	-13.65975303
402	42.54551643	-20.54551643
403	43.05444808	-21.18444808
404	42.22898576	-20.45898576
405	38.47406318	-16.82406318
406	13.18884896	8.451151042
407	30.0208325	-8.480832504
408	42.45862566	-21.03862566
409	31.7648544	-10.3948544
410	33.75092915	-12.50092915
411	42.90549248	-21.83549248
412	41.94348752	-20.91348752
413	43.03582863	-22.09582863
414	36.79210612	-15.99210612
415	42.57034236	-21.88034236
416	42.76894984	-22.21894984
417	40.9256242	-20.4156242
418	35.37082137	-14.90082137
419	40.63391947	-20.29391947
420	42.89307951	-22.60307951
421	40.5470287	-20.3370287
422	42.14830148	-21.97830148
423	40.62150651	-20.48150651
424	42.35311543	-22.23311543
425	42.99858973	-22.89858973
426	42.93031841	-22.91031841
427	34.47708773	-14.61708773
428	39.48572001	-19.64572001
429	42.26001818	-22.42001818
430	43.16616479	-23.33616479
431	42.24139873	-22.53139873
432	42.75653687	-23.37653687
433	20.58697742	-1.306977419
434	43.15375182	-24.01375182
435	42.95514434	-23.95514434
436	41.56489202	-22.62489202
437	42.57654884	-23.69654884
438	43.13513237	-24.31513237
439	42.43379972	-23.70379972
440	43.04203511	-24.35203511
441	38.59198637	-19.94198637
442	43.09168698	-24.46168698
443	40.14360727	-21.66360727
444	40.84493992	-22.37493992
445	38.82783274	-20.39783274
446	39.73397935	-21.54397935
447	28.29543006	-10.14543006

Percentile	Cost per Number of Truants
68.93656716	47.86
69.12313433	47.89
69.30970149	48
69.49626866	48
69.68283582	48.18
69.86940299	48.2
70.05597015	48.26
70.24253731	48.41
70.42910448	48.61
70.61567164	49.33
70.80223881	49.37
70.98880597	49.38
71.17537313	49.63
71.3619403	49.88
71.54850746	49.92
71.73507463	50.01
71.92164179	50.05
72.10820896	50.09
72.29477612	50.22
72.48134328	50.33
72.66791045	50.47
72.85447761	50.92
73.04104478	51.01
73.22761194	51.65
73.4141791	51.89
73.60074627	52
73.78731343	52
73.9738806	52.28
74.16044776	52.86
74.34701493	53.56
74.53358209	53.59
74.72014925	53.61
74.90671642	53.98
75.09328358	54.04
75.27985075	54.14
75.46641791	54.17
75.65298507	54.54
75.83955224	54.77
76.0261194	54.91
76.21268657	55.6
76.39925373	55.65
76.5858209	55.67
76.77238806	55.82
76.95895522	55.84
77.14552239	56.11
77.33208955	56.28
77.51865672	56.62
77.70522388	56.83
77.89179104	56.89
78.07835821	56.97
78.26492537	57
78.45149254	57.18
78.6380597	57.45
78.82462687	57.75
79.01119403	58.17
79.19776119	58.42
79.38432836	58.8
79.57089552	59.28
79.75746269	59.33
79.94402985	59.63
80.13059701	59.68
80.31716418	60
80.50373134	60.47
80.69029851	60.58
80.87686567	60.8
81.06343284	60.99
81.25	61.11
81.43656716	61.78
81.62313433	62.09
81.80970149	62.3
81.99626866	63.27
82.18283582	63.32
82.36940299	63.44
82.55597015	64.2
82.74253731	64.63
82.92910448	64.77
83.11567164	65.2
83.30223881	65.5

EMCN Proposed Unit-Cost Rate Analysis
 Habitual Truants - Program 166
 Fiscal Year 2000-01

RESIDUAL OUTPUT

Observation	Predicted Cost per Number of Truants	Residuals
448	41.58351147	-23.44351147
449	43.1227194	-25.1727194
450	42.45862566	-24.51862566
451	40.03189056	-22.18189056
452	43.05444808	-25.28444808
453	38.91472352	-21.16472352
454	30.54838361	-12.86838361
455	39.63467561	-22.21467561
456	43.12892589	-25.95892589
457	32.5965232	-15.6165232
458	33.31026882	-16.41026882
459	42.68205907	-25.84205907
460	42.43379972	-25.88379972
461	32.50963243	-16.13963243
462	42.53310346	-26.19310346
463	42.98617676	-26.66617676
464	42.3282895	-26.2182895
465	35.60046127	-19.76046127
466	41.93728103	-26.15728103
467	39.85190254	-24.27190254
468	42.93652489	-27.36652489
469	36.35144578	-20.82144578
470	41.82556433	-26.29556433
471	42.4027673	-27.0227673
472	41.54006608	-26.27006608
473	43.03582863	-27.76582863
474	42.98617676	-27.93617676
475	42.80618874	-27.93618874
476	18.04231914	-3.23231914
477	40.15602024	-25.37602024
478	32.08759155	-17.39759155
479	42.65102665	-27.96102665
480	42.22898576	-27.68898576
481	42.94273138	-28.63273138
482	42.47724511	-28.25724511
483	42.4400062	-28.3000062
484	41.51524015	-27.98524015
485	35.88595951	-22.38595951
486	43.04203511	-29.63203511
487	42.93031841	-29.67031841
488	41.78832543	-28.63832543
489	43.12892589	-30.01892589
490	42.66343961	-29.58343961
491	35.56942885	-22.52942885
492	37.8596213	-24.8596213
493	41.50282718	-28.65282718
494	17.01204286	-4.17204286
495	43.06065457	-30.27065457
496	43.02341566	-30.28341566
497	26.09212838	-13.39212838
498	43.0110027	-30.3110027
499	21.80965469	-9.31965469
500	33.97436256	-21.63436256
501	42.50207104	-30.20207104
502	40.29876936	-28.02876936
503	41.55868553	-29.40868553
504	43.02962215	-30.87962215
505	29.59258514	-17.63258514
506	41.33525212	-29.47525212
507	41.42214289	-29.67214289
508	40.13740079	-28.55740079
509	42.48965807	-31.11965807
510	43.07927402	-31.92927402
511	42.04279125	-31.09279125
512	43.04203511	-32.13203511
513	31.63451824	-20.81451824
514	25.99903113	-15.36903113
515	43.09168698	-32.46168698
516	37.14587569	-26.5587569
517	42.65102665	-32.06102665
518	13.29435918	-2.82435918
519	42.57654884	-32.14654884
520	33.55852816	-23.19852816
521	41.90004213	-31.65004213
522	42.22277928	-32.66277928
523	41.72626059	-32.54626059
524	41.61454388	-32.53454388
525	42.80618874	-33.84618874

PROBABILITY OUTPUT

Percentile	Cost per Number of Truants
83.48880597	65.57
83.67537313	65.91
83.8619403	66.08
84.04850746	66.24
84.23507463	66.28
84.42164179	66.83
84.60820896	66.83
84.79477612	67.05
84.98134328	67.25
85.16791045	68.18
85.35447761	68.43
85.54104478	68.49
85.72761194	68.8
85.9141791	69.67
86.10074627	70.67
86.28731343	70.87
86.4738806	70.91
86.66044776	71.2
86.84701493	71.61
87.03358209	71.75
87.22014925	72.27
87.40671642	72.58
87.59328358	72.83
87.77985075	72.93
87.96641791	73.02
88.15298507	73.3
88.33955224	73.36
88.5261194	73.45
88.71268657	74.64
88.89925373	74.83
89.0858209	75.43
89.27238806	76.19
89.45895522	76.75
89.64552239	77.51
89.83208955	77.58
90.01865672	78.05
90.20522388	78.15
90.39179104	78.75
90.57835821	78.8
90.76492537	78.93
90.95149254	79.08
91.1380597	79.33
91.32462687	79.38
91.51119403	80.6
91.69776119	80.88
91.88432836	80.91
92.07089552	81.03
92.25746269	81.2
92.44402985	82.53
92.63059701	82.67
92.81716418	82.88
93.00373134	84.2
93.19029851	84.68
93.37686567	85.11
93.56343284	85.33
93.75	85.43
93.93656716	86.59
94.12313433	88
94.30970149	88
94.49626866	88.8
94.68283582	90.17
94.86940299	90.24
95.05597015	90.47
95.24253731	90.83
95.42910448	91.65
95.61567164	92.75
95.80223881	93.92
95.98880597	94.11
96.17537313	94.73
96.3619403	94.92
96.54850746	97.72
96.73507463	100.67
96.92164179	100.73
97.10820896	100.76
97.29477612	100.88
97.48134328	101.99
97.66791045	102.14
97.85447761	103.23

EMCN Proposed Unit-Cost Rate Analysis
 Habitual Truants - Program 166
 Fiscal Year 2000-01

RESIDUAL OUTPUT

<i>Observation</i>	<i>Predicted Cost per Number of Truants</i>	<i>Residuals</i>
526	40.77046211	-32.07046211
527	42.04279125	-33.37279125
528	42.83101467	-34.28101467
529	40.51599629	-32.10599629
530	41.96831345	-33.60831345
531	42.93652489	-34.71652489
532	43.06065457	-35.13065457
533	42.50827752	-34.63827752
534	43.02962215	-35.17962215
535	39.95741276	-32.58741276
536	42.34070247	-34.99070247

PROBABILITY OUTPUT

<i>Percentile</i>	<i>Cost per Number of Truants</i>
98.04104478	103.96
98.22761194	104
98.4141791	104.45
98.60074627	104.99
98.78731343	106
98.9738806	106.81
99.16044776	107.21
99.34701493	109.11
99.53358209	109.14
99.72014925	109.8
99.90671642	110.5

State Controller's Office
 Division of Accounting and Reporting - Local Reimbursements Section
 Habitual Truant - Program 166
 Fiscal Year 2000-001

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Payee #	Clim Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
CS307010	7,197							Note 1
S09020	4,364							Note 1
S10065	23,480							Note 1
S15195	1,117							Note 1
S19280	123,284							Note 1
S19395	3,320		818	2,329	29		5	Note 1
S21030	294		7	24	239		9	Note 1
S30055	32,272							Note 1
S33120	96,337							Note 1
S37001	79,794							Note 1
S37085	54,704							Note 1
S37090	842							Note 1
S39095	13,984							Note 1
S41045	589		186	186			6	Note 1
S43005	19,494		3,239	4,339	10,005	828	6	Note 1
S57005	2,482							Note 1
CS382001	331	1	44	69	183	12	8	Note 1
S12120	1,318	4	280	564	409		6	329.50
S39035	633	2	120	239	239		6	316.50
S30040	5,050	17	1,007	2,640	977	171	5	297.06
S21095	12,163	43	11,553				6	282.86
S19415	6,108	22	2,672				7	277.64
S33010	51,349	200	21,123	1,901	1,076	110	5	256.75
S43075	1,105	5	43	65	935		6	221.00
S34015	2,157	10	88	1,097	834		7	215.70
S28005	3,684	18	909	1,029	1,414		10	204.67
S15225	398	2	87	169	87	34	6	199.00
S49070	744	4	37	361	296		8	186.00
S19430	101,776	576	33,358	33,622	30,581		4	176.69
S37065	149,933	853	49,513	49,948	32,894	8,599	6	175.77
S56020	9,635	55	1,349	2,259	3,342	2,353	4	175.18
CS372001	18,145	105	887	2,242	12,701	3,834	5	172.81
S18030	19,780	115	1,937	2,242	13,225	948	8	172.00
S34045	30,995	185	2,530	2,336	3,629	8,359	9	167.54
S41005	606	4	268	138	142		11	151.50
S28010	451	3	16	178	216	29	3	150.33
S49125	9,980	67	1,902	3,829	1,902	1,902	5	148.96
S01030	2,639	18	254	693	1,287	262	6	146.61
S49130	705	5	37	102	535		5	141.00
S05001	278	2	34	137		86	9	139.00
S31065	682	5	111	42	288	167	13	136.40
S36160	3,003	23	26	52	2,678	117	5	130.57
S19320	1,550	12	652	87	745		5	129.17
S43090	775	6	198	66	397	66	7	129.17

OUTLIER
 CUT-OFF
 (HIGH)

State Controller's Office
 Division of Accounting and Reporting - Local Reimbursements Section
 Habitual Truant - Program 166
 Fiscal Year 2000-001

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Payee #	Clm Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
YOSEMITE UNION HIGH SCH DIST	1,287	10	96	204	687	220	7	128.70
PALO VERDE UN ELEM SCH DIST	900	7	354	348	348	174	3	128.57
HICKMAN COMMUNITY CHARTER SD	1,254	10	170	86	781	112	10	125.40
CHULA VISTA ELEMENTARY SD	4,452	36	137	327	3,676	164	4	123.67
OCEANSIDE CITY UN SCH DIST	40,065	326	2,125	6,966	29,092	29,092	5	122.90
GATEWAY CHARTER HIGH SCHOOL	484	4	44	178	175	44	10	121.00
ALTA LOMA ELEMENTARY SCH DIST	966	8	174	35	714	165	5	120.75
SOULSBYVILLE SCHOOL DIST	1,811	15	179	936	460	165	4	120.73
MONO CO SUPT OF SCHOOLS	482	4	56	226	141	141	14	120.50
BALDWIN PARK UNIF SCH DIST	3,718	31	581	1,143	1,806	6	6	119.94
SAN RAFAEL CITY HIGH SCH DIST	4,414	37	290	1,032	2,312	535	6	119.30
ANAHEIM CITY SCHOOL DISTRICT	129,933	1,112	27,608	47,713	44,054	49	9	116.85
POPE VALLEY UNION SCH DIST	233	2	33	91	100	6	2	116.50
MONTEBELLO UNIF SCH DIST	65,529	573	4,832	7,020	50,119	19	6	114.36
SCOTT'S VALLEY UN SCH DIST	221	2	76	76	38	19	6	110.50
RED BLUFF UNION ELEM SCH DIST	549	5	109	127	278	278	7	109.80
SANTA CRUZ CO SUPT OF SCHOOLS	3,165	29	307	482	1,461	692	8	109.14
BERMAN UNIFIED SCHOOL DIST	15,385	141	764	1,607	6,116	6,066	6	109.11
EMPLE CITY UNIF SCH DIST	5,682	53	1,680	1,557	2,209	2,209	4	107.21
CHOWCHILLA UN HIGH SCH DIST	3,311	31	683	687	1,403	330	7	106.81
LAKESIDE UNION SCHOOL DIST	212	2	22	67	118	118	2	106.00
BASSETT UNIF SCH DIST	12,074	115	1,102	2,849	7,130	7,130	9	104.99
LOS ALAMITOS UNIF SCH DIST	8,147	78	3,839	2,361	1,263	231	6	104.45
PLACERVILLE UN ELEM SCH DIST	1,040	10	171	346	384	102	4	104.00
WEST CONTRA COSTA UNIFIED SD	213,119	2,050	91,406	61,085	48,027	1,299	6	103.96
SAN LUIS OBISPO CO SUPT OF SCH	10,323	100	18	28	9,802	6	5	103.23
LAHABRA CITY SCHOOL DIST	21,348	209	4,453	5,934	9,760	9,760	6	102.14
NEVADA JT UN HI SCH DIST	23,254	228	4,100	7,829	8,075	1,818	7	101.99
REDONDO BEACH CITY SCH DIST	8,272	82	1,287	1,754	2,823	1,839	7	100.88
SALIDA UNION SCHOOL DISTRICT	5,945	59	922	1,574	3,259	1,299	4	100.76
FALLBROOK UN HIGH SCH DIST	23,571	234	12,315	42	1,131	8,662	6	100.73
UNION ELEMENTARY SCHOOL DIST	906	9	86	250	351	145	9	100.67
GUADALUPE UNION ELEMENTARY SD	1,759	18	328	656	372	328	5	97.72
PACIFIC GROVE UNIF SCH DIST	1,234	13	532	218	331	61	9	94.92
RIVER DELTA UNIF SCH DIST	6,726	71	3,176	59	3,102	26	6	94.73
BRISBANE SCHOOL DISTRICT	847	9	88	604	114	114	5	94.11
ARMONA UN ELEM SCH DIST	2,442	26	357	392	1,552	1,552	6	93.92
PASADENA UNIF SCH DIST	67,987	733	41,350	2,894	18,469	6,276	8	92.75
SWEETWATER UNION H S DIST	50,226	548	6,426	21,549	25,058	25,058	4	91.65
MEADOWS UNION SCHOOL DISTRICT	1,090	12	50	300	702	702	4	90.83
DELANO UN ELEM SCH DIST	8,685	96	528	4,112	2,189	1,394	6	90.47
SAN BERNARDINO CITY UNIF S D	323,674	3,587	53,559	71,190	147,631	31,624	6	90.24
NUESTRO ELEM SCH DIST	541	6	391	78	39	39	7	90.17
OCEAN VIEW SCHOOL DISTRICT	3,552	40	150	546	2,637	2,637	7	88.80

OUTLIER
 CUT-OFF
 (MGT)

State Controller's Office
 Division of Accounting and Reporting - Local Reimbursements Section
 Habitual Truant - Program 166
 Fiscal Year 2000-001

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Payee #	Clm Amt	Truants	Prior Truancies	Schedule Parent Conference	Holding Parent Conference	Reclassification	ICR%	Cost per Number of Truants
S31035	349	32	107	161	35	24	7	10.91
EUREKA UNION ELEMENTARY SD								
S43155	20,236	1,870	4,829	6,078	7,795	673	4	10.82
SAN JOSE UNIFIED SCHOOL DIST								
S04080	255	24	73	52	73	48	4	10.63
THERMALITO UNION SCH DIST								
S36055	29,520	2,778	6,162	6,797	8,285	6,957	5	10.63
CHINO UNIFIED SCHOOL DIST								
S01070	10,402	982	845	1,408	7,531	38	6	10.59
NEWARK UNIF SCHOOL DISTRICT								
S10135	1,006	95	38	208	661	11,515	7	10.59
LATON UNIFIED SCHOOL DISTRICT								
S37235	50,503	4,825	12,234	5,540	18,809	983	5	10.47
VISTA UNIFIED SCHOOL DISTRICT								
S15105	1,116	107	262	395	459		7	10.43
KERNVILLE UN ELEM SCH DIST								
S48035	16,168	1,560	972	11,065	2,191		6	10.36
VALLEJO CITY UNIFIED SCH DIST								
CS374003	2,214	216	830	511	751		5	10.25
HELIX HIGH SCHOOL								
S49155	1,568	164	13	26	487	1	5	9.56
SANTA ROSA CITY ELEM SCH DIST								
S10075	2,241	244	986	610	515	11	3	9.18
FIREBAUGH-LAS DELTAS UNIF SD								
S54225	2,380	262	279	215	1,818	845	8	8.96
TULARE JT UN HI SCH DIST								
S57010	627	70	139	156	290	467	7	8.67
ESPARTO UNIFIED SCH DIST								
S19155	3,484	398	526	636	1,216		8	8.70
EL RANCHO UNIFIED SCHOOL DIST								
S43065	1,674	193	450	282	377	17	5	8.55
GILROY UNIFIED SCHOOL DISTRICT								
S42120	564	66	37	37	462		8	8.41
SANTA YNEZ VLY HI SCH DIST								
S41110	3,693	439	483	913	2,010		4	8.36
SANTA ANITA UNION HIGH SCH DIST								
S36035	1,714	205	260	184	1,183		5	8.22
STAR VALLEY UNIF SCH DIST								
S39040	403	49		67	385		9	7.93
LINDEN UNIFIED SCH DIST								
S45090	230	29	146			216	4	7.87
JUNCTION ELEMENTARY SCH DIST								
S55030	929	118	678	92			7	7.85
JAMESTOWN SCHOOL DISTRICT								
S50125	267	34	167		1,038	74	7	7.37
SYLVAN UNION SCHOOL DIST								
S07050	3,901	529	891	1,644	174	8	7	7.35
LIBERTY UNION HIGH SCH DIST								
S43170	1,066	145	375	446	32		6	5.97
SUNNYVALE ELEMENTARY SCHOOL								
S19310	1,266	212	1,018	141	98		5	5.89
NEWHALL SCHOOL DISTRICT								
S50145	203	34	21	66		10	5	5.79
WATERFORD UNIFIED SCH DIST								
S43055	12,537	2,130			11,981	130	4	5.76
FREMONT UNION HI SCH DIST								
S20030	22,721	3,922	7,637	3,641	10,237	8,500	8	5.70
MADERA UNIF SCHOOL DIST								
S37165	41,409	7,184	10,519	9,904	10,835	47	3	4.82
SAN DIEGO CITY UN SCH DIST								
S19215	4,990	875	851	1,844	1,928	14	6	4.73
KEPPEL UNION ELEM SCH DIST								
S37115	1,995	357	707	123	1,079	48	5	4.35
LEMON GROVE ELEM SCHOOL DIST								
S37120	767	159	605	145	106		7	4.24
MOUNTAIN EMPIRE UNIFIED SD								
S45020	208	44	53	25	26		5	4.08
BLACK BUTTE UNION ELEM SD								
S10040	1,052	242	504	504	1,351		4	3.87
CARUTHERS UNIFIED SCHOOL DIST								
S49065	2,122	500	562	640	437		4	3.71
GUERNEVILLE ELEM SCH DIST								
S24020	1,248	306	27	166	124	24	1	3.63
DOS PALOS ORO-LOMA JOINT UN SD								
S55025	201	52	75	483	300	146	5	3.17
CURTIS CREEK SCHOOL DISTRICT								
S03005	1,027	277	342	574	693	2	8	2.11
AMADOR COUNTY UNIFIED SCH DIST								
S54190	258	71	72	178				1.71
SUNDALE UN ELEM SCH DIST								
S10001	323	102	99	97				
FRESNO CO SUPT OF SCHOOLS								
S06010	428	180	8	53				
MAXWELL UNIF SCH DIST								
S42110	1,201	568	342	83				
SANTA MARIA-BONITA SCH DIST								
S24001	1,584	925	359	424				
MERCED CO SUPT OF SCHOOLS								

OUTLIER
 CUTOFF
 (LOW)



DEPARTMENT OF
FINANCE

EXHIBIT C

GRAY DAVIS, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

July 19, 2002

RECEIVED

JUL 24 2002

**COMMISSION ON
STATE MANDATES**

Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Dear Ms. Higashi:

The Department of Finance has reviewed the June 19, 2002, letter from your staff, which transmitted a request to amend existing parameters and guidelines (Ps and Gs) from actual cost reimbursement to use of a uniform or unit cost allowance as the basis for reimbursement for Habitual Truants (01-PGA-06 amendment to CSM-4487). This is one of several requests to amend existing parameters and guidelines to a unit cost allowance reimbursement method, all of which are pending discussion at a prehearing currently scheduled for August 30, 2002. We provide below our initial response to the requestor's proposal; however, we reserve the right to make additional comments during and after the prehearing discussion.

Department of Finance staff have a number of concerns with the changes to parameters and guidelines proposed by the requestor's representative, some of which were noted in our August 13, 2001, letter which addressed the issue of uniform reimbursements. Specifically:

- We see no compelling justification for the proposed changes. While the local educational agency's representative argues that it would be less time-consuming for districts and county offices to prepare claims, the changes suggested do not clearly support this assertion. The proposed changes would still require local educational agencies (LEAs) to track detailed counts of occurrences, which would also need to be auditable. Moreover, we believe accuracy of claims in total to be a higher state interest than easing the marginal claiming process burden on LEAs, as LEAs may claim the costs involved in filing for reimbursement. Should it be demonstrated that the savings in mandate claim filing costs are material, there may be some merit in a unit cost approach. However, we see no documentation to that effect.
- The proposed use of unit costs would allow LEAs whose actual costs for mandated activities are less than the standard proposed cost to claim the higher cost. Generally, we do not support reimbursement standards that allow reimbursement greater than actual costs. We find no requirement in law that the State be liable to any individual district for payments in excess of actual costs. Thus only if district actual costs fall within a fairly narrow range is a unit cost approach appropriate.

- Similarly, the use of a two tiered reimbursement amount of \$999 per student classified as habitual truant annually plus \$999 per parent-teacher conference, coupled with an option that allows LEAs to claim actual costs *above* that standard, virtually ensures that the State would be liable for reimbursement of an amount in excess of statewide actual costs. We believe that, just as the State should not be liable for payments to any district in excess of its actual costs, neither should it be liable for payments in excess of actual statewide costs. If the Commission is inclined to use "averages" as proposed (or an average based on an expanded pool of claims), we would generally recommend that no LEA should be allowed to claim any higher costs. Otherwise, the very nature of the proposed methodology would result in reimbursement of costs materially in excess of the statewide documented cost of the mandate.
- In the past, we have asserted that standards should be developed using three years of actual (audited) claim data, not counting the initial year's claims, as this approach would provide some assurance that the activities and procedures have stabilized sufficiently to accurately reflect necessary time and/or costs. The State Controller should review the data used for any such proposal to ensure its validity with the universe of audited and approved claims only. Until such an analysis is performed, it cannot be assumed that the data selected are representative of all valid claims statewide. We recognize that the level of resources available for auditing within the State Controller's Office may limit such an approach. In the absence of three years of audited claim data, we would alternatively expect to see unit standards developed using audited claim samples, credible time studies, or another analytically and statistically valid approach.
- We are concerned that the activities proposed for unit standards rely on what appear to be arbitrary assumptions about consistency of cost between districts to accomplish activities that are not universal. For example, existing parameters and guidelines for this mandate provide reimbursement when school districts:
 - 1) review district records to verify that a student has been reported truant at least four times during the school year,
 - 2) make a conscientious effort to schedule a parent conference by sending a notice inviting the parent and following up with phone calls,
 - 3) schedule and hold a parent-teacher conference when a parent responds to the notice, and
 - 4) after making a conscientious effort to schedule a conference, reclassify the student as a habitual truant.

Because no analytical support has been provided, we question whether the requestor's proposed cost standard of \$999 per verification of prior trancies, notice to parents and reclassification has any relation to actual costs. For the same reason, we question whether the requestor's additional proposed cost standard of \$999 per parent-teacher conference has any relation to actual costs. We have seen no actual, audited historical claiming data to support the assertion that the cost of complying with the requirements of Education Code Sections 48262 and 48264.5 is anything approaching the almost one thousand dollars per student verified as truant (along with associated mandated activities) that is proposed as the standard reimbursement amount. We also have not seen actual, audited historical claiming data to support a standard reimbursement amount of \$999 for the cost of a parent-teacher conference. The law requires only those activities outlined above. Assuming for illustrative purposes that the cost of an average school administrator is \$90,000 annually including benefits and indirect costs (even though school districts would presumably use lesser-paid staff for some of these activities), the proposed \$999 uniform rate would imply an average

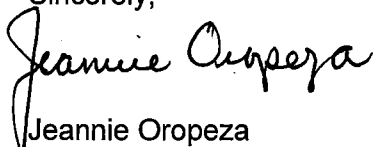
time to comply with items 1, 2, and 4 above of about 16 to 20 hours, with another 16 to 20 hours to hold a parent-teacher conference. It does not seem reasonable nor likely that school districts would require this amount of time per student comply with the mandated requirements. Accordingly we view the proposed \$999 rates as grossly inflated.

- Finally, we object to the proposed expansion of costs eligible for reimbursement to include fixed assets and equipment, travel, and training, as these costs are not appropriate for inclusion as reimbursable activities, nor are they included in the existing claiming instructions for this mandate.

As required by the Commission's regulations, we are including a "proof of service" indicating that the parties included on the mailing list which accompanied your June 19, 2002, letter have been provided with copies of this letter via either United States mail or, in the case of other state agencies, interagency mail service.

If you have any questions regarding this letter, please contact Cheryl Black, Principal Program Budget Analyst, at (916) 445-0328 or Thomas Lutzenberger, mandates claims coordinator for the Department of Finance, at (916) 445-8913.

Sincerely,

A handwritten signature in cursive script that reads "Jeannie Oropeza". The signature is written in black ink and is positioned above the printed name and title.

Jeannie Oropeza
Program Budget Manager

Attachment

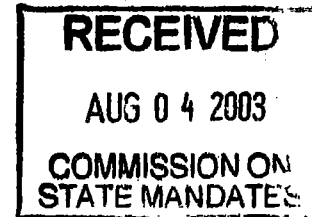


DEPARTMENT OF
FINANCE

GRAY DAVIS, GOVERNOR

915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

July 30, 2003



Ms. Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Dear Ms. Higashi:

The Department of Finance has reviewed the request to amend parameters and guidelines (01-PGA-02 through 12) to establish uniform cost allowances submitted by the Clovis Unified School District on May 5, 2003.

We recommend that the commission not adopt the proposed unit cost rates for these eleven programs at this time for the following reasons:

- The data used to calculate the proposed unit costs is based on claims that have not been audited. That fact, coupled with the large observed range in the unit costs of each program, leads us to question whether these programs are suitable for a unit cost. If the observed variance is accurate, it is too great for any single unit cost to accurately capture this range. Absent an audit of the data, it is unknown whether these data are accurate.

Using the data and analysis provided for the Pupil Health Screenings program as an example, the cost per enrollment ranges from \$1.01 to \$16.90 (excluding outliers). The scatter plot of cost per enrollment versus number enrolled shows that there is no correlation between these two variables. The R Square value of 0.0076 from the summary output means that less than 1 percent of the variation in cost per enrollment is explained by variation in the number enrolled and thus over 99 percent of the variation cannot be explained.

- Each unit cost is calculated from one year's worth of data. We recommend at least three years of actual audited data in order to ensure a more accurate measure of actual costs.
- We do not believe these unit costs would be revenue neutral. For each program there are several districts that filed estimated claims, but never filed actual claims. Because of this, we do not believe the data represents the entire statewide costs of these programs.

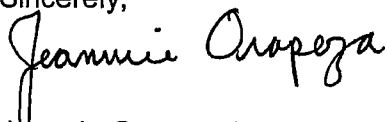
Using Pupil Health Screenings as an example again, the data provided by the State Controller listed 87 school districts that filed estimated claims but no actual claims for 2000-01. Those 87 missing claims represent over 14 percent of the 609 claims used in the analysis. This supports our concern that the proposed unit costs would not be revenue neutral.

If the Commission decides to establish unit costs at this time, we recommend using a discounted weighted average to calculate the unit costs. The discounting would be used to offset the fact that the claims have not been audited and to account for the large number of districts that did not file claims, but which likely would if a unit reimbursement rate was adopted. Absent some audit information we are unwilling to propose a discount percentage.

As required by the Commission's regulations, we are including a "Proof of Service" indicating that the parties included on the mailing list have been provided with copies of this letter via either United States Mail or, in the case of other State agencies, Interagency Mail Service.

If you have any questions regarding this letter, please contact Michael Wilkening, Principal Program Budget Analyst, at (916) 445-0328 or Keith Gmeinder, State mandates claims coordinator for the Department of Finance, at (916) 445-8913.

Sincerely,



Jeannie Oropeza
Program Budget Manager

Attachment

Attachment A

DECLARATION OF MICHAEL WILKENING
DEPARTMENT OF FINANCE
CLAIM NO. 01-PGA-02 through 12

1. I am currently employed by the State of California, Department of Finance (Finance), am familiar with the duties of Finance, and am authorized to make this declaration on behalf of Finance.
2. We concur that the sections relevant to this claim are accurately quoted in the test claim submitted by claimants and, therefore, we do not restate them in this declaration.

I certify under penalty of perjury that the facts set forth in the foregoing are true and correct of my own knowledge except as to the matters therein stated as information or belief and, as to those matters, I believe them to be true.

July 30, 2003

at Sacramento, CA

Michael Wilkening

Michael Wilkening

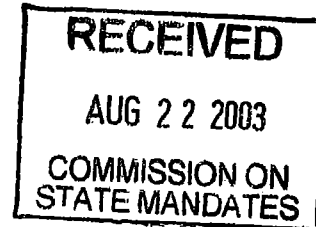


EXHIBIT D

STEVE WESTLY
California State Controller

August 11, 2003

Ms. Shirley Opie
Assistant Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814



RE: REQUEST TO AMEND PARAMETERS AND GUIDELINES TO INCLUDE UNIT COST RATE REQUEST FOR COMMENT
01-PGA-02 Intradistrict Attendance, 01-PGA-03 Caregiver Affidavits to Establish Residence for School Attendance, 01-PGA-04 Pupil Classroom Suspension Counseling, 01-PGA-05 Pupil Suspension Parent Classroom Visits, 01-PGA-06 Habitual Truants, 01-PGA-07 Interdistrict Attendance Permits, 01-PGA-08 Pupil Residency Validation and Appeals, 01-PGA-09 Pupil Health Screenings, 01-PGHA-10 Interdistrict Transfer Requests: Parent's Employment, 01-PGA-11 Law Enforcement Agency Notifications, 01-PGA-12 School District of Choice: Transfers and Appeals

Dear Ms. Opie:

The State Controller's Office (SCO) is responding to your request for comments on the proposal submitted by SixTen and Associates to amend the parameters and guidelines to include unit cost rates for specific mandates. Your letter requested we analyze the merits of the proposed amendments and provide written comments on their validity.

We feel that the data provided by SixTen and Associates does not support the single weighted average cost rate for each mandate proposed by them. This is because the unaudited claim data used by SixTen and Associates contains a variance that is too great and does not lend itself to adopting a fair and reasonable single uniform cost allowance. For example, the Pupil Health Screening costs ranged from .19 cents to \$3,895.86 for a unit. This is a clear indication that the resulting average will have significant under or over claim actual costs and therefore is not reasonable.

As an alternative, we see no problem if individual districts wish to use their specific unit cost as one basis for claiming reimbursable costs. We are currently working with claimants

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250
SACRAMENTO 300 Capitol Mall, Suite 1850, Sacramento, CA 95814

and their representatives to develop guidelines for future claiming instructions that would allow this.

If you have any questions, please contact Ginny Brummels, Manager of the Local Reimbursements Section, at (916) 324-0256.

Sincerely,

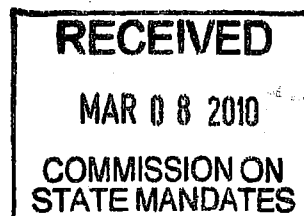


WALTER BARNES
Chief Deputy Controller, Finance

WB:JAK:sml



JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting



March 3, 2010

Ms. Nancy Patton
 Assistant Executive Director
 Commission on State Mandates
 980 Ninth Street, Suite 300
 Sacramento, CA 95814

Re: Comments on Request to Amend Parameters & Guidelines (P's & G's) to Adopt a Reasonable Reimbursement Methodology (RRM) Habitual Truants 09-PGA-01 (CSM-4487 and CSM-4487A) Education code Sections 48262 and 48264.5 Statutes 1975, Chapter 1184; Statutes 1994, Chapter 1023 San Jose Unified School District, Requestors

Dear Ms. Patton:

We have reviewed the Request to Amend the P's & G's to Adopt a RRM for Habitual Truants requested by San Jose Unified School District. We are concerned that the unit cost methodology proposed for creating a single RRM for all of the reimbursable activities of this mandate does not represent an accurate representation of the actual costs to perform the mandated activities.

The Adopted P's & G's for Habitual Truant mandate provide reimbursement for the following activities:

- A. Verifying Prior Truancies
 Review of school district records to verify that the pupil has been reported as a truant at least four times the same school year.
- B. Making a Conscientious Effort to Schedule a Parent Conference
 Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by: (1) Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and (2) Making a final effort to schedule a conference by placing a telephone call to the parent/guardian, and by placing return calls to the parent/guardian.
- C. Scheduling and Holding a Conference

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250
 STREET ADDRESS 3301 C Street, Suite 500, Sacramento, CA 95816

If a conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

D. Reclassifying Pupils

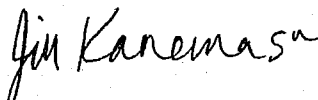
After the school district has made a conscientious effort to schedule a conference (whether or not this effort resulted in a conference), reclassify the pupil as a habitual truant.

The actual cost for a claimant's employees to review school district records, make a effort to schedule a conference with a pupil's parent or guardian, schedule and hold a conference with an appropriate school district employee, and reclassify the pupil as a habitual truant may vary greatly, both in time and productive hourly rate, depending on staff assigned to the activity. The proposed RRM on Page 9, line 17, item 2. Uniform Cost Allowance, of the Request to Adopt a RRM would add to the P's & G's, "The reasonable reimbursement methodology for the mandate activities shall consist of a uniform cost allowance calculated as follows: Multiply the total number of students reported as habitual truant each fiscal year by the relevant unit cost rate for the fiscal year. The unit cost rate for FY 2008-09 is \$(to be determined). The unit cost rate shall be adjusted each subsequent year by the Implicit Price Deflator." Due to the variation in required time and productive hourly rate of these activities, we believe it may be more accurate to create RRMs for each of the reimbursable activities rather than blend all activities into a single rate. Additionally, most of the cost data submitted for Fiscal Year 2000-01 has not been audited by the State Controller's Office (SCO). The audits that were performed identified concerns related to allowable costs claimed for reimbursement of this mandate. Therefore, the SCO has concerns with the validity of the underlying data supporting a RRM.

Our analysis of Fiscal Year 2007-08 claim data, using a statistically valid method similar to the proposed method, resulted in a RRM of \$22.01. This compares to the proposed RRM of \$32.15, (Implicit Price Deflator adjusted to FY2007-08 dollars, \$38.69). In addition, thirty-five percent of the claimants included in our sample of fiscal year 2007-08 data reported holding more parent conferences than the number of reported truant students. The P's & G's limit reimbursement to a single conference. This leads us to believe the reported cost of holding parent conferences is overstated.

If you have any questions, please contact Ginny Brummels, Manager of the Local Reimbursements Section, at (916) 324-0256.

Sincerely,



JILL KANEMASU, Chief
Bureau of Payments

JK:glb

PROOF OF SERVICE BY MAIL

Request to Amend Parameters and Guidelines to Adopt a Reasonable Reimbursement Methodology: Habitual Truants 09-PGA-01

I, the undersigned, declare that:

I am a citizen of the United States and a resident of the County of Placer, State of California, of legal age, and not a party to the within entitled cause, with business address at 3301 C Street, Suite 500, Sacramento, CA95816.

On March 3, 2010, I served the attached recommendation of the State Controller's Office to each of the persons named below at the addresses shown and by depositing said envelopes:

- (1) local agencies enclosed in a sealed envelope with postage thereon fully prepared in the United States Mail at Sacramento, California;
- (2) state agencies enclosed on a sealed envelope in the normal pickup location at 3301 C Street, Suite 500, for Interagency Mail Service, addressed as follows:

Malliga Tholandi Poway Unified School District 13626 Twin Peaks Road Poway, CA 92064	Mr. Joe Rombold School Innovations & Advocacy 11130 Sun Center Drive, Suite 100 Rancho Cordova, CA 95670
Mr. Michael H. Fine Riverside Unified School District Business Services & Government Relations 3380 Fourteenth Street Riverside, CA 92501	Mr. Scott Patterson Grossmont Union High School District P.O. Box 1043 La Mesa, CA 91944-1043
Mr. Michael Dencavage San Juan Unified School District 3738 Walnut Avenue Carmichael, CA 95609-0477	Ms. Sandra Thornton California Teachers Association 9548 Duchess Lane Stockton, CA 95209
Ms. Maureen Saul, PhD. Norwalk-La Mirada Unified School District 12802 Pioneer Boulevard Norwalk, CA 90650-2894	Ms. Juliana F. Gmur MAXIMUS 2380 Houston Ave. Clovis, CA 93611
Mr. David Cichella California School Management Group 3130-C Inland Empire Blvd. Ontario, CA 91764	Ms. Lora Duzyk San Diego County Office of Education Business Services Division 6401 Linda Vista Road Room 609 San Diego, CA 92111
Mr. Keith B. Peterson SixTen & Associates 3270 Arena Blvd., Suite 400-363 Sacramento, CA 95834	Mr. David Scribner Max8550 2200 Sunrise Boulevard, Suite 220 Gold River, CA 95670

Ms. Sandy Reynolds Reynolds Consulting Group, Inc. P.O. Box 984059 Temecula, CA 92589	Ms. Carol Bingham California Department of Education (E-08) Fiscal Policy Division 1430 N Street, Suite 5602 Sacramento, CA 95814
Ms. Colleen Patterson Fullerton Joint Union High School District 1051 West Bastanchury Road Fullerton, CA 92833-2247	Ms. Beth Hunter Centration, Inc. 8570 Utica Avenue, Suite 100 Rancho Cucamonga, CA 91730
Mr. Steve Shields Shields Consulting Group, Inc 1536 36 th Street Sacramento, CA 95816	Mr. Michael Bush Castro Valley Unified School District 4400 Alma Avenue Castro Valley, CA 94546
Mr. Robert Miyashiro Education Mandated Cost Network 1121 L Street, Suite 1060 Sacramento, CA 95814	Ms. Harmeet Barkschat Mandate Resource Services, LLC 5325 Elkhorn Blvd. #307 Sacramento, CA 95842

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on March 3, 2010, at Sacramento, California.

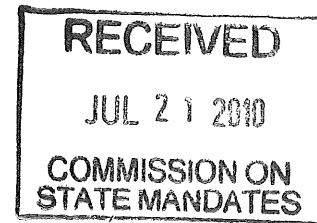


Scott M. Larson



JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting

July 19, 2010



Ms. Nancy Patton
 Assistant Executive Director
 Commission on State Mandates
 980 Ninth Street, Suite 300
 Sacramento, CA 95814

Re: Additional Analysis and Comments on the Request to Amend Parameters & Guidelines (P's & G's) to Adopt a Reasonable Reimbursement Methodology (RRM) Habitual Truants 09-PGA-01 (CSM-4487 and CSM-4487A) Education Code Section 48262 and 48264.5 Statutes 1975, Chapter 1184; Statutes 1994, chapter 1023 San Jose Unified School

Dear Ms. Patton:

On January 29, 2010, San Jose Unified School District filed a request to the Commission of State Mandates (CSM) to amend the Parameters and Guidelines and adopt a Reasonable Reimbursement Methodology (RRM) for the Habitual Truant Program. The proposed rate was for \$32.15 based on 2000-01 submitted claims.

On March 17, 2010, the CSM held a prehearing to review and discuss San Jose Unified School Districts proposed rate. The State Controller's Office, Local Reimbursements Section, expressed reservations for the proposed \$32.15 and submitted a new RRM rate of \$22.01 for consideration, based on 2007-08 submitted claims. The Commission decided that further review would be prudent, before making a final decision.

Enclosed is a new analysis that reviews the developmental steps taken to calculate the initial proposed RRM rates submitted by San Jose USD and the State Controller's Office. This new analysis considers more than just a single fiscal year's worth of data.

The enclosed analysis is submitted for your consideration to help in the final decision in determining a statewide RRM rate for the Habitual Truant Program.

If you have any questions regarding this analysis, please do not hesitate to contact Dennis Speciale at (916) 324-0254 or email at dspeciale@sco.ca.gov.

Sincerely,

JAY LAL, Manager
 Local Reimbursement Section

JL/AL/ds

Alternative RRM Calculation for Habitual Truant Program

The purpose of this analysis is to take a fresh look at developing a Reasonable Reimbursement Methodology (RRM) for the Habitual Truant Program. This analysis briefly reviews what development steps have been taken by San Jose Unified School District and the State Controller’s Office (SCO). The analysis also includes a new approach to RRM development in which a new rate is proposed.

History

On January 29, 2010, San Jose Unified School District filed a request, to the Commission of State Mandates, to amend the Parameters and Guidelines and adopt a RRM for the Habitual Truant Program. San Jose USD proposed a rate of \$32.15, which would be adjusted to the current fiscal year rate with use of the Implicit Price Deflator (IPD).

The \$32.15 RRM rate was derived from Fiscal Year 2000-01 claim data. San Jose USD, in attempting to develop an average rate, eliminated data that was deemed too high and too low. The remaining data represented the median range. The rate was calculated by summing up the fiscal year’s total Claimed Amounts and dividing it by the total Habitual Truants reported. The data used in this calculation was only a sampling or a subset of the total claimed for that fiscal year. This can be seen by reviewing the table below:

Analysis of San Jose Unified School District RRM Data

Fiscal Year 2000-01 Data	San Jose USD RRM Data	Actual Data
Total Claimed	\$6,796,144	\$9,350,935
Total Habitual Truants	211,399	363,560
*RRM	\$32.15	\$25.72

*RRM = Total Claimed/Total Habitual Truants Reported

Although the San Jose USD data sampling was a good statistical representation of total data, SCO believes the calculated rate was not. As seen in the table above and using a similar method to calculate a rate, the resulting unit cost for fiscal year 2000-01 is \$25.72, which is significantly lower than the San Jose USD calculated rate of \$32.15. The rate was calculated by simply dividing the total claimed amount by the Habitual Truants reported. The highs and lows remained in place with the rest of the data.

Earlier analysis by the SCO, took a similar approach to San Jose USD in calculating a RRM rate for Fiscal Year 2007-08. This time the rate was calculated the same way, but one standard deviation was calculated out from the mean or average. The result was \$22.01. Essentially, the highs and the lows again, were thrown out.

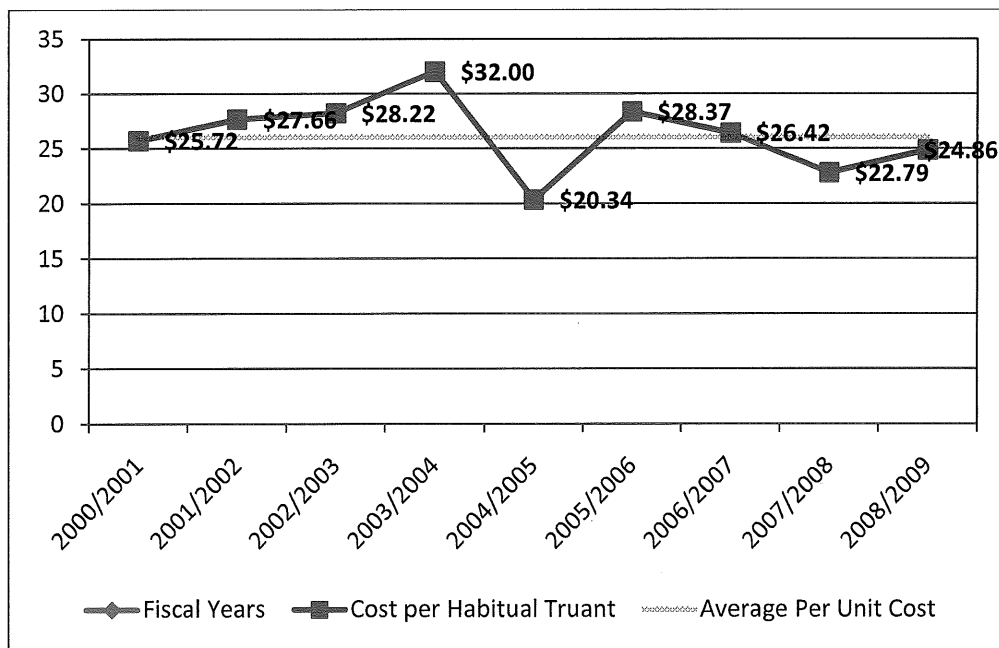
Habitual Truant Claim Totals Analysis

Fiscal Year	Total Claimed Amount	Total Habitual Truants	Unit Cost (RRM)
2000-01	\$9,350,935	363,560	\$25.72
2001-02	\$8,478,780	306,564	\$27.66
2002-03	\$5,468,854	193,785	\$28.22
2003-04	\$7,148,725	223,414	\$32.00
2004-05	\$4,868,189	239,337	\$20.34
2005-06	\$5,444,222	191,903	\$28.37
2006-07	\$6,468,184	244,822	\$26.42
2007-08	\$6,735,327	295,556	\$22.79
2008-09	\$6,576,019	264,537	\$24.86
Average	\$6,726,582	258,164	\$26.06

As can be seen in the table above, a unit cost was calculated for each fiscal year as well as nine year average for total claimed amount, habitual truants reported, and unit cost.

The calculated unit costs, shown in the previous table, are plotted on the line chart below. There are obvious fluctuations in unit cost from fiscal year to fiscal year. Because of the fluctuations, developing a RRM using a single fiscal year could be problematic. The best approach to derive a RRM that is representative of the reported data is to develop an average unit cost that considers multiple fiscal years. In this case, nine fiscal years were considered in developing the mean or average unit cost of \$26.06

Average Cost per Habitual Truant by Fiscal Year



Annual Average Cost per Habitual Truant = \$26.06

Original List Date:

Mailing Information: Completeness Determination

Last Updated:

List Print Date: 01/29/2010

Mailing List

Claim Number: 09-PGA-01

Issue: Habitual Truants

TO ALL PARTIES AND INTERESTED PARTIES:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.2.)

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Mr. Scott Patterson Grossmont Union High School District P.O. Box 1043 La Mesa, CA 91944-1043	Tel: (619) 644-8010 Fax: (619) 465-6251
Mr. Michael Dencavage San Juan Unified School District 3738 Walnut Avenue Carmichael, CA 95609-0477	Tel: (916) 971-7238 Fax: (916) 971-7255
Ms. Sandra Thornton California Teachers Association 9548 Duchess Lane Stockton, CA 95209	Tel: (209) 473-2850 Fax:
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Mr. Robert Miyashiro
Education Mandated Cost Network
1121 L Street, Suite 1060
Sacramento, CA 95814

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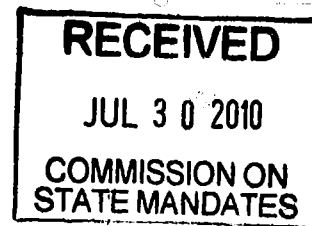
Ms. Harmeet Barkschat
Mandate Resource Services, LLC
5325 Elkhorn Blvd. #307
Sacramento, CA 95842

Tel: (916) 727-1350

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JOHN CHIANG
 California State Controller
 Division of Accounting and Reporting



July 28, 2010

Ms. Nancy Patton
 Assistant Executive Director
 Commission on State Mandates
 980 Ninth Street, Suite 300
 Sacramento, CA 95814

Re: Additional Analysis and Comments on the Request to Amend Parameters & Guidelines (P's & G's) to Adopt a Reasonable Reimbursement Methodology (RRM)
Habitual Truants 09-PGA-01 (CSM-4487 and CSM-4487A)
Education Code Section 48262 and 48264.5
Statutes 1975, Chapter 1184; Statutes 1994, chapter 1023
San Jose Unified School

Dear Ms. Patton:

On July 19, 2010, the State Controller's Office released an analysis entitled "Alternative RRM Calculation for Habitual Truant Program." The SCO would like to rescind our analysis sent to the Commission on State Mandates and interested parties. Further review of this analysis revealed that the proposed RRM calculations were based on unaudited claim data and cannot be supported by the SCO. As a result, the SCO does not support the proposed RRM for the Habitual Truant Program.

If you have any questions regarding this request, please contact Dennis Speciale at (916) 324-0254 or email at dspeciale@sco.ca.gov.

Sincerely,

JAY LAL, Manager
 Local Reimbursement Section

JL/AL/ds

CC: Interested Parties

STATE OF MISSISSIPPI
DEPARTMENT OF REVENUE
TOLSON

MISSISSIPPI DEPARTMENT OF REVENUE

PROOF OF SERVICE BY MAIL

Request to Amend Parameters and Guidelines to Adopt a Reasonable Reimbursement Methodology: Habitual Truants 09-PGA-01

I, the undersigned, declare that:

I am a citizen of the United States and a resident of the County of Placer, State of California, of legal age, and not a party to the within entitled cause, with business address at 3301 C Street, Suite 500, Sacramento, CA95816.

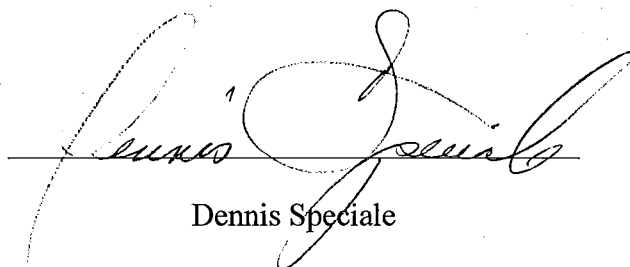
On July 28, 2010, I served the attached recommendation of the State Controller's Office to each of the persons named below at the addresses shown and by depositing said envelopes:

- (1) local agencies enclosed in a sealed envelope with postage thereon fully prepared in the United States Mail at Sacramento, California;
- (2) state agencies enclosed on a sealed envelope in the normal pickup location at 3301 C Street, Suite 500, for Interagency Mail Service, addressed as follows:

Malliga Tholandi Poway Unified School District 13626 Twin Peaks Road Poway, CA 92064	Mr. Joe Rombold School Innovations & Advocacy 11130 Sun Center Drive, Suite 100 Rancho Cordova, CA 95670
Mr. Michael H. Fine Riverside Unified School District Business Services & Government Relations 3380 Fourteenth Street Riverside, CA 92501	Mr. Scott Patterson Grossmont Union High School District P.O. Box 1043 La Mesa, CA 91944-1043
Mr. Michael Dencavage San Juan Unified School District 3738 Walnut Avenue Carmichael, CA 95609-0477	Ms. Sandra Thornton California Teachers Association 9548 Duchess Lane Stockton, CA 95209
Ms. Maureen Saul, PhD. Norwalk-La Mirada Unified School District 12802 Pioneer Boulevard Norwalk, CA 90650-2894	Ms. Juliana F. Gmur MAXIMUS 2380 Houston Ave. Clovis, CA 93611
Mr. David Cichella California School Management Group 3130-C Inland Empire Blvd. Ontario, CA 91764	Ms. Lora Duzyk San Diego County Office of Education Business Services Division 6401 Linda Vista Road Room 609 San Diego, CA 92111
Mr. Keith B. Peterson SixTen & Associates 3270 Arena Blvd., Suite 400-363 Sacramento, CA 95834	Mr. David Scribner Max8550 2200 Sunrise Boulevard, Suite 220 Gold River, CA 95670

Ms. Sandy Reynolds Reynolds Consulting Group, Inc. P.O. Box 984059 Temecula, CA 92589	Ms. Carol Bingham California Department of Education (E-08) Fiscal Policy Division 1430 N Street, Suite 5602 Sacramento, CA 95814
Ms. Colleen Patterson Fullerton Joint Union High School District 1051 West Bastanchury Road Fullerton, CA 92833-2247	Ms. Beth Hunter Centration, Inc. 8570 Utica Avenue, Suite 100 Rancho Cucamonga, CA 91730
Mr. Steve Shields Shields Consulting Group, Inc 1536 36 th Street Sacramento, CA 95816	Mr. Michael Bush Castro Valley Unified School District 4400 Alma Avenue Castro Valley, CA 94546
Mr. Robert Miyashiro Education Mandated Cost Network 1121 L Street, Suite 1060 Sacramento, CA 95814	Ms. Harmeet Barkschat Mandate Resource Services, LLC 5325 Elkhorn Blvd. #307 Sacramento, CA 95842

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on July 28, 2010 at Sacramento, California.



Dennis Speciale

Hearing Date: July 28, 2011
 J:\Mandates\csm4000\4487\PGA\ PGA DSA

ITEM ____

PROPOSED PARAMETERS AND GUIDELINES AMENDMENTS

DRAFT STAFF ANALYSIS

Education Code Section 48262
 Chapter 1184, Statutes of 1975
 Chapter 1023, Statutes of 1994
 Amended to Add Education Code Section 48264.5
 Chapter 1023, Statutes of 1994

Habitual Truants

09-PGA-01, 01-PGA-06 (CSM-4487)

Clovis Unified School District and
 San Jose Unified School District, Requestors

Executive Summary

This matter involves two requests to amend the parameters and guidelines for the *Habitual Truants* program. The first was submitted to the Commission on State Mandates (Commission) on April 29, 2002 by the Clovis Unified School District (Clovis).¹ The second was submitted on January 13, 2010 by the San Jose Unified School District (San Jose).² Both request that the Commission establish a uniform cost allowance of \$32.15 per habitual truant to reimburse school districts for the costs of the mandate, which requires school districts to verify a pupil's prior truancies, make a conscientious effort to schedule a parent conference, schedule and hold a conference, and reclassify pupils. The second specifically requests that the Commission adopt a reasonable reimbursement methodology (RRM). Pursuant to Government Code section 17554, staff proposes that these matters be consolidated. *Staff recommends that the Commission deny both requests to amend the parameters and guidelines.*

Staff Analysis

Requestors

Clovis Unified School District and San Jose Unified School District

Chronology

09/28/1995 Test Claim filed with the Commission on State Mandates by Tustin Unified School District
 09/25/1997 Commission adopts statement of decision

¹ Exhibit A, Clovis's request to amend parameters and guidelines to establish uniform cost allowances, April 29, 2002 (Clovis's Request).

² Exhibit B, San Jose's request to amend the parameters and guidelines, January 13, 2010 (San Jose's Request).

01/29/1998	Commission adopts parameters and guidelines
04/29/2002	Clovis Unified School District files request to amend parameters and guidelines
05/01/2002	San Jose Unified School District added as a requesting party
07/19/2002	Department of Finance submits comments on the request to amend parameters and guidelines
07/25/2002	State Controller's Office submits comments on the request to amend parameters and guidelines
05/02/2003	Claimant representative sends letter to Commission proposing a unit cost allowance of \$32.15
07/30/2003	Department of Finance submits comments on the request to amend parameters and guidelines
08/01/2003	State Controller's Office submits comments on the request to amend parameters and guidelines
01/13/2010	San Jose Unified School District files request to amend parameters and guidelines
03/03/2010	State Controller's Office submits comments on the request to amend parameters and guidelines

I. Background

The statement of decision for this test claim was adopted on September 25, 1997. The Commission found that Education Code section 48264.5 (Statutes of 1994, Chapter 1023) imposes a state-mandated program on school districts within the meaning of Article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission found that the statute requires school districts to verify pupil truancy, make a conscientious effort to notify parents or guardians of a child's truancy, schedule and hold conferences with students and parents or guardians, and classify pupils as habitual truants.

On January 29, 1998, the Commission adopted the original parameters and guidelines. On April 29, 2002, Clovis Unified School District filed a request to amend the parameters and guidelines.³ The letter accompanying the request stated that "[u]ntil the data is determined, the claimant's proposed rate is an arbitrary \$999 per workload multiplier." After reviewing claims data submitted for fiscal year 2000-2001, Clovis sent a letter to the Commission dated May 2, 2003 proposing a unit cost allowance of \$32.15 per habitual truant.

This request was made prior to the adoption of AB 2856 (Stats. 2004, ch. 890) which deleted the provision of the Government Code⁴ that authorized the Commission to adopt unit cost allowances, and added provisions to allow instead for the use of a reasonable reimbursement methodology (RRM)⁵. On January 13, 2010, San Jose Unified School District filed a request to amend the parameters and guidelines to adopt an RRM in the form of a unit cost of \$32.15 per habitual truant. Pursuant to Government Code section 17554, staff recommends that these matters be consolidated.

³ On May 1, 2002, San Jose Unified School District was added as a requesting party.

⁴ Government Code section 17557(b).

⁵ See Government Code sections 17518.5, and 17557(b) and (f).

II. Commission's Responsibility for Adopting or Amending Parameters and Guidelines

If the Commission approves a test claim, the Commission is required by Government Code section 17557 to adopt parameters and guidelines for the reimbursement of any claims. As of January 1, 2011, Commission hearings on the adoption of proposed parameters and guidelines and amendments thereto are conducted under Article 7 of the Commission's regulations.⁶ Article 7 hearings are quasi-judicial hearings. The Commission is required to adopt a decision that is based on substantial evidence in the record, and oral or written testimony is offered under oath or affirmation.⁷

Each party has the right to present witnesses, introduce exhibits, and submit declarations. However, the hearing is not conducted according to the technical rules of evidence. Any relevant non-repetitive evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs. Irrelevant and unduly repetitious evidence shall be excluded. Hearsay evidence may be used to supplement or explain, but is not sufficient in itself to support a finding unless the hearsay evidence would be admissible in civil actions.⁸

III. Positions of Parties and Interested Parties

A. Requestors

Requestors argue that they should be reimbursed using a unit cost rate methodology, and that the rate and methodology proposed is appropriate under the RRM standard or the pre-RRM standard.

B. Department of Finance

For a number of reasons, Finance disagrees with the requestors' proposals to amend the parameters and guidelines to establish a unit cost. Finance questions whether a unit cost reimbursement method will be less time-consuming than for districts to prepare claims. Finance opposes reimbursement standards that would allow reimbursement for a district in excess of that district's actual costs or overall reimbursement in excess of statewide actual costs. Finance also states:

In the past, we have asserted that standards should be developed using three years of actual (audited) claim data, not counting the initial year's claims, as this approach would provide some assurance that the activities and procedures have stabilized sufficiently to accurately reflect necessary time and/or costs In the absence of three years of audited claim data, we would alternatively expect to see unit standards developed using audited claim samples, credible time studies, or another analytically and statistically valid approach.⁹

C. State Controller's Office

The State Controller's Office opposes the adoption of a unit cost rate for this program because it believes that the unit cost methodology for this mandate does not accurately represent the actual costs to perform the mandated activities. The State Controller argues that the actual cost for the

⁶ California Code of Regulations, Title 2, section 1187.

⁷ Government Code section 17559(b); California Code of Regulations, Title 2, section 1187.5.

⁸ California Code of Regulations, Title 2, section 1187.5.

⁹ Exhibit C, letter dated July 19, 2002 from the Department of Finance to the Commission, p. 2.

reimbursable activities (e.g. reviewing records, scheduling and holding conferences) would vary so much that it might be more accurate to create RRM's for each activity rather than blending all activities into a single rate. The State Controller conducted its own statistical analysis of the data and arrived at an RRM rate of \$22.01 as compared to requestors' proposal of \$32.15. The State Controller concludes that requestors' costs are overstated. Finally, the State Controller argues that it cannot support a unit cost methodology based on unaudited claim data.

IV. Discussion

A. Clovis's proposed unit rate is not reasonable and its request to amend the parameters and guidelines should be denied by the Commission.

The adopted parameters and guidelines for the Habitual Truant program provide reimbursement for the following activities:

A. Verifying Prior Truancies

Review of school district records to verify that the pupil has been reported as a truant at least four times during the same school year.

B. Making a Conscientious Effort to Schedule a Parent Conference

Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by:

1. Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and
2. Making a final effort to schedule a conference by placing a phone call to the parent/guardian, and by placing return calls to the parent/guardian.

C. Scheduling and Holding a Conference

If the conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

D. Reclassifying Pupils

After the school district has made a conscientious effort to schedule a conference (whether or not this effort resulted in a conference), reclassify the pupil as a habitual truant.¹⁰

Clovis requests that the Commission amend the parameters and guidelines to establish a uniform cost allowance of \$32.15 per habitual truant. Clovis asserts that this approach financially benefits both the school districts and the state:

School districts and county offices of education benefit from having annual reimbursement claims changed from actual cost to unit cost allowances, which significantly reduces the data collection and documentation burden. The State of California benefits from reduced Mandate Reimbursement Process annual claim amounts. The State Controller benefits from a reduced claim processing workload. It is a "win-win" solution for both the claimants and the state.¹¹

¹⁰ Exhibit A, Clovis's Request, Exh. 2.

¹¹ Exhibit B, San Jose's Request, Exh. A (letter dated May 2, 2003 from Requestors to the Commission, p. 1-2).

Prior to the passage of AB 2856 that established the reasonable reimbursement methodology process, Government Code section 17557 provided:

(a) If the commission determines there are costs mandated by the state pursuant to Section 17555, it shall determine the amount to be subvented to local agencies and school districts for reimbursement. . . .

(b) In adopting parameters and guidelines, the commission may adopt an allocation formula or uniform allowance which would provide for reimbursement of each local agency or school district of a specified amount each year.

Based on the language in section 17557(b), the Commission has very broad authority to adopt an allocation formula or uniform allowance.

To arrive at its proposed uniform allowance of \$32.15 per habitual truant, Clovis analyzed all of the 618 annual claims filed in fiscal year 2000-2001. Requestors “removed 16 claims for lack of student statistics and removed 45 high and 21 low statistical outliers.”¹² Requestors then calculated the average per-truant cost across the remaining 536 districts to arrive at the \$32.15 per truant figure.

Staff finds that this is not a reasonable figure for the following reasons. First, the range of per-truant costs across all districts is very wide. The lowest unit cost for any school district is \$1.71 per truant while the highest cost is \$331.00. The highest cost is nearly 200 times higher than the lowest cost. Clovis proposes to adjust these figures to arrive at what it calls a “weighted average” by first removing “45 high and 21 low statistical outliers.” Even after this is done, however, the lowest unit cost is \$7.35 and the highest is \$110.50 (15 times higher than the lowest cost). Moreover, these high and low figures are not statistical anomalies because even after eliminating what Clovis describes as “statistical outliers,” 15 districts have unit costs under \$10 and 18 districts have unit costs over \$100. This is a very wide range of unit costs.

The State Controller puts it this way:

We feel that the data provided by SixTen and Associated does not support the single weighted average cost rate for each mandate proposed by them. This is because the unaudited claim data used by SixTen and Associates contains a variance that is too great and does not lend itself to adopting a fair and reasonable single uniform cost allowance.¹³

The Department of Finance makes a similar argument:

The data used to calculate the proposed unit costs is based on claims that have not been audited. That fact, coupled with the large observed range in the unit costs of each program, leads us to question whether these programs are suitable for a unit

¹² Requestors state: “We did not use any scientific method to select the outliers, rather the data was arrayed from high to low and a ‘break-point’ was drawn where it appeared that the cost data was becoming extreme. This is of course subjective and other reasonable persons could select other reasonable high and low break points. Also, in some cases we removed the data for a few districts which reported the largest number of workload units in order to avoid skewing the workload data reported by most of the other districts.” (Exh. B, San Jose’s Request, Exh. A.)

¹³ Exhibit D, letter dated August 11, 2003 from the State Controller to the Commission, p. 1.

cost. If the observed variance is accurate, it is too great for any single unit cost to accurately capture this range.¹⁴

Finance concludes, “Thus only if district actual costs fall within a fairly narrow range is a unit cost approach appropriate.”

Staff finds persuasive the arguments advanced by the State Controller and Finance regarding the wide range of unit costs in this matter.

In addition, staff questions whether the variability of the reimbursable activities makes this matter unsuitable for a unit cost. The mandate imposes four distinct obligations on districts: to verify pupil truancy, to make an effort to reach the pupil’s parent or guardian, to schedule and hold a conference if the parent or guardian is reached and agrees to meet, and to reclassify the pupil as a habitual truant.

Staff finds no evidence in the record to support the conclusion that it is reasonable to develop one unit cost for all four activities. It appears that the amount of effort required to perform the required mandated activities likely varies widely from one habitual truant to another. The data suggests that school districts might in some cases verify a prior truancy and then make a conscientious but failed effort to schedule a parent conference, in which case the cost to the district would be relatively small. In other instances, the parent may respond and a conference would be held. This latter situation would likely be substantially more costly than the prior situation because the district would need to expend more resources to schedule and conduct a conference. While the use of a single unit cost methodology in this situation is not per se inappropriate, the evidence suggests that this type of mandate is not well suited for a single unit cost methodology.

The State Controller states:

The actual cost for a claimant’s employees to review school district records, make a effort to schedule a conference with a pupil’s parent or guardian, schedule and hold a conference with an appropriate school district employee, and reclassify the pupil as a habitual truant may vary greatly, both in time and productive hourly rate, depending on staff assigned to the activity. . . . Due to the variation in required time and productive hourly rate of these activities, we believe it may be more accurate to create RRM’s for each of the reimbursable activities rather than blend all activities into a single rate.¹⁵

For the foregoing reasons, staff finds that the proposed unit cost rate is not reasonable and recommends that the Commission deny Clovis’s request to amend the parameters and guidelines.

B. San Jose’s proposed reasonable reimbursement methodology does not meet the required elements of the Government Code and should be denied by the Commission.

Government Code section 17518.5 defines “reasonable reimbursement methodology” as a formula for reimbursing local agencies and school districts for costs mandated by the state. An RRM can be proposed by the Department of Finance, the Controller, an affected state agency, a

¹⁴ Exhibit E, letter dated July 30, 2003 from Finance to the Commission, p. 1.

¹⁵ Exhibit F, letter dated March 3, 2010 from the State Controller to the Commission, p. 2.

claimant, or an interested party. Government Code section 17518.5(b) states that an RRM “shall be based on cost information from a representative sample of eligible claimants” Subsection (c) states that an RRM “shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.” Subdivision (d) states that, whenever possible, an RRM “shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual costs.”

Issue 1: Is the proposed RRM based on cost information from a representative sample of eligible claimants?

As noted above, a total of 618 annual claims were filed for fiscal year 2000-2001, and requestors “removed 16 claims for lack of student statistics and removed 45 high and 21 low statistical outliers” to arrive at a proposed per-truant figure of \$32.15 for the remaining 536 districts. These 536 districts represent 87% of the total number of districts that filed claims, and include large and small districts, rural and urban districts, and geographically diverse districts. Staff finds that the proposed RRM meets the criterion of being based on cost information from a representative sample of eligible claimants.

Issue 2: Does the proposed RRM consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner?

San Jose proposes that the Commission adopt an RRM to cover all of these activities by adding the following language to the parameters and guidelines:

The reasonable reimbursement methodology for the mandated activities shall consist of a uniform cost allowance calculated as follows: Multiply the total number of students reported as habitual truants each fiscal year by the relevant unit cost rate for the fiscal year. The unit cost rate for FY 2008-09 is \$(to be determined).) The unit cost rate shall be adjusted for each subsequent year by the Implicit Price Deflator.¹⁶

San Jose proposes “a FY 2000-01 unit cost allowance of \$32.15 per student reported as a habitual truant” and asks that the State Controller calculate the allowance for subsequent years by applying the implicit price deflator.¹⁷ San Jose argues:

This calculation will result in at least 50% of the districts receiving reimbursement in an amount sufficient to fully offset their projected costs to implement the mandate in a cost-efficient manner.

. . . .

The proposed unit cost rates are derived from annual reimbursement claim cost data submitted by the claimants pursuant to the statement of reimbursable activities in the parameters and guidelines adopted by the Commission. The activities enumerated by the parameters and guidelines are adopted after public comment and hearing and are therefore presumed to be the most cost efficient manner of implementing the mandated activities for the program.¹⁸

¹⁶ San Jose’s Request, p. 9.

¹⁷ San Jose’s Request, p. 2.

¹⁸ San Jose’s Request, p. 11-12.

The State Controller disagrees with San Jose for several reasons. First, the State Controller argues that “the unit cost methodology proposed for creating a single RRM for all of the reimbursable activities of this mandate does not represent an accurate representation of the actual costs to perform the mandated activities.” The State Controller further states that “[d]ue to the variation in required time and productive hourly rate of [the reimbursable] activities, we believe it may be more accurate to create RRMs for each of the reimbursable activities rather than blend all activities into a single rate.”¹⁹

Second, while the State Controller is not proposing that the Commission adopt an RRM, the State Controller did perform its own statistical analysis using the same raw data (the 618 claims filed in FY 2000-2001) that San Jose used. According to the State Controller, “[o]ur analysis of Fiscal Year 2007-2008 claim data, using a statistically valid method similar to the proposed method, resulted in a RRM of \$22.01. This compares to the proposed RRM of \$32.15”²⁰ San Jose’s proposed rate of \$32.15 is 46% higher than the State Controller’s figure of \$22.01.

The State Controller also generated a straight average (as compared to San Jose’s “weighted average”) based on all claims. This yielded a figure of \$25.72 per habitual truant. San Jose’s proposed figure is 25% higher than this straight average figure.

Third, the State Controller argues that “thirty-five percent of the claimants included in our sample of fiscal year 2007-08 data reported holding more parent conferences than the number of reported truant students. The P’s & G’s limit reimbursement to a single conference. This leads us to believe the reported cost of holding parent conferences is overstated.”²¹ San Jose submitted no evidence to rebut this contention.

Fourth, the State Controller argues that “the proposed RRM calculations were based on unaudited claim data and cannot be supported by the SCO.”²² While there is no legal requirement that RRM calculations be based on audited claim data, the State Controller believes that using only audited data is an appropriate policy. Staff takes no position on this policy judgment.

Government Code section 17518.5(c) requires that that the proposed RRM “implement the mandate in a cost-efficient manner.” Neither the Government Code nor the Commission’s regulations elaborate on how the Commission should determine whether a proposed RRM amount meets this requirement. Accordingly, the Commission has broad discretion to make this determination.

Staff understands that the purpose of an RRM is not to develop a figure that reflects with precision what the actual costs would be. Rather, the purpose is to allow claimants in appropriate circumstances to prepare reimbursement claims without the burden of preparing detailed documentation of actual costs. This can also benefit the state, as requestors note, by reducing the amount of claims filed by local governments for the mandate reimbursement process. In addition, “[t]he State Controller benefits from a reduced claim processing workload. It is a win-win’ solution for both the claimants and the state.”²³

¹⁹ Exh. F, p. 2.

²⁰ Exh. F, p. 2.

²¹ Exh. F, p. 2.

²² Exhibit G, letter dated July 28, 2010 from the State Controller to the Commission, p. 1.

²³ Exh. B, San Jose’s Request, Exh. A, p. 1-2.

However, Commission staff finds that the Government Code clearly requires that proposed RRM be “cost-efficient.” Staff finds that San Jose’s proposed RRM fails to meet this requirement for all of the reasons discussed above in sections IV (A) and (B) of this analysis.

V. Recommendation

Staff recommends that the Commission adopt this staff analysis and deny the requests made by the Clovis Unified School District and the San Jose Unified School District to amend the parameters and guidelines.



Received
June 30, 2011
Commission on
State Mandates

JOHN CHIANG
California State Controller
Division of Accounting and Reporting

June 30, 2011

Mr. Drew Bohan
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Request to Consolidate Matters, Draft Staff Analysis, Schedule for Comment, and
Hearing Date
Request to Amend Parameters and Guidelines
Habitual Truants
09-PGA-01, 01-PGA-06 (CSM-4487)
Education Code Section 48262,
Chapter 1184, Statutes of 1975, Chapter 1023, Statutes of 1994
Amended to Add Education Code Section 48264.5
Clovis and San Jose Unified School Districts, Requestors

Dear Mr. Bohan:

The State Controller's Office has reviewed the Commission's draft staff analysis on the parameters and guidelines amendments for Habitual Truants, we agree with the Commission's recommendations.

Should you have any questions regarding the above, please contact Kim Nguyen at (916) 324-7876, or e-mail to knguyen@sco.ca.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "JAY LAL", written over a horizontal line.

JAY LAL, Manager
Local Reimbursement Section



Received
June 30, 2011
Commission on
State Mandates

California Association of Supervisors
of Child Welfare and Attendance
www.cascwa.org

Exhibit L

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June 30, 2011

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Mr. Drew Bohan, Executive Director
Commission on State Mandates
980 9th Street, Suite 300
Sacramento, CA 95814

**RE: Claim # 01-PGA-06, 09-PGA-06 (4487)
Habitual Truant**

Dear Mr. Bohan:

I write on behalf of the California Association of Supervisors of Child Welfare and Attendance (CASCWA) to express our concern over the recommendation being considered regarding the education mandate reimbursement for the *Habitual Truants* program. The importance of the policy and ideology that are the basis of this program cannot be stressed enough. The habitual truancy mandate requires school districts to take several steps which help to identify habitually truant students, and inform parents of their child's truancy. These are critical steps in preventing students from dropping out of school and these steps are also critical components to maintain the continuation of both the School Attendance Review Team (SART) and School Attendance review Board (SARB) processes.

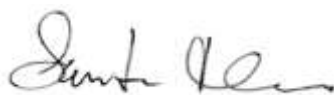
Our more general concerns have to do with the lack of understanding that exist for why school districts are appropriately allowed to make claims against the state in the first place, and how the constitutional requirement was envisioned to limit the overall burdens placed on school districts. Schools simply want to have current mandates fairly reimbursed in a timelier, less bureaucratic formula. Restructuring the current process is in the best interest of the students, as well as the state given that reimbursement goes into resources to serve families directly. Currently, there are four reimbursable activities that are included in the habitual truant mandate. The first part of the process is for school districts to identify students that have been truant at least four times during the school year. Once a student is identified in this way, a school district must make a conscientious effort to schedule a conference with the parent or guardian of the student. After a school district has made an effort to schedule a conference, and the parents/guardians agree to confer, they must schedule and hold a conference. The last step is for the district to reclassify the student as a habitual truant. All of these steps are crucial in trying to prevent habitual truancy and its subsequent consequences.

Our research tells us that the bulk of the mandated cost claims filed by school districts result from scheduling and holding a conference. The state has a significant interest in requiring local agencies to meet directly with the parents or guardians of students who are habitually truants. There is substantial evidence that students who are habitually truant perform poorly in school and are likely to drop out. A reasonable reimbursement unit cost for supporting face-to-face conferences between school staff and the parents/guardians of students who are seriously at risk would make the process more effective. We completely and wholly support the policy behind all of these steps, and stress the importance that they remain as they are.

The State Controller's Office and the Department of Finance have pointed out that the costs incurred in performing the activities required under this mandate vary widely across school districts. Accordingly, it would make sense to amend or change the current claim process. There have been attempts in the legislature this year to get us to that end and it would appear reform is on its way. Mandate claim reform is clearly something that should be addressed. We strongly support the idea of streamlining the claiming process and having a reasonable reimbursement unit rate when appropriate. However, we strongly believe that these issues must be discussed before a proper policy committee rather than risking the creation of larger problems for schools beyond the fiscal challenges they currently face.

I can be reached at 916.669.5425 or via email at sandram@sia-us.com should you need additional information.

Sincerely,



Sandra S. Morales, Legislative Advocate
School Innovations and Advocacy

cc: CASCWA Executive Board

SixTen and Associates

Mandate Reimbursement Services

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July 22, 2011

Exhibit M

Drew Bohan, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: CSM # 4487 & 4487A
Habitual Truants
Request to Amend the Parameters and Guidelines
San Jose Unified School District

Dear Mr. Bohan:

This letter transmits information for consideration at the July 27, 2011, prehearing on this matter, and for the record.

The Draft Staff Analysis (DSA) transmitted on June 9, 2011, concluded on page 9:

‘However, Commission staff finds that the Government Code clearly requires that proposed RRM’s be ‘cost-efficient.’ Staff finds that San Jose’s proposed RRM fails to meet this requirement for all of the reasons discussed above in sections IV (A) and (B) of this analysis.’

The DSA conclusions from Section IV (A) appear to be:

- The Commission has very broad authority to adopt an allocation formula or uniform allowance.
- The \$32.15 unit cost allowance is not a “reasonable figure” because the range of costs is “very wide.”
- The “variability” of the activities makes this mandate unsuitable for a single unit cost. It appears “variability” relates to the fact that there are four components established by the parameters and guidelines and that not every truancy results in similar costs for all four components, e.g., some truants don’t go to administrative hearing, or have more than one hearing.

The DSA conclusions from Section IV (B) appear to be:

- The RRM meets the criterion of being based on cost information from a representative sample of eligible claimants.
- The Commission staff takes no position on the preference of the state agencies for audited data.
- The requesters provided no evidence to rebut the Controller's assertion that 35% of the claimants in the Controller's sample claimed more parent conferences than the number of reported truants. This may only mean that some truants have more than one conference, or that the reported statistics were for the number of students *adjudicated* as habitual truants, rather than those *initially identified* as potential habitual truants based on the number of absences.

From these findings, the DSA concludes that the proposed unit cost rate is not "cost efficient." The issue of cost-efficiency for RRMs may be one of first impression to the Commission staff and parties since there is no extensive history of adjudicated RRM requests. There are two independent Government Code Section 17518.5, subdivision (b) standards. The first is that an RRM shall consider the variation in costs of implementing the mandate in a cost-efficient manner. The second standard is that the unit-cost shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs, rather than detailed documentation of actual costs.

Regarding the second standard, the proposal is based on annual claims filed by districts, thus is detailed documentation of actual costs, so this data exceeds that standard. However, the actual cost data ranges significantly. If the only reason to reject the proposed rate is the range of data, the range of data can be reduced by eliminating more outliers. There is no requirement to include all annual claims filed in the RRM.

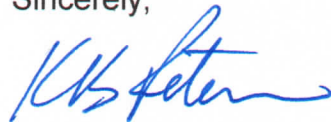
Regarding the first standard, it appears the "variability" of the components is the issue. The second standard actually mitigates this as an issue by allowing unit cost allowances which diminishes the statistical significance of the multiple components by treating all cost data as a unitary component. That is, all other things being equal, the "under" or "over" representation of some activities becomes academic once all activities are pooled for unitary cost allocation. The purpose of the RRM is to mitigate differences and not to isolate them.

This leaves the issue of cost-efficient implementation while recognizing local variations. The DSA provides no definition of "cost-efficiency." Many persons may conclude that cost-effectiveness is measured by cost-reduction per unit of production. According to the General Accounting Office, this is too narrow a definition.

“Based on our review of the literature, an **efficiency measure** is typically defined as the ratio of two elements: a program’s inputs (such as costs or hours worked by employees), to its outputs or outcomes. **Outputs** can be defined as the amount of products or services delivered by a program. **Outcomes** can be defined as the desired results of a program, such as events, occurrences, or changes in conditions, behaviors, or attitudes. In some literature, the inverse ratio of outcomes or outputs to inputs is referred to as a “productivity” measure, but for purposes of this report, we refer to either form of the ratio as an efficiency measure. It should be noted that an improvement in efficiency can be achieved by maintaining quantity or quality of outputs or outcomes while reducing costs, as well as by improving the quantity or quality of outputs or outcomes while maintaining (or reducing) costs. Thus an improvement in efficiency need not involve a reduction of costs.”

The quoted material is from a 2010 GAO report (attached) to Congress on reducing costs and improving government efficiency. It is essentially an overview on government cost-efficiency measurement criteria and will assist in framing the discussion and analysis.

Sincerely,



Keith B. Petersen

Attachment: GAO Report 10-394

May 2010

STREAMLINING GOVERNMENT

Opportunities Exist to Strengthen OMB's Approach to Improving Efficiency



GAO

Accountability * Integrity * Reliability

May 2010



Highlights of [GAO-10-394](#), a report to congressional requesters

Why GAO Did This Study

Given record budget deficits and continuing fiscal pressures, the federal government must seek to deliver results more efficiently. The prior Administration sought to improve efficiency under the Program Assessment Rating Tool (PART) by requiring programs to have at least one efficiency measure and procedures for improving efficiency, and show annual efficiency gains. The current administration has also emphasized efficiency in some initiatives. GAO was asked to examine (1) the types of PART efficiency measures and the extent to which they included typical elements of an efficiency measure; (2) the extent to which selected programs showed gains and how they used efficiency measures for decision making; (3) the challenges selected programs faced in developing and using efficiency measures; and (4) other strategies that can be used to improve efficiency. GAO analyzed the 36 efficiency measures in 21 selected programs in 5 agencies and a generalizable sample from the other 1,355 measures governmentwide, reviewed documents and interviewed officials from selected programs, reviewed literature on efficiency, and interviewed experts.

What GAO Recommends

GAO recommends that OMB evolve toward a broader approach with its guidance and support to improve efficiency at government-wide, agency, and program levels. OMB concurred with our recommendations.

[View GAO-10-394 or key components.](#)
For more information, contact Bernice Steinhardt at (202) 512-6543 or steinhardt@gao.gov.

STREAMLINING GOVERNMENT

Opportunities Exist to Strengthen OMB's Approach to Improving Efficiency

What GAO Found

Under PART, most programs developed an efficiency measure. However, according to GAO's analysis, 26 percent did not include both typical efficiency measure elements—an input (e.g., labor hours or costs) as well as an output or outcome (e.g., the product, service, or result produced). Most frequently missing was the input (69 percent). For example, a measure developed by the National Nuclear Security Administration considered the number of information assets reviewed for certification without considering costs of review. This could result in measures that do not capture efficiency. GAO has previously recommended agencies improve cost information for decision making, but they are in various stages of implementation. However, alternative forms of measurement, such as reducing costly error rates, could still be useful.

Of the efficiency measures GAO reviewed that had both typical elements, a similar number reported gains and losses. Officials for some programs stated that the efficiency measures reported for PART were useful, and described ways in which they used the data, such as to evaluate proposals from field units, lower the cost of a contract, or make decisions to shift production. Others did not find the efficiency measures useful because, for example, the program lacked control over key cost drivers, such as contractually required staffing levels, or because of concern that raising output could lower quality.

Officials for all of the programs reviewed described challenges to developing and using program-level efficiency measures and performance measures in general. Challenges included interpreting outcome-level efficiency information, such as the cost of improving or maintaining the condition of watershed acres, when factors other than program funding, such as past impacts from mining, affected conditions as well; achieving required annual efficiency gains in cases where a program intervention takes years to implement; and inconsistent or limited guidance and technical assistance from the Office of Management and Budget (OMB) to agencies on how to measure efficiency.

A variety of approaches have been used to improve efficiency, including governmentwide reviews, agency restructurings, process and technology improvements, and strategic spending approaches. The Administration has some initiatives along these lines, such as information technology and procurement reforms. The Government Performance and Results Act (GPRA) provides a framework for planning future efficiency gains while maintaining or improving effectiveness and quality of outputs or outcomes. OMB, as the focal point for management in the executive branch, provides guidance and supports information-sharing mechanisms, such as the Performance Improvement Council, which could also be used to create a more strategic and crosscutting focus on agency efforts to improve efficiency. OMB has not clearly indicated whether programs should continue measuring efficiency nor has it emphasized efficiency in its GPRA guidance to agencies.

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Abbreviations

APQC	American Productivity and Quality Center
ATO	Air Traffic Organization
BPR	Business Process Reengineering
BRAC	Base Realignment and Closure
CFO	Chief Financial Officer
DOD	U.S. Department of Defense
EMDS	Ecosystem Management Decision Support
FAA	Federal Aviation Administration
FSA	Federal Student Aid
FTE	full-time equivalent
GPRA	Government Performance and Results Act of 1993
HM Treasury	Her Majesty's Treasury
IRS	Internal Revenue Service
IT	information technology
MCA	managerial cost accounting
NAO	National Audit Office
NHTSA	National Highway Traffic Safety Administration
NSLP	National School Lunch Program
OMB	Office of Management and Budget
OSHA	Occupational Safety and Health Administration
PART	Program Assessment Rating Tool
PMA	President's Management Agenda
SAVE	Securing Americans Value and Efficiency
SEA	State Education Agency
SFFAS	Statement of Federal Financial Accounting Standards
UK	United Kingdom
USDA	U.S. Department of Agriculture
VA	U.S. Department of Veterans Affairs
VERA	Veterans Equitable Resource Allocation

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United States Government Accountability Office
Washington, DC 20548

May 7, 2010

The Honorable Thomas R. Carper
Chairman
The Honorable John McCain
Ranking Member
Subcommittee on Federal Financial Management, Government
Information, Federal Services, and International Security
Committee on Homeland Security and Governmental Affairs
United States Senate
The Honorable Tom Coburn
United States Senate

Weaknesses in the economy and financial markets—and the government’s response to them—have contributed to recent increases in federal deficits, which reached a record level in fiscal year 2009. While a lot of attention has been given to the recent fiscal deterioration, the federal government faces even larger fiscal challenges, driven by certain factors, such as health care cost growth and demographic trends, which will persist long after the return of financial stability and economic growth. Given the magnitude of these challenges, the federal government must identify ways to operate and deliver results more efficiently as well as more effectively.

In response to these fiscal challenges, the current Administration has emphasized the importance of reducing spending and improving government efficiency in recent initiatives. These initiatives have included: the Office of Management and Budget’s (OMB) requirement for agencies to submit alternative targets for discretionary funding levels for fiscal year 2011 budget submissions that involved freeze and reduction scenarios, including the identification of 126 program terminations, reductions, and other areas of savings identified which, if enacted or implemented, could save approximately \$23 billion;¹ contracting and workforce reforms designed to save at least \$40 billion a year; information technology management improvements designed to improve efficiency; and holding a contest to seek ideas from federal employees on how to increase

¹OMB, *Memorandum for the Heads of Departments and Agencies (M-09-20) on Planning for the President’s Fiscal Year 2011 Budget and Performance Plans* (Washington, D.C.: June 11, 2009).

efficiency and savings.² Recently, the President also established a management advisory board to provide advice and recommendations on, among other things, improving the productivity of federal operations.³

At the same time, several broader government reform efforts over the past 17 years have also included a focus on improving efficiency. The Government Performance and Results Act of 1993 (GPRA),⁴ which Congress enacted in part to improve federal program effectiveness and accountability and enhance congressional decision making, was created partly to address waste and inefficiency in federal programs.⁵ The President's Management Agenda (PMA)⁶ and Program Assessment Rating Tool (PART)⁷ initiatives of the previous presidential administration emphasized improving government efficiency with specific requirements for agencies to develop program-level efficiency measures and show annual improvements in efficiency. Analysis of the experiences of federal agencies in developing and using efficiency measures under the PMA and PART initiatives, as well as identification of additional strategic and crosscutting approaches used by government, nongovernment, and business organizations to seek improvements in efficiency, could be helpful to agencies as they attempt to improve efficiency of programs.

²According to OMB, federal employees submitted over 38,000 ideas to the President's SAVE (Securing Americans Value and Efficiency) Award contest, which was launched in September 2009. The winner's idea is supposed to be included in the 2011 budget, and the employee who submitted it will be invited to meet the President.

³Executive Order 13538, Establishing the President's Management Advisory Board, 75 Fed. Reg. 20,895 (April 19, 2010).

⁴Pub. L. No. 103-62, 107 Stat. 285 (Aug. 3, 1993).

⁵In addition to GPRA, executive agencies are subject to other general requirements related to efficiency. For example, agencies are required to implement and maintain systems of internal controls which are, in part, to assure effective and efficient operations. 31 U.S.C. § 3512(c); GAO, *Standards for Internal Control in the Federal Government*, AIMD-00-21.3.1 (Washington, D.C.: November 1999). In addition, federal agencies must develop and maintain accounting and financial management systems that, consistent with OMB policies, provide for the systematic measurement of agency performance, among other things. 31 U.S.C. §§ 503(b), 902(a)(3)(D)(iv).

⁶The PMA, which was first announced in 2001, consisted of five governmentwide management priorities, including budget and performance integration, strategic management of human capital, expanded electronic government, improved financial performance, and competitive sourcing.

⁷OMB described PART, which was created in 2002, as a diagnostic tool meant to provide a consistent approach to evaluating federal programs as part of the executive budget formulation process.

In response to your request, this report examines (1) the types of efficiency measures reported through PART for agency programs overall, and particularly for selected programs in five selected agencies, focusing on the extent to which they included typical elements of an efficiency measure, (2) for selected programs, the extent to which programs reporting efficiency measures through PART have shown efficiency gains and how programs have used efficiency measures for decision making, (3) for selected programs, the types of challenges to developing and using efficiency measures they have faced, and (4) other strategies that can be used to improve efficiency.

Based on our review of the literature,⁸ an **efficiency measure** is typically defined as the ratio of two elements: a program's inputs (such as costs or hours worked by employees), to its outputs or outcomes. **Outputs** can be defined as the amount of products or services delivered by a program. **Outcomes** can be defined as the desired results of a program, such as events, occurrences, or changes in conditions, behaviors, or attitudes. In some literature, the inverse ratio of outcomes or outputs to inputs is referred to as a "productivity" measure,⁹ but for purposes of this report, we refer to either form of the ratio as an efficiency measure. It should be noted that an improvement in efficiency can be achieved by maintaining quantity or quality of outputs or outcomes while reducing costs, as well as by improving the quantity or quality of outputs or outcomes while maintaining (or reducing) costs. Thus an improvement in efficiency need not involve a reduction of costs.

OMB initially described an efficiency measure as the ratio of a program's outcomes or outputs to inputs in the 2004 PART guidance. In the December 2007 PART guidance, OMB termed this type of ratio an "input productivity measure," and indicated that such measures could provide a useful approach for identifying efficiency measures. In the guidance, OMB also identified erroneous conclusions that can result from the use of simple output-input ratios to track changes over time in efficiency for programs that do not produce the same or similar outputs repetitively. OMB also identified challenges facing efforts to measure efficiency in research and development programs and construction of special purpose

⁸See, for example, Harry P. Hatry, *Performance Measurement: Getting Results*, Second Edition (Baltimore, MD: The Urban Institute Press, 2007).

⁹See, for example, GAO, *Tax Administration: IRS Can Improve Its Productivity Measures by Using Alternative Methods*, [GAO-05-671](#) (Washington, D.C.: July 11, 2005).

infrastructure projects. OMB broadened the discussion of efficiency measures in the revised guidance and proposed alternative approaches to tracking efficiency changes for such programs, such as meeting project cost, schedule, and performance goals.

To address our objectives, we analyzed all 1,396 PART efficiency measures associated with 937 programs in a database provided by OMB. We conducted more detailed analysis of the 36 efficiency measures for 21 selected programs,¹⁰ as well as a random sample of 100 efficiency measures from all remaining programs. This sample was designed to enable us to generalize our analysis to the remaining efficiency measures for PART.¹¹ We selected the 21 specific programs for review from five departments—the U.S. Departments of Agriculture, Education, the Interior, Labor, and Transportation. These departments were selected to represent variety in the extent to which they had developed managerial cost accounting systems as identified by our prior work, based on an assumption that the status of a department’s cost accounting systems could affect the availability of cost information and thus the development of efficiency measures.¹² We selected the 21 specific programs to represent a diverse array of functions and operations within the federal government,

¹⁰In addition to these 36 efficiency measures, there were a total of five additional efficiency measures included in the PART data we received from OMB for three of our selected programs. However, officials from each of these programs told us these five efficiency measures were no longer associated with PART, so we excluded them from our analysis. Further, one of the selected programs from the Department of Transportation, the Federal Aviation Administration (FAA) Air Traffic Organization (ATO)—Terminal Programs, changed the status of one of its PART measures (ATO Terminal Staffing Ratio) from an “output” measure to an “efficiency” measure. We did not include this measure in our review of efficiency measures for the selected programs.

¹¹Percentage estimates based on this sample have 95 percent confidence intervals of within +/- 10 percentage points of the estimate itself, unless otherwise noted. See Appendix I for more information on sampling methodology.

¹²GAO, *Managerial Cost Accounting Practices: Implementation and Use Vary Widely across 10 Federal Agencies*, [GAO-07-679](#) (Washington, D.C.: July 20, 2007).

primarily focusing on the PART program type.¹³ Additional criteria were that the selected programs had relatively large fiscal year 2009 funding levels,¹⁴ and variety in the number of efficiency measures associated with the programs. In addition, we reviewed program documents, OMB documents, including PART assessments, and agency Web sites. We conducted a literature review as well as expert interviews to identify the elements of a typical efficiency measure, and to identify alternative approaches to improving efficiency. We interviewed officials from OMB and from the 21 selected programs, as well as officials from the five departments who were knowledgeable about performance measurement and financial systems for the departments. See appendix I for a more detailed discussion of our scope and methodology.

We conducted the major portion of this performance audit from September 2008 to May 2010 in accordance with generally accepted government auditing standards.¹⁵ Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Congress enacted GPRA in part to inform congressional decision making by providing objective information on the relative effectiveness and efficiency of federal programs and spending. In addition to requiring executive agencies to develop strategic and annual performance plans, and measure and report on progress toward goals, GPRA also emphasized efficiency. According to the statute, GPRA was intended, among other

¹³PART classified programs as one of seven types: direct federal, competitive grant, block/formula grant, research and development, capital assets and acquisition, credit, and regulatory. We excluded research and development programs from our sample of selected programs based on the findings of a 2008 study by The National Academies which raised questions about the feasibility of developing valid outcome-based efficiency measures for federal research programs (*Evaluating Research Efficiency in the U.S. Environmental Protection Agency*, Committee on Evaluating the Efficiency of Research and Development Programs at the U.S. Environmental Protection Agency, The National Academies). We excluded credit programs from our sample of selected programs because of the relatively small number of these programs in the selected departments.

¹⁴Fiscal year 2009 funding for the selected programs ranged from approximately \$80 million to over \$41 billion.

¹⁵Work on the engagement was originally started in October 2006, but subsequently suspended before resuming in September 2008.

things, to address problems of waste and inefficiency in federal programs, and to improve congressional decision making by providing objective information on the relative efficiency and effectiveness of federal programs and spending.¹⁶

OMB plays an important role in the management of the federal government's performance, and specifically GPRA implementation. Part of OMB's overall mission is to ensure that agency plans and reports are consistent with the President's budget and administration policies. OMB is responsible for receiving and reviewing agencies' strategic plans, annual performance plans, and annual performance reports. To improve the quality and consistency of these documents, OMB issues annual guidance to agencies for their preparation, including guidelines on format, required elements, and submission deadlines.¹⁷ In addition, GPRA requires OMB to prepare the overall governmentwide performance plan, based on agencies' annual performance plan submissions.

The PMA and PART of the prior administration also included an emphasis on improving government efficiency, with requirements for agencies to develop program-level efficiency measures and show annual improvements in efficiency. In August 2001, the Bush Administration launched the PMA with the stated purpose of ensuring that resources entrusted to the federal government were well managed and wisely used. OMB developed criteria called "standards of success" to measure progress in five management initiatives under the PMA, as well as a scorecard to track agency progress under each initiative. Criteria to receive and maintain the highest rating score (green status) for the performance improvement initiative included that an agency's annual budget and performance documents include at least one efficiency measure for each program and that program performance and efficiency improvements be identified each year.¹⁸

¹⁶GPRA, §§ 2(a)(1), 2(b)(5).

¹⁷GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, [GAO-04-38](#) (Washington, D.C.: Mar. 10, 2004).

¹⁸OMB's PMA standards included references to additional approaches to improving efficiency, such as competitive sourcing and business process reengineering for commercial services management, developing business cases for major systems investments, and using earned value management to plan, execute, and manage major information technology (IT) investments.

PART, which was launched in 2002 as a component of the PMA, included assessment of the extent to which programs were tracking progress toward and achieving efficiency improvements. PART consisted of a set of questions developed to assess various types of federal executive branch programs, and addressed four aspects of a program: purpose and design, strategic planning, program management, and program results/accountability. While there were references to efficiency in several different sections of the 2007 and 2008 PART guidance, two PART questions focused specifically on development of program-level efficiency measures with annual targets for improvement:¹⁹

- “Does the program have procedures (e.g., competitive sourcing/cost comparisons, information technology (IT) improvements, appropriate incentives) to measure and achieve efficiencies and cost effectiveness in program execution?”
 - In order to receive a “yes” response for this question, a program was to have regular procedures in place to achieve efficiencies and cost effectiveness, and had to have at least one efficiency measure with baseline and targets. Evidence could include efficiency measures, competitive sourcing plans, IT improvement plans designed to produce tangible productivity and efficiency gains, or IT business cases that documented how particular projects improved efficiency.
- “Does the program demonstrate improved efficiencies or cost effectiveness in achieving program goals each year?”
 - In order to receive a “yes” response for this question, a program had to demonstrate improved efficiency or cost effectiveness over the prior year, including meeting its efficiency target(s) in the question above.

¹⁹ Additional references to efficiency in OMB’s PART assessment tool included language in the section on program purpose and design, which asked if the program design was free of flaws that would limit efficiency, with a requirement for “there ... to be no strong evidence” that another approach or mechanism would be more efficient. For capital assets and service acquisition programs, PART questions (in the strategic planning section) included assessing whether credible analysis of alternatives had been conducted, to determine whether the agency was investing in something that provided the best value to the government. For regulatory programs, there was a specific question in the program results section asking whether the goals were achieved at the least incremental societal cost and whether the program maximized net benefits, to determine whether the program met its goals in the most efficient way possible.

Most Programs Developed an Efficiency Measure for PART, but Only about Half Clearly Included Typical Elements of an Efficiency Measure

About 90 percent of all programs that received a PART assessment, including those in our selected review, developed at least one performance measure as an efficiency measure.²⁰ However, we found that about half of the approved measures either did not contain typical elements of an efficiency measure, or were unclear. As table 1 below indicates, we analyzed a sample of the efficiency measures that were developed for PART, and, to the extent possible, placed them into one of the three categories shown in the table. (In some cases, the available information on the measure was insufficient for us to place it into one of the three categories, so we labeled these measures as “unclear.”)

Table 1: Examples of Efficiency Measures and Whether They Capture Efficiency

Type of measure	Example	Does measure capture efficiency?
Input ÷ Output/outcome	Cost per job created ^a	Yes
(Missing input) ÷ Output/outcome	Annual number of information assets reviewed for certification and accreditation ^b	No Measure indicates whether more or less is being produced, but not whether more or fewer resources are being used.
Input ÷ (Missing output/outcome)	Administrative cost as a percentage of total program costs ^c	No Measure indicates whether administrative costs change relative to total cost, but not whether more or fewer outputs or outcomes are being produced.

Source: GAO analysis of OMB PART efficiency measures.

^aThis efficiency measure was identified in response to the PART assessment for the Delta Regional Authority.

^bThis efficiency measure was identified in response to the PART assessment for the Department of Energy National Nuclear Security Administration: Safeguards and Security program.

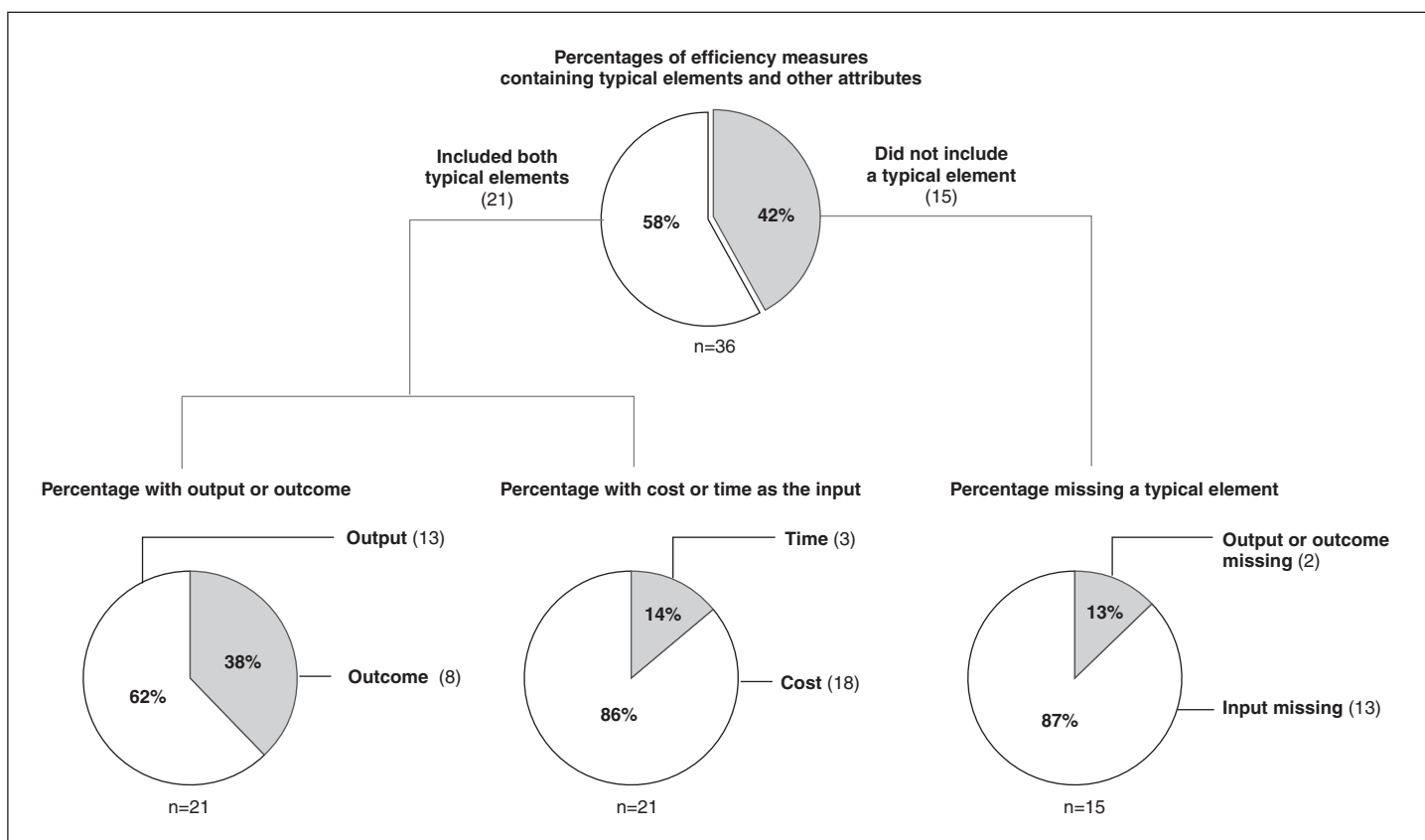
^cThis efficiency measure was identified in response to the PART assessment for the Department of Energy Building Technologies program.

As figures 1 and 2 below illustrate, our analysis of the 36 efficiency measures from our selected programs and a random sample of the

²⁰Two of our selected programs—U.S. Department of Agriculture’s Forest Service Watershed and Department of the Interior’s Endangered Species—did not have any efficiency measures in PART, but officials from both of these programs told us they had proposed efficiency measures to OMB that had been rejected, and that they were developing new efficiency measures and had been in consultation with OMB seeking approval.

remaining efficiency measures indicates that about half of the efficiency measures contained typical elements by including both an input and an output or outcome. As illustrated in figure 1, for the 21 selected programs (listed in appendix II), we determined that 58 percent of the efficiency measures included both elements and 42 percent did not. In its guidance to programs, OMB stated that, although both output and outcome-oriented efficiency measures were acceptable, outcome efficiency measures were preferred. Because we obtained more in-depth information on the selected programs' measures, we further analyzed whether those that included both elements were output- or outcome-oriented and found most to be output-oriented.

Figure 1: Extent to Which 36 Efficiency Measures from Selected Programs Contained the Two Typical Elements of an Efficiency Measure and Other Attributes



Source: GAO analysis of OMB PART data.

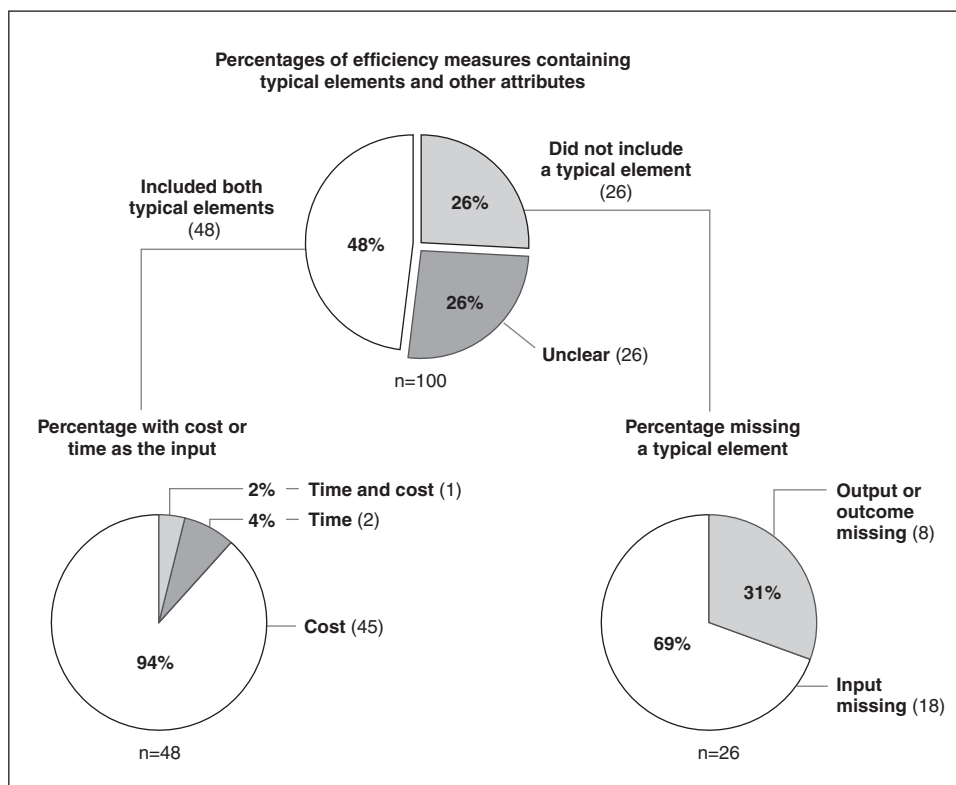
Note: The typical elements of an efficiency measure include (1) an input and (2) an output or outcome.

Figure 2 summarizes estimates for the remaining 1,355 efficiency measures, based on a random sample of 100 of those measures. We estimate that 48 percent of the measures included both elements,²¹ 26 percent did not, and the remaining 26 percent were unclear.²² Of those that did not contain both elements, the missing element was most often an input.

²¹This sample enables us to generalize our analysis to the remaining efficiency measures for PART. These percentage estimates have 95 percent confidence intervals of within +/- 10 percentage points of the estimate itself. Appendix I contains additional information on the sampling methodology.

²²We characterized a measure as “unclear” when it was ambiguous as to whether or not both elements (input plus output or outcome) were present, based on our analysis of how the measure was written and the accompanying explanation.

Figure 2: Estimated Percentage of Efficiency Measures That Contained the Two Typical Elements of an Efficiency Measure and Other Attributes



Source: GAO analysis of sample of 100 efficiency measures taken from OMB PART data.

Note: The two typical elements of an efficiency measure include (1) an input and (2) an output or outcome. Estimates based on all 100 sampled efficiency measures have a 95 percent confidence interval of +/- 10 percentage points. Estimates based on smaller samples of 48 and 26 above have 95 percent confidence intervals of +/- 12 and +/- 22 percentage points, respectively.

In general, as indicated in table 1, the absence of these typical elements can result in measures that do not truly capture efficiency. Nevertheless, some of the information captured in these measures could still be of value to program officials for helping improve efficiency. For example, one measure from our selected programs—average time to correct/mitigate higher priority operations and maintenance deficiencies at certain facilities in the Bureau of Reclamation—did not contain an input

element.²³ However, program officials told us this was an important measure because it helped them prioritize which ongoing preventive maintenance projects they should repair first by categorizing repairs needed according to the likely costs of delaying the repairs. For example, a category 1 deficiency should normally be repaired immediately (within 3 to 6 months) to avoid escalating the cost of repair; a category 2 deficiency should be repaired in a few years. In contrast, a category 3 deficiency is normally repaired only if there is time and funding remaining after repairing category 1 and 2 deficiencies.

In another example, the National School Lunch Program (NSLP) used a measure which was labeled an efficiency measure, but which did not have the typical ratio of inputs to outputs or outcomes. Instead, the measure focused on reducing the error rate in making program payments. Program officials characterized the measure as a process measure, rather than an output or outcome-based efficiency measure. An official said that out of \$7 billion in total program payments, errors worth \$2 billion occur in terms of under and over payments, for a net cost to the program of \$1 billion. An official said that if they were able to reduce overall overpayments due to various types of error, it could save millions of dollars. Officials said this measure has been important in helping them take corrective actions to reduce the number of payments made in error.

Among the selected programs, for the efficiency measures that contained an input, the type of information used to express the input varied in terms of both availability for use and completeness. Most of the efficiency measures we reviewed captured inputs in terms of cost, but a few used the amount of staff resources or time spent to produce an output or outcome as a proxy for cost. For example, the Department of Labor Energy Employees Occupational Illness Compensation program's efficiency measure was the average number of decisions per full-time equivalent (FTE), which we determined used information on work hours as estimated by FTEs as the input.²⁴ While FTE information is often readily available

²³We did not consider "average time" as expressed in this measure to be an input because it tracked the number of calendar years that have passed, not the amount of work hours needed to correct/mitigate higher priority operations and maintenance deficiencies (which are outputs).

²⁴Full-time equivalent employment is the basic measure of levels of employment used in the budget. It is the total number of hours worked divided by the total number of compensable hours in a fiscal year. For example, in fiscal year 2009 an FTE represented 2,088 hours (8 hours per day for 261 days).

and can be a useful proxy for cost, it does not necessarily reflect total cost because, for example, it would neither distinguish between higher and lower cost FTEs, nor would it include other costs, such as contractors, training, equipment, or facilities.

In addition, dollar cost information can vary in how completely it captures the cost of producing outputs or outcomes. “Cost” generally can be thought of as the value of resources that have been, or must be, used or sacrificed to attain a particular objective,²⁵ which, in the case of an efficiency measure, would be a unit of output or outcome. “Full cost” is generally viewed as including both direct costs (costs that can be specifically identified with a cost object, such as an output) and indirect costs (costs of resources that are jointly or commonly used to produce two or more types of outputs but are not specifically identifiable with any of the outputs).²⁶ Managerial cost accounting (MCA) information can provide a more complete picture of the cost involved in producing program outputs or outcomes by recognizing resources when they are used and determining the full cost of producing government goods and services, including both direct and indirect costs. According to the Statement of Federal Financial Accounting Standards No. 4 (SFFAS 4), *Managerial Cost Accounting Concepts and Standards for the Federal Government*, which sets forth the fundamental elements for MCA in government agencies,²⁷ costs may be measured, analyzed, and reported in many ways and can vary depending upon the circumstances and purpose for which the measurement is to be used. Our analysis of the cost

²⁵GAO, *Performance Budgeting: Efforts to Restructure Budgets to Better Align Resources with Performance*, GAO-05-117SP (Washington, D.C.: February 2005).

²⁶According to Statement of Federal Financial Accounting Standards No. 4, *Managerial Cost Accounting Concepts and Standards for the Federal Government*, examples of direct costs include: salaries and other benefits for employees who work directly on the output, materials and supplies used in the work, office space, and equipment and facilities that are used exclusively to produce the output; examples of indirect costs include: general administrative services; general research and technical support; security; rent; and operations and maintenance costs for building, equipment, and utilities.

²⁷The five standards in SFFAS 4 require government agencies to (1) accumulate and report the costs of activities on a regular basis for management information purposes; (2) establish responsibility segments, and measure and report the costs of each segment’s outputs and calculate the unit cost of each output; (3) determine and report the full costs of government goods and services, including direct and indirect costs; (4) recognize the costs of goods and services provided by other federal entities; and (5) use and consistently follow costing methodologies or cost finding techniques most appropriate to the segment’s operating environment to accumulate and assign costs to outputs.

information used by the selected programs showed that most of the measures used budgetary information, such as appropriations or obligations, for the cost element.²⁸ Of the 18 efficiency measures from our selected programs that had both typical elements, and had cost as the input, 14 measures (78 percent) used a form of budgetary information.

We have previously reported that using budgetary information, such as appropriations or obligations, may not completely capture the full cost of producing program outputs or outcomes because of differing time frames and account structures.²⁹ With regard to timing, appropriations provide agencies legal authority to obligate funds for a given fiscal year or beyond. Consequently, agency outlays (payments against obligations for goods and services received) representing the resources used to produce a program's outputs or outcomes in a given year may flow from obligations made in a prior year's appropriation. Therefore a given year's appropriations or obligations may not represent the resources actually used to produce a program's outputs or outcomes in that year. With regard to account structures, appropriations accounts developed over the last 200 years were oriented in different ways in response to specific needs. For example, some appropriations accounts reflect items of expense, such as salaries or construction, while others reflect organizations, processes, or programs. Further, program-oriented account structures may cover multiple programs or may exclude some indirect resources used by the programs.

Though budgetary information may not completely cover the cost of producing program outputs or outcomes, several program officials said it was the most complete information available to them and best met the needs of Congress. For example, the Department of Labor Job Corps program, which used budgetary information in its efficiency measure, divided its request in the fiscal year 2010 Job Corps Congressional Budget Justification into three categories: operations, construction, and administration. However, the program's efficiency measure—cost per participant in the Job Corps program—was based entirely on the operations category, which encompassed 92 percent of the program's

²⁸ Appropriations are a form of budget authority to incur obligations and to make payments from the Treasury for specified purposes. Obligations are a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States.

²⁹ [GAO-05-117SP](#).

fiscal year 2010 request, meaning the measure did not capture the remaining 8 percent of construction- or administration-related costs that were also associated with program participation. A study commissioned by the Job Corps recommended that all direct costs associated with Job Corps appropriations be included in the measure if full costs were to be determined. This would include actual expenditures (i.e., outlays rather than appropriations or obligations) for Job Corps appropriations provided for operations, construction,³⁰ and direct administrative costs.³¹ Program officials indicated they did not believe including the additional costs would provide useful information because there were relatively few opportunities to find efficiencies in the construction or administration categories. Additionally, a Department of the Interior Wildland Fire Management budget official told us that while they had access to more complete cost data, this information was not necessarily accurate or easy to obtain because it had to be collected from five different entities with different cost accounting systems.³² They also preferred to use budgetary information because it helped to justify their appropriations request to Congress. Program officials noted that each of their three efficiency measures was based on obligations data.³³

Relative to time or budgetary information, some agencies have sought to develop more complete cost information by using MCA systems capable of accumulating and analyzing both financial and nonfinancial data in order to determine, among other things, the unit cost of producing program outputs or outcomes. Such systems are also capable of recognizing resources when they are used and determining the full cost of producing government goods and services, including both direct and indirect costs.

³⁰The study recommended including the annual depreciation amount for its property, plant, and equipment rather than the funds appropriated for construction for a given year.

³¹Hei Tech Services, Inc., *Job Corps Cost Measure: Selecting a Cost Measure to Assess Program Results* (Dec. 1, 2008).

³²According to this official, the Department of the Interior is in the process of transitioning to a common business platform financial system, Financial Business Management Systems, but not all entities within the department have adopted the common system yet.

³³Two of the three measures concern the number of acres treated inside and outside the wildland-urban interface per million dollar gross investment. The third measure concerns the number of acres in fire regimes 1, 2, or 3 moved to a better condition class per million dollars of gross investment.

However, in earlier work we found that only 3 of the 10 Chief Financial Officer (CFO) Act agencies we reviewed had implemented MCA systems entitywide: Interior, the Social Security Administration, and Labor.³⁴ Transportation had made significant progress in implementing MCA entitywide and three agencies—Agriculture, Health and Human Services, and Housing and Urban Development—planned to implement MCA systems when upgrading their overall financial management systems. The three remaining agencies we reviewed—Education, the Treasury, and Veterans Affairs—had no plans to implement MCA departmentwide,³⁵ although Veterans Affairs was initiating a review to explore opportunities to do so. Consequently, we recommended that individual agencies commence or improve the development of entity-wide MCA systems as a fundamental component of their financial management system, as required by SFFAS 4 and the Federal Financial Management Improvement Act of 1996.³⁶

For this report, of the five agencies we reviewed, we selected three—Interior, Labor, and Transportation—because we previously reported they had either implemented MCA systems entitywide, or were planning to do so. Nevertheless, we did not find widespread use of MCA system data for the efficiency measures we reviewed either in these agencies or in the other two agencies—Education and Agriculture—that did not have entitywide MCA systems.

Of the 18 efficiency measures from our selected programs that included typical elements, four measures (22 percent) used a distinct MCA system to determine costs. Those programs that relied on MCA data produced outputs, such as the Student Aid Administration program (student aid disbursements), the Federal Aviation Administration’s (FAA) Air Traffic Organization Terminal (take offs and landing operations) and Technical (maintenance and modernization of equipment needed to provide air traffic services) programs, and the Department of the Interior’s Fisheries program (pounds of trout per dollar). In addition, legislation was enacted in the 1990s, which resulted in both Federal Student Aid (FSA) and FAA

³⁴[GAO-07-679](#).

³⁵Although Education did not have a departmentwide MCA system, as indicated below, Federal Student Aid (FSA) within Education had its own MCA system.

³⁶31 U.S.C. § 3512 note.

developing MCA systems to improve performance.^{37, 38} Of the remaining 14 efficiency measures, officials from several of those programs told us they used budgetary information because they either did not have access to an MCA system, the system they could access produced poor data, or the information would not be useful for congressional decision making. For example, the Department of Education did not have a departmentwide MCA system, though it is now considering creating such a system in response to a prior recommendation we made.³⁹ Also, officials with the Department of Transportation CFO office told us that the department had taken a decentralized approach in which some of their operating administrations—such as the FAA and Federal Transit Administration—had developed and were using their own MCA system. In addition, although the Department of Labor’s CFO had developed an MCA system and made it available to its agencies and programs, officials from the five Department of Labor programs we reviewed indicated that they did not use it for their efficiency measures because, in their opinions, the system was either not useful, not sufficiently developed for their needs, did not capture all the program’s costs, or captured a different type of funding than was used for the efficiency measure. Finally as indicated previously, a Department of the Interior Wildland Fire budget official told us that cost information for their program was neither easy to access nor was it as useful for budget justification purposes.

³⁷The Higher Education Amendments of 1998, which amended the Higher Education Act of 1965, established a performance-based organization for the delivery of federal student financial assistance, after which Federal Student Aid, the one Department of Education program office with an operational MCA system, independently developed its MCA system. Pub. L. No. 105-244, title I, § 101(a), 112 Stat. 1581, 1604–610 (Oct. 7, 1998), codified at 20 U.S.C. § 1018. PBOs are discrete units, led by a Chief Operating Officer, that commit to clear objectives, specific measurable goals, customer service standards, and targets for improved performance, see [GAO-06-653T](#).

³⁸The Federal Aviation Reauthorization Act of 1996 required that FAA develop a cost accounting system that accurately reflects the investment, operating and overhead costs, revenues, and other financial measurement and reporting aspects of its operations. Pub. L. No. 104-264, § 276(a)(2), 110 Stat. 3213, 3248 (Oct. 9, 1996), codified at 49 U.S.C. § 45303(e). In addition, in 1997, the National Civil Aviation Review Commission (the “Mineta Commission”) recommended that FAA establish a cost accounting system to support the objective of FAA operating in a more performance-based, business-like manner.

³⁹GAO, *Managerial Cost Accounting Practices: Departments of Education, Transportation, and the Treasury*, [GAO-06-301R](#) (Washington, D.C.: Dec. 19, 2005).

Programs Showed Mixed Results in Terms of Improvements in Efficiency and Use of Efficiency Measures for Decision Making

The selected programs that had measures with both elements of a typical efficiency measure reported mixed results under PART in terms of gains and losses in efficiency. As previously indicated in figure 2, 21 of the 36 efficiency measures developed by the programs selected for our review had both of the elements of a typical efficiency measure. As can be seen in table 2, 8 of the 21 efficiency measures (representing seven different programs), showed an improvement in efficiency between the baseline and most current year. Ten of the efficiency measures (representing seven programs) showed a decrease in efficiency over the reported periods. Three measures (representing two programs) had only baseline data.

Table 2: Gains/Losses and Reported Use for Selected Programs' Efficiency Measures

Department	Program	Reported use of efficiency measure(s)	Efficiency measures	Net gain	Net loss	Baseline data only
Agriculture	Plant & Animal Health Monitoring	Used	Value of damage prevented or mitigated by the monitoring and surveillance programs per dollar spent	Gain		
Education	Smaller Learning Communities	Did not use ^a	FY 03 Cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in reading	Gain		
			FY 03 Cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in mathematics	Gain		
			FY 04 Cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in reading		Loss	
			FY 04 Cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in mathematics		Loss	
			FY 05 Cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in reading			Baseline data only
			FY 05 Cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in mathematics			Baseline data only

Department	Program	Reported use of efficiency measure(s)	Efficiency measures	Net gain	Net loss	Baseline data only
	Student Aid Administration	Used	Direct administrative unit costs for origination and disbursement of student aid	Gain		
Interior	Fish and Wildlife Services Fisheries	Used	Pounds/dollar of healthy rainbow trout produced for recreation		Loss	
	Wildland Fire Management	Used	Number of acres treated in the wildland-urban interface per million dollars gross investment	Gain		
			Number of acres treated outside the wildland-urban interface per million dollars gross investment		Loss	
Number of acres in fire regimes 1, 2, or 3 moved to a better condition class per million dollars of gross investment				Loss		
Labor	Energy Employees Occupational Illness Compensation	Did not use	Average number of decisions per full-time equivalent	Gain		
	Job Corps	Did not use	Cost per participant		Loss	
	Occupational Safety & Health Administration	Did not use	Inspections per Compliance Safety & Health Officer		Loss	
	Unemployment Insurance Administration State Grants	Did not use	Number of timely and accurate initial benefit claims per \$1,000 of inflation-adjusted base grant funds	Gain		
	Workforce Investment Act-Migrant & Seasonal Farmworkers	Did not use	Cost per participant		Loss	
Transportation	FAA Air Traffic Organization-Technical Operations	Did not use	Unit cost for providing ATO-technical operations services	Gain		
	FAA Air Traffic Organization-Terminal Programs	Used	Unit cost for providing terminal services		Loss	
			Productivity rate at service delivery points		Loss	
National Highway Traffic Safety Administration-Operations & Research	Did not use	Average costs incurred to complete a defect investigation			Baseline data only	

Department	Program	Reported use of efficiency measure(s)	Efficiency measures	Net gain	Net loss	Baseline data only
Total number of efficiency measures			21	8	10	3

Source: GAO analysis of OMB and agency data and agency officials.

Notes: Table excludes measures missing typical elements of an efficiency measure. We determined the net change in efficiency over time by comparing the latest year's actual data to the baseline. Some programs had only one year of reported data for making comparisons, while other programs had multiple years of reported data. Reporting the net change over a several year period may obscure interim annual gains or losses in reported efficiency.

^aAgency officials indicated they initially used the efficiency data collected to explore whether there might be some relationship between costs per student and either uses of funds or number of grade levels served, and determined that the data were not of sufficient quality to permit that analysis. We concluded the information was therefore not useful for decisionmaking.

We have previously reported that agencies can use performance information to make various types of management decisions to improve programs and results.⁴⁰ The same is true for performance measures that track efficiency—managers need to use the information to help them identify actions needed to bring about improved efficiency. Our review of selected programs that had measures with both elements of a typical efficiency measure found variety in terms of whether officials reported using efficiency measures. We also found no clear relationship between efficiency gains or losses and whether program officials reported using or not using efficiency measures. Officials from three of the seven programs that reported efficiency gains described using their efficiency measures, while officials for three additional programs with efficiency gains said they did not use the efficiency measures. Officials for the other program with efficiency gains reported mixed pictures, saying they did not use the efficiency measure but found some value in the measure or its components. A similar mix was found among programs that reported net losses in efficiency, with officials for three programs using the efficiency measures and officials for four programs not using them.

One example of a program that showed a net gain over time for its efficiency measure and for which officials reported using the data was the Department of Education's Student Aid Administration program. Reducing costs was one of the primary objectives of the program. Their efficiency measure—direct administrative unit costs to originate and disburse student loans and Pell Grants—showed a gain in efficiency from 2006 to

⁴⁰GAO, *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, GAO-05-927 (Washington, D.C.: Sept. 9, 2005).

2008. The agency provides federal assistance to eligible students by partnering with postsecondary schools, financial institutions, and guaranty agencies (state and nonprofit agencies that guarantee loans against default). Program officials told us they used information from this measure to establish targets for reduced unit costs for their lending transactions. For example, they reported using the data to negotiate a lower cost for the origination of direct student loans by a sole-source contractor.⁴¹ FSA used a contractor to originate the loans made directly to students. The contract allowed for a certain quantity of loan originations for a set price, up to a maximum number of loans each year. According to program officials, the sharp reduction in credit availability due to the financial crisis beginning in 2008 led to an increase in demand for FSA direct loans. FSA had projected that demand for direct student loans in the 4th quarter of fiscal year 2009 would exceed the contract maximum by 3 million loans. The contractor proposed a price of \$8.9 million for the additional loans, arguing that the added volume would require higher infrastructure costs associated with greater call center capacity. FSA officials told us they analyzed historical data for their efficiency measure and found that the unit cost to originate loans decreased as volume increased. They used this analysis to challenge the contractor's bid and succeeded in lowering the agreed price to \$4.9 million. Officials reported that legislation, federal cost accounting standards, and our previous recommendations all contributed to pressure to track unit costs and try to lower administrative costs. Consequently, the agency had developed a number of cost models, which facilitated their developing the efficiency measure for PART.

The Department of the Interior's Fisheries program provides an example in which the efficiency measure showed a net loss but officials said they used the efficiency measure data to make management decisions. The efficiency measure tracked the efficiency (pounds per dollar) of producing healthy rainbow trout for recreation. For the first 4 years examined, fiscal years 2004 through 2007, the efficiency measure varied slightly, indicating that overall efficiency was relatively stable. For fiscal year 2008, however, the measure fell, indicating a significant drop in efficiency. Officials attributed this drop to a 31 percent increase in feed, energy, and utility

⁴¹A sole-source contract is a contract award without competition from other companies. Such contracts are used in instances in which only one source is deemed able to provide the service or product needed at the time. Without the pressure of competing bids to keep prices in check, having information on costs is critical to negotiating the terms of such contracts.

costs that was experienced throughout the country in 2008 and was beyond their control. Several fishery stations reported 40 percent increases in feed costs in just 1 year. Officials told us that having information about the decline in efficiency was valuable because it led individual stations to look for opportunities to lower other costs of production that were within their control. For example, program managers said they used their efficiency measure data to help them decide to phase out the production of inefficient (more costly) strains of trout. In addition, they said they used the measure to help manage the losses resulting from diseased trout that could not be sold by shifting production from one fishery to another that did not have a problem with disease. Officials said they thought it was easier for programs that directly produced products or provided services to develop and use efficiency measures. They said they had a relatively easy time of developing their efficiency measure because they directly produce a product (i.e., rainbow trout).

The Department of the Interior's Wildland Fire Management Program reported mixed efficiency results. Of their three efficiency measures, two showed a net loss and one showed a net gain. Even though the results were mixed, officials said they used the data to establish ranges of acceptable cost estimates for contract or grant proposals and to identify outliers. Officials said their efficiency measures, which tracked numbers of wildland acres treated or moved to a better condition class (to reduce the likelihood of wildland fires) per million dollars, enabled them to identify unusually high or low costs when evaluating proposals from field units for funding treatments. They could identify a proposal that did not fall within the normal range of prior projects in terms of costs, do further analysis, and ask for explanations from field staff to better understand why the proposal was outside the norm. Program officials also said they used a tool called Ecosystem Management Decision Support (EMDS) to help prioritize projects and allocate funding for future years. They said EMDS takes into account various factors, including past performance and efficiency. For example, fuel treatments that demonstrated greater efficiency would be given higher priority for funding under EMDS, other factors being equal.

While FAA's Air Traffic Organization Technical Operations program's efficiency measure showed a net gain, officials said they did not use it to make major decisions. ATO Technical Operations is responsible for maintaining and modernizing equipment needed in the national airspace system to deliver air traffic services. It fields, repairs, and maintains a huge network of complex equipment, including radars, instrument landing systems, radio beacons, runway lighting, and computer systems. The

efficiency measure, unit cost for providing ATO Technical Operations services, is the “total labor obligations for the Technical Operations' Service Unit” divided by the total hours of operational availability (or equipment “uptime”). Officials said the measure was used as a baselining effort, and no decisions have been made as a result. Officials explained that they cannot significantly influence labor costs because of a labor agreement that requires ATO to maintain 6,100 direct employees. Officials said they have used data for the denominator of the efficiency measure, on the hours of operational availability. Equipment needs to be available continuously, and currently is about 99.7 percent of the time. Officials said they have not done the marginal cost analysis to determine whether it would be cost-effective to try to increase equipment uptime, but they have broken the data down by location and looked for outliers and tried to address impediments to operational availability at certain locations. They also said that while they have not used the efficiency measure to make any management decisions, it has been valuable in helping to orient staff to think about costs of operations and how to go about looking for efficiency improvements.

Lastly, the Department of Labor’s Occupational Safety and Health Administration (OSHA) program reported a net loss for the efficiency measure and told us they did not use the data. Officials said the current efficiency measure—inspections per Compliance Safety and Health Officer—was only a “back room calculation” and was not something they promoted or used to make decisions within the organization. They said they did not evaluate the performance of staff based on the number of inspections they conducted, because doing so could lead to a perverse effect of rushing through inspections in order to complete them more quickly, resulting in poorer quality inspections. In addition, officials said they did not believe anyone used the OSHA efficiency measure other than for reporting purposes.

Program Officials Reported Challenges to Developing and Using Efficiency Measures

Officials from all of the selected programs we reviewed identified one or more challenges related to developing or using efficiency measures. The challenges cited were not new; we have reported on similar types of challenges in our prior work on PART and performance measurement issues in general.⁴² Challenges related to OMB's guidance and technical assistance for efficiency measures specifically included: a program definition that did not correspond well to program operations; an emphasis on developing outcome-oriented efficiency measures; achieving required annual improvement targets for efficiency; and inconsistencies and limitations in OMB's guidance and technical assistance. In addition, officials described the difficulty of trying to compare the relative efficiency of programs (or units within programs) that have significantly different objectives, activities, or cost data.

Developing Efficiency Measures Based on a Program Definition That Did Not Correspond Well to Operations

We previously reported that determining the appropriate program or unit of analysis for a PART assessment was not always obvious, and what OMB determined was useful did not necessarily match agency organization or planning elements.⁴³ We found that OMB sometimes aggregated separate programs into one for the purposes of a PART assessment, and in other cases disaggregated programs. Aggregating programs sometimes made it difficult to create a limited, but comprehensive, set of performance measures for programs with multiple missions, and agency officials noted that difficulties could arise when unrelated programs and programs with uneven success levels were combined for PART. At the same time, disaggregating a program too narrowly could distort its relationship to other programs involved in achieving a common goal, and sometimes ignored the interdependence of programs by artificially isolating programs from the larger contexts in which they operated. While OMB, in response to one of our recommendations, expanded PART guidance on how a unit of analysis was to be determined, problems related to defining programs for PART remained. An OMB staff member acknowledged to us that OMB

⁴²GAO, *The Government Performance and Results Act: 1997 Governmentwide Implementation Will Be Uneven*, GAO/GGD-97-109 (Washington, D.C.: June 2, 1997); *Managing for Results: Efforts to Strengthen the Link Between Resources and Results at the Administration for Children and Families*, GAO-03-9 (Washington, D.C.: Dec. 10, 2002); *Performance Budgeting: Observations on the Use of OMB's Program Assessment Rating Tool for the Fiscal Year 2004 Budget*, GAO-04-174 (Washington, D.C.: Jan. 30, 2004); and *Performance Budgeting: PART Focuses Attention on Program Performance, but More Can Be Done to Engage Congress*, GAO-06-28 (Washington, D.C.: Oct. 28, 2005).

⁴³GAO-04-174, GAO-06-28.

often combined what agencies considered and managed as separate programs in order to identify a program for PART. According to some program officials, the way in which OMB grouped their activities into a program for the PART assessment was not useful, and so the resulting program-level efficiency measure developed for PART was not useful.

Officials from the National Highway Traffic Safety Administration (NHTSA) within the Department of Transportation told us that the way OMB and the department defined their program for the PART assessment was a key challenge to developing a useful efficiency measure. Officials said that NHTSA's mission and operations are organized along two major programmatic lines: highway and motor vehicle safety. In contrast, for purposes of PART and development of the required efficiency measures, NHTSA was organized into two programs that received separate PART assessments: Operations and Research, and Grant Management. As a consequence, officials said the efficiency measure developed for the Operations and Research program was not meaningful. They said they were revising their efficiency measures and planned to develop one for each of the programmatic areas.

Emphasis on Developing Outcome-Oriented Efficiency Measures

In previous work, we identified challenges involved in developing useful results- or outcome-oriented performance measures for some programs, such as those geared toward long-term health outcomes and research and development.⁴⁴ We reported that many of the outcomes for which federal programs are responsible are part of a broader effort involving federal, state, local, nonprofit, and private partners, and that it is often difficult to isolate a particular program's contribution to an outcome.⁴⁵ However, we also reported on how selected agencies that had limited control over the achievement of their intended objectives addressed the challenge by employing various strategies, such as including intermediate outcomes within their direct control along with far-reaching or end outcomes.⁴⁶ In a previous review of PART, we reported that OMB had taken steps to clarify PART guidance on using outcome and output performance measures, and had accepted administrative efficiency measures instead of outcome-level

⁴⁴GAO-06-28, GAO/GGD-97-109.

⁴⁵GAO-04-174, GAO-03-9.

⁴⁶GAO, *Managing for Results: Measuring Program Results That Are Under Limited Federal Control*, GAO/GGD-99-16 (Washington, D.C.: Dec. 11, 1998).

efficiency measures for some programs.⁴⁷ However, we also reported that agencies had mixed success in reaching agreement with OMB in these areas.

As mentioned above, of the 21 measures from selected programs that had typical elements of an efficiency measure, 13 contained outputs, and 8 contained outcomes. While OMB's PART guidance described efficiency measures as including both outcome- and output-level impacts, it stated that the best efficiency measures captured outcomes. Further, program officials told us that OMB pressed some programs to have efficiency measures that captured outcomes instead of outputs.

Similar to findings from our prior work, some officials we interviewed for this review said it was difficult for their programs to interpret outcome-level efficiency measure information, because factors other than program funding affected the outcome of the program. For example, the purpose of the Forest Service's Watershed program is to restore, enhance, and maintain watershed conditions, including soil, water, air, and forest and rangeland vegetation within the national forests and grasslands. Management of these physical and biological resources provides a foundation for healthy, viable ecosystems.⁴⁸ The Watershed program received a "Results Not Demonstrated" rating from the OMB 2006 PART assessment process because it lacked long-term, outcome-based performance and efficiency measures to track the performance of land management activities on national forest and nonfederal watersheds, or demonstrated water quality improvement over time. Basically, the Forest Service was unable to track how watershed projects were prioritized, identify the benefits associated with restoration projects, and determine whether those projects improved watershed condition. Officials said they had previously proposed the unit cost of watershed improvement projects as an efficiency measure under PART, but OMB rejected it partly because

⁴⁷GAO-06-28.

⁴⁸The Forest Service has clear authority to manage a broad spectrum of watershed activities on the national forests and to encourage the long-term stewardship of non-industrial private forestlands which contribute significantly to the health and productivity of the nation's watersheds. The Watershed program as delineated for the PART assessment encompassed the functional watershed program in the Watershed, Fish, Wildlife, Air, and Rare Plants Staff (WFW) and all Forest Service activities that contributed to improved watershed condition (e.g., vegetation management, reforestation, range management, wildlife and fisheries improvements, road decommissioning, etc.). It included at least 17 specific budget line items linked to meeting the goal of improving watershed condition from the Forest Service's Strategic Plan for Fiscal Years 2004-2008.

it was an output- rather than an outcome-level measure. According to Forest Service documents, factors beyond its control affect watershed conditions, and it is difficult to demonstrate the impact of program activities on watersheds and try to determine the most cost-effective way to improve the outcome. The agency's ability to improve the condition of watersheds depends on many factors, including what percentage of the land affecting the watershed is privately owned as opposed to owned by the Forest Service and past impacts—for example, an official said that lands that were previously mined may be more difficult to restore. Officials said that the cost of trying to improve some watersheds would exceed available funds, and in some cases passive restoration, or doing nothing and letting natural processes return, could improve conditions as rapidly as any program interventions could. Forest Service officials said they reached agreement with OMB to develop an outcome-oriented efficiency measure based on the cost of improving or maintaining the condition of watershed acres. According to a 2008 report prepared by the Forest Service,⁴⁹ in order to be able to relate costs to outcomes, program officials explained that they will need to develop a consistent approach for assessing watershed condition and a system that would enable them to track changes in watershed conditions and relate these changes to Forest Service management activities. Following implementation of this approach, the agency would be able to track improvements in program outcomes and relate changes to cost.

Achieving Required Annual Improvement Targets for Efficiency

OMB's PMA and PART guidance required programs to set annual improvement targets for their efficiency measures. We previously reported that in some programs, long-term outcomes are expected to occur over time through multiple steps, and that it can take years to observe program results. For these programs, it can be difficult to identify performance measures that will provide information on annual progress toward program results.⁵⁰

Along these lines, some program officials we interviewed told us it was not reasonable to expect annual improvements in efficiency for some programs because it might take several years for an increase in efficiency to be realized as a result of some intervention or investment, or because a

⁴⁹USDA Forest Service, *Conceptual Framework for Determining and Tracking Changes in Watershed Condition on Lands Managed*, revised February 13, 2008.

⁵⁰GAO-06-28.

technological advance might result in a one-time cost savings that would not continue to be achieved over time. For example, the Plant and Animal Health Monitoring and Surveillance programs of Agriculture's Animal and Plant Health Inspection Service, which protects the health and value of agriculture and natural resources through early detection of pest and disease outbreaks, had an efficiency measure that tracked the value of damage prevented or mitigated by the program per dollar spent. Program officials told us that it was difficult to show improvements in efficiency every year. They said that as a science-based program, it took time to develop new technologies that improved efficiency, and the effect might be a one-time improvement in efficiency that would not result in continued additional efficiency gains over time. Similarly, officials from the Department of the Interior's Endangered Species program stated that the timeframe needed to achieve results in terms of conservation and recovery of an endangered species is longer than an annual or even 5-year timeframe. They said it is difficult to associate additional funding with a defined outcome in a given year. Officials from the Department of Labor's Center for Program Planning and Results acknowledged that their office and OMB strongly encouraged agencies and programs to show annual improvements for efficiency measures, which led to some friction in setting targets for out-years for some programs. They said that pressure to show annual improvements in efficiency resulted in some programs revising targets for the efficiency measures every year because they could not achieve the annual targets. An official said that there was a lot of focus on numerical annual targets for efficiency measures, and because some programs cannot realistically see improvements in efficiency in a 1-year time period, monitoring trends would be better.

Inconsistent or Limited OMB Guidance and Technical Assistance

As we previously reported, OMB staff had to exercise judgment in interpreting and applying the PART tool to complex federal programs, and were not fully consistent in interpreting the guidance.⁵¹ In prior reviews of PART, we identified instances in which OMB staff inconsistently defined appropriate measures, in terms of outcomes versus outputs, for programs. We reported that some program officials said that OMB staff used different standards to define measures as outcome oriented. We also reported that OMB took steps to try to encourage consistent application of PART in evaluating government programs, including pilot testing the assessment instrument, clarifying guidance, conducting consistency reviews, and

⁵¹GAO-04-174.

making improvements to guidance based on experience.⁵² OMB also issued examples of efficiency measures it identified as exemplary⁵³ and expanded the guidance on efficiency measures.⁵⁴

While officials for some programs we interviewed told us that OMB assistance and feedback under PART were valuable in developing useful efficiency measures, officials for other programs cited inconsistencies and limitations in OMB's PART guidance and technical assistance that made the development of acceptable and useful efficiency measures more challenging. For example, officials for Agriculture's Plant and Animal Health Monitoring programs said they worked with the department and OMB representatives to discuss efficiency measures and obtain feedback on proposed measures. Officials said feedback obtained was useful and allowed them to consider options they had not previously identified, and in some cases they incorporated the advice. Officials said that the efficiency measure tracking the value of damage prevented and mitigated per program dollar spent was a direct result of an OMB recommendation.⁵⁵

However, officials for other programs said that PART guidance and OMB technical assistance and feedback provided to programs on efficiency measures were insufficient or inconsistent. For example, officials for the Department of the Interior's Endangered Species program, which lacked an efficiency measure that had been approved by OMB, said they believed that OMB's review of proposed efficiency measures was inconsistent. Officials said that OMB rejected a proposed output-level efficiency measure for the Endangered Species program and pushed for an outcome-level measure, but approved a similar measure for another program in a different federal department. Similarly, officials for the Forest Service Watershed program in Agriculture, which did not have any of its proposed efficiency measures accepted by OMB for the PART assessment, stated that lack of consistency on OMB's part in defining acceptable efficiency measures complicated the process for them. They said OMB rejected a

⁵²GAO-04-174, GAO-06-28.

⁵³OMB, *Examples of Performance Measures*.

⁵⁴OMB, *Program Assessment Rating Tool Guidance No. 2007-07: Guidance to Improve the Quality of PART Performance and Efficiency Goal* (Dec. 12, 2007); and OMB, *Program Assessment Rating Tool Guidance No. 2007-03: Guidance to Improve the Consistency of 2007 PART Assessments* (May 15, 2007).

⁵⁵The measure showed an improvement in efficiency between 2007 and 2008, the only 2 years for which data were available.

measure they proposed, but approved a similar measure for another agency. Further, officials for OSHA in the Department of Labor indicated that they worked with two OMB analysts who were not as familiar with their agency as the current analyst and created rework. Overall, they did not believe the process they undertook with OMB to develop an efficiency measure was fruitful.

Comparing Efficiency across or within Programs When Program Objectives, Activities, or Cost Data Differ

Officials we interviewed from the Department of Education's Office of Federal Student Aid indicated that they eventually wanted to use data for the Student Aid Administration program's efficiency measure (direct administrative unit costs for origination and disbursement of student aid), to compare the costs of similar activities performed by different contractors. However, we previously reported that challenges can result from the difficult but potentially useful process of comparing the costs of programs related to similar goals.⁵⁶ We have also reported that in order to effectively compare a program to alternative strategies for achieving the same goals, comprehensive data on the program and comparable data on alternatives need to be available.⁵⁷ In our prior work on human services programs, we reported that OMB officials recognized that programs are different and it may not be possible to compare costs across programs, especially when costs are defined differently due to programmatic differences.⁵⁸

Officials from some selected programs we reviewed questioned whether it was reasonable to use efficiency measures for comparative analysis of performance across programs when the objectives, activities, or costs of the programs differed significantly. For example, an official from the Department of Labor's Job Corps program said it was not appropriate to compare their program's performance to that of other department employment and training programs in terms of the efficiency measure, which tracked cost (appropriations) per participant. According to the program's PART assessment, the program's purpose is to assist eligible disadvantaged youth (ages 16-24) who need and can benefit from intensive

⁵⁶GAO-06-28.

⁵⁷GAO, *Program Evaluation: Improving the Flow of Information to the Congress*, GAO/PEMD-95-1 (Washington, D.C.: Jan. 30, 1995).

⁵⁸GAO, *Human Service Programs: Demonstration Projects Could Identify Ways to Simplify Policies and Facilitate Technology Enhancements to Reduce Administrative Costs*, GAO-06-942 (Washington, D.C.: Sept. 19, 2006).

education and training services to become more employable, responsible, and productive citizens. Participants have characteristics, such as being a school dropout, homeless, or in need of intensive counseling to help them participate successfully in school or hold a job, that are barriers to employment. Program officials said that Job Corps is quite different from other employment and training programs run by the department because it involves removing participants from a negative environment and placing them in a totally different, primarily residential, environment. Such a model involves higher operating costs associated with providing participants intensive services in a residential setting for up to 2 years, which would make it appear less efficient when compared to nonresidential programs.^{59, 60}

As another example, officials for the Endangered Species program at the Department of the Interior questioned whether it made sense to try to compare the efficiency of efforts to protect different species. The program works with states, tribes, other federal agencies, nongovernmental organizations, academia, and private landowners to promote the conservation and prevent extinction of over 1,300 endangered or threatened species. As noted in the program's strategic plan,⁶¹ each species has inherent biological constraints which create challenges to its recovery. Officials told us that they work with vastly different species in different regions, many factors affect the complexity of their work, and each case is unique. We previously reported that species are ranked by priority, but rankings do not reflect how much funding is needed to protect a species.⁶²

⁵⁹The Job Corps program hired a contractor to propose an alternative efficiency measure to try to capture the unique outcomes of the program. The contractor study proposed an outcome-level efficiency measure ("cost per successful program outcome"), but cautioned against comparison with other programs because estimates for other programs might not reflect full costs, and because comparisons could be misleading if program objectives were not identical. Hei Tech Services, Inc., *Job Corps Cost Measure: Selecting a Cost Measure to Assess Program Results* (Dec. 1, 2008).

⁶⁰In a prior review of PART, Labor officials told us that participants could remain in the Job Corps program for up to 2 years, which they considered adequate time to complete education or vocational training, and which generally resulted in higher wages, according to studies. However, they said that since costs per participant increased the longer a student remained in the program, Job Corps appeared less efficient compared with other job training programs. (GAO-06-28).

⁶¹The U.S. Fish and Wildlife Service, *The Endangered Species Program's Strategic Plan*, Draft (Sept. 19, 2008).

⁶²GAO, *Endangered Species: Fish and Wildlife Service Generally Focuses Recovery Funding on High Priority Species, but Needs to Periodically Assess Its Funding Decisions*, GAO-05-211 (Washington, D.C.: Apr. 6, 2005).

Officials told us that the cost of an intervention, such as building a fence, could be much cheaper for one species in a particular region than for another species in a different location. The head of the department's Office of Planning and Performance Management in the Office of the Secretary said that because the effort to save some species is so much more complicated and expensive than for others, it is not meaningful to simply compare the "cost per unit" or efficiency of saving different species without considering other factors such as the time frame involved, and the scope and level of treatment needed. For example, he suggested that it was not reasonable to try to compare the cost of saving the polar bear to the cost of saving a species of plant.⁶³

Using GPRA as a Framework, a Broader Array of Strategies Can Be Used to Seek Improvements in Efficiency

As stated above, OMB's approach to improving the efficiency of federal programs under PMA and PART focused on requiring individual programs to develop efficiency measures, identify procedures to achieve efficiencies, and achieve annual gains in efficiency. In prior reports, we concluded that PART's focus on program-level assessments could not substitute for GPRA's focus on thematic goals and department- and governmentwide crosscutting comparisons.⁶⁴ Through our review of literature, we identified a variety of strategic and crosscutting approaches that government, nongovernment, and business organizations have used in their efforts to improve efficiency. For example, the United Kingdom and some state governments provide some important insights into such governmentwide efficiency efforts. These approaches share a common theme that performance can be maintained or even improved while reducing unnecessary costs associated with outmoded or wasteful operations, processes, and purchases. These approaches to efficiency improvement differ from OMB's approach under PMA/PART in that they can be applied at government- or agencywide levels in addition to being applied within specific programs. Officials from some selected programs provided examples of additional efforts they were undertaking to improve efficiency, some of which can be aligned with these broader approaches we identified in the literature. Broadening the application of these

⁶³ As noted above, the Endangered Species program did not have an efficiency measure that was approved by OMB for PART. However, program officials said they used an efficiency measure internally: the average time to complete a 5-year review. (A 5-year review is a period analysis of a species' status conducted to ensure that the listing classification of a species as threatened or endangered is accurate.)

⁶⁴ [GAO-06-28](#).

approaches beyond the program level could help to identify even greater opportunities for improvements in the efficiency of federal government operations. GPRA's planning and reporting requirements can provide a framework for agencies to take a more strategic approach to improving federal government efficiency.

Governmentwide Reviews Can Help Identify and Develop Strategies to Improve Efficiency

Governmentwide reviews have been conducted in the United Kingdom (UK) and by some state governments in the U.S. to help identify and implement strategic approaches to improve efficiency. Such reviews have been ordered by executive leadership to address a wide range of government activity. Reviews have been broad in scope, and initiatives undertaken to improve efficiency have been crosscutting and could be applied across processes, services, and organizations rather than just at the program level as required for federal agencies under OMB's PART approach.

In the UK in 2004, Her Majesty's (HM) Treasury published a first of its kind, government-wide efficiency review that examined government processes, identified opportunities for cutting costs and improving services, and developed proposals to deliver sustainable efficiencies in the use of resources within both central and local government. The review focused on improving government efficiency in areas such as procurement, funding, regulation, citizen services, and administration. The efficiency review proposed strategies to improve efficiency that were adopted by HM Treasury in the UK's 2004 budget.

HM Treasury actively supported departments in their individual efficiency programs. HM Treasury negotiated efficiency goals with each department and created a centralized efficiency team managed by the Office of Government Commerce to help departments achieve efficiency gains. HM Treasury brought in outside expertise, including senior figures from the private and public sector, to support and work with departments. Additional specialist change agents were employed to assist departments with trying to achieve efficiency improvements in areas such as e-government, human resources, IT, finance, construction, and commodity procurement. Change agents addressed problems created by highly fragmented markets that crossed departmental boundaries.

To assist departments in financing efficiency improvement programs, HM Treasury created a £300 million Efficiency Challenge Fund that provided departments with matching funds for efficiency improvement programs. Funds were approved based on objective criteria such as the ratio of

expected savings to matching funds, probability of achieving savings, evidence that alternative funds were not available, and progress in delivering efficiency gains.

In a final review of the completed efficiency program in November 2008, HM Treasury reported that the program led to £26.5 billion in annual efficiency gains (60 percent of which were direct cost savings while the remainder represented increased levels of public service rather than immediate cash savings). These final results have not been audited, although portions of earlier reported efficiency gains were reviewed by the UK National Audit Office (NAO) with mixed results. In 2007, more than halfway through implementing the efficiency program, the NAO reviewed a sample of the reported efficiency gains and found that some had a significant risk of inaccuracy. Nevertheless, NAO concluded at the time that of the £13.3 billion (\$21.2 billion) reported gains, 26 percent (£3.5 billion (\$5.6 billion)) fairly represented efficiencies achieved, 51 percent (£6.7 billion (\$10.7 billion)) appeared to represent improvements in efficiency but had associated measurement issues and uncertainty, and 23 percent (£3.1 billion (\$4.9 billion)) had potential to represent improvements in efficiency, but the measures used either had not yet demonstrated efficiency or the reported gains could be substantially incorrect. NAO cited measurement problems arising from longstanding weaknesses in departments' data systems and from trying to measure savings in areas with complex relationships between inputs and outputs. Despite the caveats identified by NAO in trying to verify the reported efficiency gains, NAO reported that "the efficiency program made important contributions and there is now a greater focus on efficiency among senior staff."

In the U.S., several state governments initiated a variety of governmentwide reviews. For example, Arizona initiated an efficiency review in 2003 to try to find ways to improve customer service, reduce cost, and eliminate duplication while drawing heavily on internal state resources and experts in state government to manage the effort. The Arizona review investigated potential savings in 12 statewide, or crosscutting, issues that affected multiple agencies and offered the greatest potential for efficiency savings. In 2004, California initiated an ongoing review, the California Performance Review, with four major components: executive branch reorganization, program performance assessment and budgeting, improved services and productivity, and acquisition reform. Iowa Excellence is another governmentwide effort designed to improve customer service and cut costs in state government. Iowa agencies examined their performance using Malcolm Baldrige

National Quality Program criteria. The state governmentwide review efforts share these beneficial features: serving as an effective method of cost-saving analysis, helping with prioritizing services to citizens, and providing a targeted goal for the administration of state governments that may contribute to improved government efficiency and effectiveness.

Restructuring Outmoded Government Organizations and Operations Can Contribute to Improvements in Efficiency

Solving the daunting fiscal challenges facing the nation will require rethinking the base of existing federal spending and tax programs, policies, and activities by reviewing their results and testing their continued relevance and relative priority for a changing society. Such a reexamination offers the prospect of addressing emerging needs by weeding out programs and policies that are outdated or ineffective. Those programs and policies that remain relevant could be updated and modernized by improving their targeting and efficiency through such actions as redesigning allocation and cost-sharing provisions, consolidating facilities and programs, and streamlining and reengineering operations and processes.⁶⁵ While significant efficiency gains can be achieved by restructuring outmoded government organizations and operations to better meet current needs, we have reported that such restructurings can be immensely complex and politically charged.⁶⁶ All key players must be involved in the process—Congress, the President, affected executive branch agencies, their employees and unions, and other interested parties, including the public. The fundamental restructuring of the health care system for veterans in the mid-1990s and the Department of Defense (DOD) Base Realignment and Closure (BRAC) process demonstrate the significant efficiencies that can result from reexamining the base of federal programs.

U.S. Department of Veterans Affairs (VA) Health Care

In the mid-1990s, the U.S. Department of Veterans Affairs (VA), recognizing that its health care system was inefficient and in need of reform, followed the lead of private sector health care providers and began reorganizing its system to improve efficiency and access.⁶⁷ In 1995, VA introduced substantial operational and structural changes in its health care system to improve the quality, efficiency of, and access to care by

⁶⁵GAO, *21st Century Challenges: Reexamining the Base of the Federal Government*, [GAO-05-325SP](#) (Washington, D.C.: Feb. 1, 2005).

⁶⁶GAO-03-1168T.

⁶⁷GAO, *VA Health Care: Status of Efforts to Improve Efficiency and Access*, [GAO/HEHS-98-48](#) (Washington, D.C.: Feb. 6, 1998).

reducing its historical reliance on inpatient care. VA shifted its focus from a bed-based, inpatient system emphasizing specialty care to one emphasizing primary care provided on an outpatient basis. To support VA's restructuring efforts, Congress enacted legislation in October 1996 that eliminated several restrictions on veterans' eligibility for VA outpatient care, which allowed VA to serve more patients.

VA also phased in a new national resource allocation method, the Veterans Equitable Resource Allocation (VERA) system, as part of a broader effort to provide incentives for networks and medical centers to improve efficiency and serve more veterans. Networks that increased their patient workload compared with other networks gained resources under VERA; those whose patient workloads decreased compared with other networks lost resources. As we reported, VA recognized that VERA networks were responsible for fostering change, eliminating duplicative services, and encouraging cooperation among medical facilities.

We reported that increased efficiency resulting from increased outpatient care, staff reductions and reassignments, and integrations at the medical centers resulted in savings. For example, from fiscal year 1996 to 1998, the VA reduced staff by approximately 16,114 (8 percent), resulting in estimated annual savings of \$897 million. In some cases, however, improvements in efficiency did not save money because hospitals reinvested funds to enhance or offer new services.

Base Realignment and Closures

The military base realignment and closure experience provides another example of the efficiencies that can be gained by reexamining outmoded government structures and operations to meet current operating needs. In the late 1980s, changes in the national security environment resulted in a defense infrastructure with more bases than DOD needed. To enable DOD to close unneeded bases and realign other bases, Congress enacted legislation that instituted BRAC rounds in 1988, 1991, 1993, 1995, and 2005. A special commission established for the 1988 round made realignment and closure recommendations to the Senate and House Committees on the Armed Services. For the succeeding rounds, special BRAC Commissions were set up, as required by legislation, to make specific recommendations to the President, who in turn sent the commissions' recommendations to Congress. While the statutory requirements vary across the BRAC rounds, those in the 2005 round stipulate that closure and realignment decisions must be based upon selection criteria, a current force structure plan, and infrastructure inventory developed by the Secretary of Defense. Further, the selection criteria were required to be publicized in the *Federal Register* to solicit public comments on the criteria before they were

finalized. A clear authorization was mandated by Congress involving both the executive and legislative branches of government while recognizing and involving those affected by the government's actions. With the completion of the recommended actions for the first four BRAC rounds by 2001, DOD had significantly reduced its domestic infrastructure through the realignment and closure of hundreds of bases and had reportedly generated billions in net savings or cost avoidances during the process.

While DOD's focus for the four BRAC rounds through 1995 was largely on eliminating excess capacity, the Secretary of Defense at the outset of the BRAC 2005 round—the fifth such round taken on by the department—indicated its intent to reshape DOD's installations and realign DOD forces to meet defense needs for the next 20 years and eliminate excess physical capacity—the operation, sustainment, and recapitalization of which diverts resources from defense capability. Both DOD and the BRAC Commission reported that their primary consideration in making recommendations for the BRAC 2005 round was military value, which includes considerations such as an installation's current and future mission capabilities. As such, many of the BRAC 2005 recommendations involve complex realignments that reflect operational capacity to maximize warfighting capability and efficiency.

We have reported that the fifth round, BRAC 2005, will be the biggest, most complex, and costliest BRAC round ever, in part because, unlike previous rounds, the Secretary of Defense viewed the 2005 round as an opportunity not only to achieve savings but also to assist in transforming the department. For example, DOD is consolidating facilities and programs through a BRAC action to relocate five training centers from across the United States into a single medical education and training center at one installation. Although anticipated savings resulting from implementing BRAC 2005 recommendations, which the department could use for other defense programs, remain an important consideration in justifying the need for this round, our calculations using DOD's fiscal year 2010 BRAC budget estimates have shown that estimated savings DOD expects to generate over the 20-year period ending in 2025 have declined from the BRAC Commission's estimate of \$36 billion to \$10.9 billion in constant fiscal year 2005 dollars.⁶⁸

⁶⁸GAO, *Military Base Realignments and Closures: Estimated Costs Have Increased While Savings Estimates Have Decreased Since Fiscal Year 2009*, [GAO-10-98R](#) (Washington: D.C.: Nov. 13, 2009).

Process Improvement Methods and Technology Improvements Can Increase Efficiency

Process improvement methods can increase product quality and decrease costs, resulting in improved efficiency.⁶⁹ Process improvement methods can involve examining processes and systems to identify and correct costly errors, bottlenecks, or duplicative processes while maintaining or improving the quality of outputs.

There are numerous process methods that use different tools and techniques. For example, Six Sigma is a data-driven approach based on the idea of eliminating defects and errors that contribute to losses of time, money, opportunities, or business. The main idea behind Six Sigma is to measure the defects in a process and then devise solutions to eliminate them, helping an organization approach a high quality level. Another method is Business Process Reengineering (BPR), which redesigns the way work is done to better support the organization's mission and reduce costs. Reengineering starts with a high-level assessment of the organization's mission, strategic goals, and customers. As a result of the strategic assessment, BPR identifies, analyzes, and redesigns an organization's core business processes with the aim of achieving dramatic improvements in critical performance measures, such as cost, quality, service, and speed.

A 2009 study conducted by the American Productivity and Quality Center (APQC)⁷⁰ identified a variety of methods, including Six Sigma and Business Process Re-engineering, which have been used by organizations to focus on process improvement.⁷¹ The study included a survey of 281 small-to-large-sized enterprises with annual gross revenue of \$4.2 trillion to identify current process-focused practices and learn about process effectiveness. Survey respondents identified various efficiency related improvements resulting from their process improvement approaches, such as streamlined processes, improved customer satisfaction, quality improvements, and improved decision making.

⁶⁹GAO, *DOD Information Technology: Software and Systems Process Improvement Programs vary in Use of Best Practices*, GAO-01-116 (Washington, D.C.: Mar. 30, 2001).

⁷⁰APQC is a nonprofit worldwide leader in process and performance improvement with members from government, nongovernment, and business organizations.

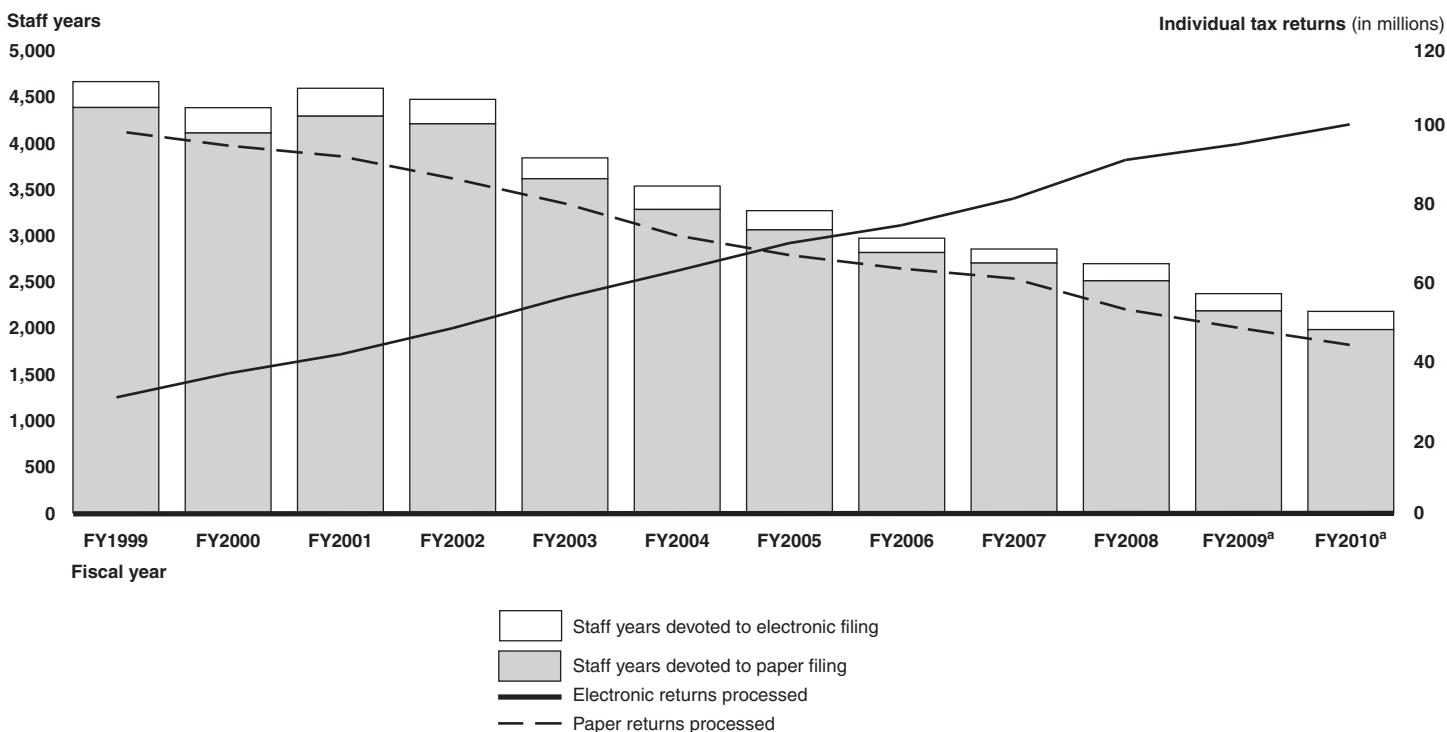
⁷¹APQC, *Operating Tactics in Tough Times: Reduce Costs and Retain Customers – Business Process Management Research* (Houston, TX: Aug. 11, 2009). Some of the other methodologies covered in the report include Baldrige National Quality Program, Kaizen, ISO 9001, and LEAN.

In relation to process improvement, modernizing processes through investments in technology can generate efficiency gains. Our prior work indicates that the federal government can help streamline processes and potentially reduce long-term costs by facilitating technology enhancements.⁷² For example, as shown in figure 3, growth in electronic filing has allowed the Internal Revenue Service (IRS) to reduce staff years used to process paper tax returns. As electronic filing increased between fiscal years 1999 and 2006, IRS reduced the number of staff years devoted to total tax return processing by 34 percent.⁷³ We have also reported that processing is more accurate and costs are lower to IRS as a result of electronic filing—IRS saves \$2.71 for every return that is filed electronically instead of on paper.

⁷²GAO, *Human Service Programs: Demonstration Projects Could Identify Ways to Simplify Policies and Facilitate Technology Enhancements to Reduce Administrative Costs*, [GAO-06-942](#) (Washington, D.C.: Nov. 15, 2006).

⁷³GAO, *Tax Administration: Most Filing Season Services Continue to Improve, but Opportunities Exist for Additional Savings*, [GAO-07-27](#) (Washington, D.C.: Nov. 15, 2006).

Figure 3: Number of Individual Returns and IRS Staff Years for Individual Paper and Electronic Processing, Fiscal Years 1999-2010



Source: GAO analysis of IRS data.

^aFiscal years 2009 and 2010 are IRS projections.

The President’s 2011 Budget described a variety of initiatives the administration intends to undertake to streamline existing IT infrastructure, improve the management of IT investments, and leverage new IT to improve the efficiency and effectiveness of federal government operations.⁷⁴ In June 2009, the U.S. Chief Information Officer (CIO) launched the IT Dashboard, which allows the American people to monitor IT investments across the federal government. The IT Dashboard displays performance data on nearly 800 investments that agencies classify as major. The performance data used to track the 800 major IT investments include schedule, cost, and the agency CIO’s assessment of the risk of the investment’s ability to accomplish its goals. Beginning in January 2010, the

⁷⁴OMB, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2011* (Washington D.C.: February 2010).

U.S. CIO began holding TechStat Accountability Sessions—face-to-face, evidence-based reviews of IT programs, undertaken with OMB and agency leadership, to improve overall performance. According to the U.S. CIO’s Web site on TechStat, in some cases this review process is leading to projects being eliminated. The administration has also indicated it intends to:

- consolidate data centers to reduce costs and increase efficiency;
- pursue “cloud computing,” which will enable agencies to share information technology services and software rather than purchase or develop their own;
- continue to pursue various “e-government” initiatives, which are expected to deliver services more efficiently both within across agency lines; and
- employ federal enterprise architectures and supporting segment architectures to streamline processes and modernize services, in many cases across agency lines.

In addition to these IT initiatives, the Administration has also placed emphasis on reducing errors in payments. Executive Order 13520, signed in November 2009,⁷⁵ requires, among other things, publishing information about improper payments on the Internet, including targets for reduction and recovery, and assigning a senior official to be accountable for reducing and recovering improper payments at relevant agencies. The executive order also lays out steps intended to lead to enhanced accountability of contractors and incentives and accountability provisions for state and local governments for reducing improper payments.

Consistent with OMB’s PART guidance for programs to identify procedures to improve efficiency, officials from several of the selected programs we reviewed said they had modernized information technology to reduce costs and improve services.⁷⁶ Officials from the Department of Labor’s Job Corps program said they reduced Federal Telecommunication Costs through the use of voice over Internet protocol and other improvements in technology, while expanding the use of video conferencing and e-learning to improve customer service. As a result of these efforts, officials reported cutting communication costs by \$1 million. Officials for the Department of the Interior’s Endangered Species program

⁷⁵Executive Order 13520, Reducing Improper Payments, 74 Fed. Reg. 13,520 (Nov. 20, 2009).

⁷⁶Some of the programs’ modernization efforts were launched before PART.

said they used information technology to reduce errors due to hand entry of data. They said that by eliminating manual entry of data, errors were reduced, which resulted in more accurate information and increased efficiency.

Such methods are consistent with PART guidance to identify procedures, such as information technology improvements, to improve efficiency. However, the program-level focus of the PART process would not necessarily lead to an examination of efficiency improvements to be gained by improving the processes and systems outside a program's purview. Government processes and systems can involve multiple programs within and across federal agencies. For example, we previously reviewed the cost of administering seven key human services programs and found that the federal government may help balance administrative cost savings with program effectiveness and integrity by simplifying policies and facilitating technology improvements.⁷⁷ Simplifying policies—especially those related to eligibility determination processes and federal funding structures—could save resources, improve productivity, and help staff focus more time on performing essential program activities. By helping states facilitate technology enhancements across programs, the federal government can help streamline processes and potentially reduce long-term costs.

As another example, we have reported that the federal agencies that share responsibility for detecting and preventing seafood fraud⁷⁸—the Department of Homeland Security's Customs and Border Protection, the Department of Commerce's National Marine Fisheries Service, and the Department of Health and Human Services' Food and Drug Administration—have not taken advantage of opportunities to share information that could benefit each agency's efforts to detect and prevent seafood fraud, nor have they identified similar and sometimes overlapping

⁷⁷The seven programs were Adoption Assistance, Child Care and Development Fund, Child Support Enforcement, food stamps, Foster Care, Temporary Assistance for Needy Families, and Unemployment Insurance. GAO, *Human Service Programs: Demonstration Projects Could Identify Ways to Simplify Policies and Facilitate Technology Enhancements to Reduce Administrative Costs*, [GAO-06-942](#) (Washington, D.C.: Sept. 19, 2006).

⁷⁸Seafood fraud occurs when seafood products are mislabeled for financial gain. See GAO, *Seafood Fraud: FDA Program Changes and Better Collaboration among Key Federal Agencies Could Improve Detection and Prevention*, [GAO-09-258](#) (Washington, D.C.: Feb. 19, 2009).

activities that could be better coordinated to use limited resources more efficiently. For example, each agency has its own laboratory capability for determining seafood species and uses different methodologies for creating standards for species identification. The result is that neither the laboratories nor the data developed in them are shared.

A Strategic Approach to Spending Can Be Used to Reduce Input Costs and Improve Efficiency

We have recommended that agencies take a strategic approach to spending that involves a range of activities—from using “spend analysis” to develop a better picture of what an agency is spending on goods and services, to taking an organization-wide approach for procuring goods and services.⁷⁹ We found that private sector companies have adopted these activities to help leverage their buying power, reduce costs, and better manage suppliers of goods and services. By strategically managing costs, government can improve efficiency in the same way as private sector organizations examined in our prior work.⁸⁰

“Spend analysis” is a tool that provides information about how much is being spent for goods and services, identifies buyers and suppliers, and helps identify opportunities to leverage buying power to save money and improve performance. To obtain this information, organizations use a number of practices involving automating, extracting, supplementing, organizing, and analyzing procurement data. Organizations then use these data to institute a series of structural, process, and role changes aimed at moving away from a fragmented procurement process to a more efficient and effective process in which managers make decisions on an organizationwide basis.

Spend analysis allows for the creation of lower-cost consolidated contracts at the local, regional, or global level. As part of a strategic procurement effort, spend analysis allows companies to monitor trends in small and minority-owned business supplier participation to try to address the proper balance between small and minority business utilization, in addition to pursuing equally important corporate financial savings goals for strategic sourcing.

⁷⁹GAO, *Best Practices: Using Spend Analysis to Help Agencies Take a More Strategic Approach to Procurement*, [GAO-04-870](#) (Washington, D.C.: Sept. 16, 2004).

⁸⁰Between 2000 and 2003, prior GAO work studied procurement best practices of 11 companies—Bausch & Lomb; Brunswick Corporation; ChevronTexaco; Delta Air Lines; Dell; Dun & Bradstreet Corporation; Electronic Data Systems Corporation; Exxon Mobil Corporation; Hasbro, Inc.; International Business Machines; and Merrill Lynch & Co., Inc. See [GAO-04-870](#).

Spend analysis is an important component of the administration's plans to improve government procurement. Along these lines, OMB issued memoranda in July and October of 2009 instructing agencies to increase competition for new contracts.⁸¹ The administration also set a net savings target of \$40 billion to be achieved by agencies through improved contracting practices in fiscal year 2010 and 2011. The October memorandum provided agencies guidelines for increasing competition for contracts and structuring contracts to achieve the best results at the least cost to the taxpayer. Specifically, the memorandum recommends the use of spend analysis to identify the agency's largest spending categories, analyze and compare levels of competition achieved by different organizations within the agency, determine if more successful practices may exist for obtaining greater marketplace competition for a given spending category.

Among the programs we reviewed, officials from the Job Corps program reported that they achieved improvements in efficiency by using some elements of a strategic spending approach. For example, Job Corps officials indicated that the program has avoided approximately \$1 million in utility costs by purchasing energy from utilities using competitive bids in deregulated markets. When an area of the country became deregulated, the program would analyze the utility prices and quantities of electricity or natural gas used by the Job Corps centers in the area. If prices in the deregulated market looked favorable, the energy contracts for the centers would be placed out for bid to all eligible energy suppliers. Job Corps would select the bid with the best price and terms and set up a contract to purchase energy from them for a fixed period of time (usually 1 or 2 years). When the contracts came to an end, the process would be repeated. If the prices on the deregulated market were not favorable at that time, then the centers could revert back to the local utilities for their energy. Job Corps also conducted energy audits to identify problem areas and propose solutions to reduce energy costs at facilities where energy usage was above the benchmark. Job Corps reportedly reduced energy costs through investments in energy saving projects, training of staff and

⁸¹Memorandum from Peter R. Orszag, Director, OMB, for the Heads of Departments and Agencies, Subject: Improving Government Acquisition (July 29, 2009). Memorandum from Lesley A. Field, Deputy Administrator, OMB, for Chief Acquisition Officers, Senior Procurement Executives, Subject: Increasing Competition and Structuring Contracts for the Best Results (Oct. 27, 2009).

students to control energy use, and using an online system to review and analyze billing and procurement of energy in deregulated markets.⁸²

GPRA Could Provide a Framework for Structuring a More Strategic Approach to Improving Government Efficiency

The administration has not clearly indicated whether it will continue to emphasize measuring efficiency at the program level as it did under PART. Rather, in describing its approach to performance and management in the President's budget,⁸³ the Administration stated that GPRA and PART increased the production of measurements in many agencies, resulting in the availability of better measures than previously existed; however, these initial successes have not led to increased use. To encourage senior leaders to deliver results against the most important priorities, the administration tasked agencies with identifying and committing to a limited number of priority goals, generally three to eight, with high value to the public. The goals were to have ambitious, but realistic, targets to achieve within 18 to 24 months without need for new resources or legislation, and well-defined, outcome-based measures of progress. Further, in the coming year, the Administration will ask agency leaders to carry out a similar priority-setting exercise with top managers of their bureaus to set bureau-level goals and align those goals, as appropriate, with agencywide priority goals. These efforts are not distinct from the goal-setting and measurement expectations set forth in GPRA, but rather reflect an intention to translate GPRA from a reporting exercise to a performance improving practice across the federal government. By making agencies' top leaders responsible for specific goals that they themselves have named as most important, the Administration has stated that it hopes to dramatically improve accountability and the chances that government will deliver results on what matters most.

To complement the renewed focus on achieving priority outcomes, the Administration has also proposed increased funding to conduct program evaluations to determine whether and how selected programs are contributing to desired outcomes. The Administration intends to take a three-tiered approach to funding new program initiatives. First, more money is proposed for promoting the adoption of programs and practices that generate results backed up by strong evidence. Second, for an additional group of programs with some supportive evidence but not as

⁸²Officials also reported using energywatchdog.com to receive a rebate of approximately \$520,000 in fiscal year 2006 for overcharged utility costs at Job Corps centers.

⁸³OMB, *Analytical Perspectives, Budget of the United States Government, Fiscal Year 2011* (Washington D.C.: February 2010).

much, additional resources are allocated on the condition that the programs will be rigorously evaluated going forward. Third, the approach encourages agencies to innovate and to test ideas with strong potential—ideas supported by preliminary research findings or reasonable hypotheses. We have previously reported on how program evaluations can contribute to more useful and informative performance reports through assisting program managers in developing valid and reliable performance reporting and filling gaps in needed program information, such as establishing program impact and reasons for observed performance and addressing policy questions that extend beyond or across program borders.⁸⁴

In addition to program evaluations that determine program impact or outcomes, we have identified cost-effectiveness analysis as a means to assess the cost of meeting a single goal or objective, which can be used to identify the least costly alternative for meeting that goal. In addition cost-benefit analysis aims to identify all relevant costs and benefits, usually expressed in dollar terms.⁸⁵ Given the challenges program managers we interviewed cited in developing and using outcome-based efficiency measures, such evaluations might fill gaps in understanding the cost of achieving outcomes and allow for cost comparisons across alternative program strategies intended to produce the same results.

GPRA's focus on strategic planning, development of long-term goals, and accountability for results provides a framework that Congress, OMB, and executive branch agencies could use to promote and apply various approaches to achieving efficiency gains in federal agencies. Congress enacted GPRA in part to address waste and inefficiency in federal programs. Agencies could use strategic plans as a vehicle for identifying longer-term efficiency improvement goals and strategies for achieving them. They could use annual performance plans to describe performance goals designed to contribute to longer-term efficiency goals, and annual performance and accountability reports to monitor progress toward achieving annual or longer-term efficiency goals.

⁸⁴GAO, *Program Evaluation: Studies Helped Agencies Measure or Explain Program Performance*, [GAO/GGD-00-204](#) (Washington, D.C.: Sept. 29, 2000).

⁸⁵GAO, *Performance Measurement and Evaluation: Definitions and Relationships*, [GAO-05-739SP](#) (Washington, D.C.: May 2005).

GPRA could provide a framework that would balance efforts to improve efficiency with overall improvements in outcomes. GPRA was intended to provide a balanced picture of performance that focused on effectiveness as well as efficiency. Officials from some selected programs identified a risk that focusing on reducing costs to improve efficiency could potentially have negative effects on the quantity or quality of outputs or outcomes. For example, officials for the Smaller Learning Communities program at the Department of Education said their outcome-level efficiency measures, which tracked the cost per student demonstrating proficiency or advanced skills in math or reading, could result in unintended negative consequences such as providing motivation for grantees to cut costs by lowering teacher salaries, lower proficiency standards so that more students would be classified as proficient, or engage in “creaming” (focus only on those students most likely to achieve gains). OMB’s PART guidance included recognition that efforts to improve efficiency can involve risk to quality, outcomes, or other factors such as customer satisfaction. The PART guidance included as an example how reducing processing time to be more efficient could result in increased error rates. OMB recommended that programs assess risks associated with efficiency improvement efforts and develop risk management plans if needed. Similarly, in the United Kingdom’s governmentwide efficiency program, departments could only report improvements in efficiency if they could also demonstrate that the quality of public services was not adversely affected by the reforms.⁸⁶ Under GPRA, agencies’ plans and performance measures are expected to strike difficult balances among competing demands, including program outcomes, cost, service quality, customer satisfaction, and other stakeholder concerns. Therefore agencies could mitigate the risk to program outcomes and quality associated with taking a narrow cost-cutting approach by developing GPRA goals, strategies, and performance measures that clearly balance these competing demands.

We have previously reported that OMB could use the provision of GPRA that calls for OMB to develop a governmentwide performance plan to address critical federal performance and management issues, including redundancy and other inefficiencies in how we do business. It could also provide a framework for any restructuring efforts.⁸⁷ This provision has not

⁸⁶NAO, *The Efficiency Programme: A Second Review of Progress* (London, U.K.: Feb. 8, 2007).

⁸⁷[GAO-04-38](#).

been fully implemented, however. OMB issued the first and only such plan in February 1998 for fiscal year 1999.

Further, as the focal point for overall management in the executive branch, OMB could provide guidance and management and reporting tools to increase federal agencies' focus on efficiency improvements. OMB's main vehicle for providing guidance on the development of agency strategic plans and performance plans and reports, OMB Circular A-11, Section 6 (*Preparation and Submission of Strategic Plans, Annual Performance Plans, and Annual Program Performance Reports*), makes no reference to establishing long-term goals for efficiency gains or describing strategies for how performance outcomes can be achieved more efficiently. References to efficiency in the guidance primarily pertain to the inclusion of program-level efficiency measures in agency budget justifications.

OMB could also support mechanisms to share information and encourage agency efforts to improve efficiency. OMB has previously developed or contributed to mechanisms for sharing information and encouraging improvements to federal programs in the past, such as Web sites to share information, highlight success, and identify best practices for initiatives.⁸⁸ For example, www.results.gov had information on best practices related to PMA initiatives, and www.expectmore.gov provided information on PART assessments and improvement plans. OMB's own Web site contained information and examples of what it considered to be high-quality PART performance measures; discussion papers on measurement topics, such as how to effectively measure what a program is trying to prevent; and strategies to address some of the challenges of measuring the results of research and development programs. OMB recently launched a collaborative wiki page which is intended to provide an online forum for federal managers to share lessons learned and leading practices for using performance information to drive decisionmaking.⁸⁹ OMB has sponsored various management councils, such as the President's Management Council and the Performance Improvement Council, which include representatives of agencies and serve as forums for information sharing among agencies and with OMB. We have also reported that OMB has hosted standing working groups and committees comprised of agency and

⁸⁸GAO, *Grants Management: Enhancing Performance Accountability Provisions Could Lead to Better Results*, [GAO-06-1046](#) (Washington, D.C.: Sept. 29, 2006).

⁸⁹[GAO-09-1011T](#).

OMB staff, and has hosted workshops to address important issues and identify and share best practices. For example, OMB helped form a subgroup among agency officials responsible for the PMA budget and performance integration initiative to share lessons learned and discuss strategies to address challenges of developing efficiency measures in the grant context.

Conclusions

The prior Administration's approach to improving efficiency under PMA and PART focused on measuring and achieving efficiency gains at the program level. The approach involved requiring each program to develop at least one efficiency measure and demonstrate annual gains in efficiency, as well as to have regular procedures in place for achieving improvements in efficiencies. Although most programs that received a PART assessment developed an efficiency measure, not all of these measures included both elements of a typical efficiency measure—an input as well as an output or outcome. The absence of these typical elements can result in measures that do not truly capture efficiency. Nevertheless, other forms of measures intended to improve efficiency, such as those focused on reducing costly error rates, could still provide useful information.

Officials for some selected programs we reviewed indicated that the efficiency measures reported for PART were useful and described ways in which they used data for efficiency measures, such as to evaluate proposals from field units, lower the cost of a contract, or make decisions to shift production. Other officials we interviewed did not find the measures useful for decision making. Officials for all of the programs described challenges to developing and using efficiency measures that were similar to challenges we previously reported on in prior work on PART and performance measures in general. For example, in one case the way OMB defined the program boundaries did not line up well with how managers ran the activities, which resulted in measures that were not useful for decision making. Some program officials indicated it was not always feasible to meet the requirement to demonstrate annual gains in efficiency, given that improvement could take multiple years to achieve. Some officials cited inconsistencies and limitations in the guidance and technical support from OMB on how to develop and use efficiency measures.

OMB has not clarified whether programs should continue to collect and use efficiency measure data established for PART. Such clarification is necessary to help guide any refinements, as needed, to the current process, as well as broader issues. While tracking efficiency at the program level can be useful, this approach can miss opportunities to seek

efficiencies on a larger scale, such as efforts that cross traditional program and agency boundaries. The experiences of private and public sector entities in implementing strategic and crosscutting approaches to improving efficiency can provide insights for federal agencies. For example, process improvement and modernization of systems can be undertaken both within and across organizational boundaries to increase quality, reduce waste, and lower costs. Analyzing spending and procurement strategies to leverage buying power and improve performance can identify opportunities to reduce the cost of producing agency outputs and outcomes. Broader, governmentwide reviews and analysis of restructuring opportunities that involve a wider scope of government activity can be used to identify strategic, crosscutting approaches to improving efficiency that emphasize the need to maintain or improve other key dimensions of performance. Such approaches have the potential to yield significant gains in efficiency that would be difficult to achieve by individual programs working in isolation.

The current Administration has begun to identify some important opportunities for crosscutting efficiencies in its proposed information technology initiatives and procurement reforms and has tasked agencies with establishing agency cost reduction goals and asked federal employees to submit their suggestions for cost savings. Efforts to improve efficiency can take multiple years to accomplish and can require changes in strategy and collaboration within and across organizational lines. Furthermore, efficiency can only be improved if other performance dimensions, such as the quality or quantity of agency outputs and outcomes, are maintained or improved as resources are reduced; or conversely, if quality and quantity of outputs/outcomes are improved with a given level of resources. The Administration has signaled its intent to make greater use of program evaluation to determine which programs are producing desired results. Program evaluations can also be used to determine the cost of achieving outcomes, an approach that could aid in identifying the most cost-effective program designs.

Continuing to build on the experiences and lessons learned from prior initiatives, with a concerted focus on specific levels of governments—governmentwide, agency, and program—could help to identify, introduce, and sustain additional efficiency gains on a more systematic and systemic basis at these same levels. The planning and reporting requirements of GPRA could serve as a framework for developing agency or across-agency strategies for improving efficiency and tracking results. By implementing the governmentwide performance plan provision of GPRA, OMB could provide further impetus to identifying efficiency goals to be achieved by

consolidating operations or restructuring programs on a governmentwide basis. Further, OMB's A-11 guidance on preparing agency strategic and performance plans could place greater emphasis on improvements in efficiency. OMB has multiple management groups and information-sharing mechanisms, including a new wiki, which could be used to identify and share successful approaches to improving efficiency, whether applied at the program or other levels of government.

Recommendations for Executive Action

We recommend that the Director of OMB take the following four actions:

- Evolve toward a broader approach that emphasizes identifying and pursuing strategies and opportunities to improve efficiency at each of the governmentwide, agency, and program levels.
 - At the governmentwide level, OMB should look for additional opportunities to consolidate or restructure duplicative or inefficient operations that cut across agency lines. One vehicle for doing this is the GPRA-required governmentwide performance plan.
 - At the agency level, OMB should clarify its A-11 guidance to agencies on establishing efficiency goals and strategies in their agency-level GPRA strategic and performance plans, and reporting on the results achieved in performance reports. Guidance should stress the importance of looking for efficiencies across as well as within components and programs and maintaining or improving key dimensions of performance such as effectiveness, quality, or customer satisfaction, while also striving for efficiency gains.
 - At the program level, OMB should clarify whether agencies are to continue developing and using program-level efficiency measures. If so, OMB should provide enhanced guidance and technical support to agencies that addresses how to develop and use efficiency measures to improve efficiency and mitigate the challenges we identified.
- Collect and disseminate information on strategies and lessons learned from successful efforts to improve efficiency by federal agencies, other governments, and the private sector. Possible vehicles for collection and dissemination of this information include good practices guides, workshops, Web sites, wikis, and management councils, such as the President's Management Council and the Performance Improvement Council.

Agency Comments

We provided a draft of this report for review to OMB and the Departments of Agriculture, Education, the Interior, Labor, and Transportation. In oral comments, OMB representatives indicated that OMB concurred with our recommendations, adding that they thought the report will be useful as they revise their guidance to agencies on how to address efficiency

improvements. OMB also provided technical comments which we incorporated where appropriate.

In their written comments (see app. IV), Interior also concurred with our recommendations, but urged caution with regard to the recommendation that OMB provide additional guidance on the use of efficiency measures by agencies and programs. In particular, Interior cautioned against inviting standardized direction that would have agencies comparing efficiency across and within programs, considering the inherent differences in scope, complexity, and quality of outputs and outcomes. Interior indicated it seeks maximum flexibility for federal managers in using efficiency measures when they make sense and can be used to drive to the desired goals for the program.

The Departments of Education and Labor provided technical comments, which we incorporated where appropriate. The Departments of Agriculture and Transportation did not provide comments.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this letter. At that time, we will send copies of this report to the appropriate congressional committees; the Secretaries of Agriculture, Education, the Interior, Labor, and Transportation; the Director of OMB; and other interested parties. The report will also be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions regarding this report, please contact me at (202) 512-6543 or steinhardt@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix V.



Bernice Steinhardt
Director, Strategic Issues

Appendix I: Objectives, Scope, and Methodology

The objectives of our review were to examine: (1) the types of efficiency measures reported through the Program Assessment Rating Tool (PART) for agency programs overall, and particularly for selected programs in five selected agencies, focusing on the extent to which they included typical elements of an efficiency measure; (2) for selected programs, the extent to which programs reporting efficiency measures through PART have shown efficiency gains and how programs have used efficiency measures for decision making; (3) for selected programs, the types of challenges to developing and using efficiency measures they have faced; and (4) other strategies that can be used to improve efficiency.

To address these objectives, we selected five departments from those on which we had reported in 2007 concerning implementation of a managerial cost accounting system (MCA).¹ Because we wanted to include agencies with variety in the types of cost data available, we selected some departments that had—and some that had not—developed an MCA system. The Departments of the Interior, Labor and Transportation were selected because these were the only departments out of the 10 agencies we reviewed at the time that had implemented—or had made significant progress in implementing—MCA departmentwide.² To compare and contrast findings from these departments, we selected two other departments that had not implemented an MCA system. The United States Department of Agriculture was selected because the department indicated in our 2007 report that it planned to implement an MCA system the next time it upgraded its financial management system. The Department of Education was selected because it indicated it had no plans to implement an entitywide MCA system.

After choosing the departments, we selected 21 programs to review from the set of all programs that had a received a PART assessment by the Office of Management and Budget (OMB).³ PART was developed to assess and improve program performance so that the federal government could achieve better results. According to OMB, a PART review helped identify a program's strengths and weaknesses to inform funding and management decisions aimed at making the program more effective. A PART review

¹GAO, *Managerial Cost Accounting Practices: Implementation and Use Vary Widely across 10 Federal Agencies*, GAO-07-679 (Washington, D.C.: July 20, 2007).

²Alternatively, we could have selected the Social Security Administration, but chose to limit our review to cabinet-level departments.

³The PART assessment years for the programs we selected ranged from 2003 to 2008.

included program-level performance information and efficiency measures for the programs.⁴ The PART data we received from OMB contained 1,396 efficiency measures which were associated with 937 programs that received a PART assessment. Within the five departments, we selected the 21 specific programs for review to represent a diverse array of functions and operations within the federal government, as indicated by the PART program type.⁵ Of the seven PART program types, we selected five for inclusion in this study, excluding research and development and credit.⁶ Additional criteria were that the selected programs have relatively large fiscal year 2008 funding levels, and variety in the number of efficiency measures associated with the programs.

For the first objective regarding the extent to which efficiency measures included typical necessary elements, we first identified the elements and developed a definition by conducting a literature review as well as expert interviews. We then performed various degrees of analysis on (1) all efficiency measures for all programs represented in the PART database, (2) all of the measures for our selected programs, and (3) a random sample of 100 efficiency measures taken from the PART database. The following describes the analysis we conducted on each of these three populations:

- **Analysis on the complete PART database:** The analysis we conducted on all PART efficiency measures resulted in a set of summary statistics, such as the fiscal year 2008 total funding by PART program type, the mean

⁴OMB provided us with a database containing information on all programs that had received PART assessments and said the data were current as of January 14, 2009. We assessed the reliability of the OMB data and found that they were sufficiently reliable for purposes of this engagement.

⁵All programs were considered to be direct federal and were assessed using 25 basic questions that comprised the direct federal PART. If a program delivered goods and services using one of the mechanisms captured in the other six PART types (competitive grant, block/formula grant, research and development, capital assets and acquisition, credit, or regulatory), it was assessed with additional specific questions tailored to the program type.

⁶We excluded research and development programs from our sample of selected programs based on the findings of a 2008 study by The National Academies which raised questions about the feasibility of developing valid outcome-based efficiency measures for federal research programs (*Evaluating Research Efficiency in the U.S. Environmental Protection Agency*, Committee on Evaluating the Efficiency of Research and Development Programs at the U.S. Environmental Protection Agency, The National Academies). We excluded credit programs from our sample of selected programs because of the difficulty in making generalizations about such programs due to the relatively small number of these programs in the selected departments.

amount of funding each program received within the program types, the number of programs for each PART program type, the number of programs that had between zero and eight efficiency measures, and the number of programs in each selected department by PART program type.

- **Analysis of PART measures selected with certainty from 21 programs in five departments:** For the 21 programs we selected, we conducted a more detailed analysis on the 36 associated efficiency measures.⁷ However, any findings based on this analysis cannot be generalized beyond these particular measures. We performed a content analysis review of these measures, which was based upon the PART efficiency measure data; our review of applicable documents concerning the measures and programs, such as the programs' PART assessments; and interviewing program officials to discuss the measures and programs. For each of these measures, we identified whether certain attributes were present, and the documents we reviewed and interviews we conducted aided in this effort at times. The fields from the PART database we used to assess each efficiency measure were the agency and program name, the text for each efficiency measure and, when present, the more detailed efficiency measure explanation. Using this information, we determined whether each of the measures included the program's inputs (such as cost or hours worked by employees) as well as its outputs or outcomes. When we identified a measure as having an output or outcome element, we distinguished between the two. We also analyzed whether there was either a time or cost attribute to each measure. For each of these attributes, the potential answers were "Yes," "No," or "Unclear."⁸ To determine whether an efficiency measure had these attributes, we defined each term for this particular exercise. We defined an input as a resource, such as cost or employee time, used to produce outputs or outcomes. We defined outputs as the amount of products and services delivered by a program. We defined outcomes as the desired results of a program, such as events, occurrences or changes in conditions, behaviors or attitudes. We defined a measure to have an attribute of time or cost when the measure appeared

⁷In addition to these 36 efficiency measures, there were a total of 5 additional efficiency measures included in the PART data we received from OMB for three of our selected programs. However, officials from each of these programs told us these 5 efficiency measures were no longer associated with PART, so we excluded them from our analysis. Further, one of the selected programs, the Department of Transportation's Federal Aviation Administration Air Traffic Organization (ATO) Terminal, changed one of its measures in PART, ATO-Terminal staffing ratio, from an "output" to an "efficiency" measure after our initial interview. As a result, we did not include this measure in our review.

⁸When a measure was coded "No" for output/outcome, we coded the output or outcome type "N/A."

to include some type of attribute of time (e.g., “hours worked by employees,” “per month,” “annually,” or “within three months,”) or cost, respectively. We conducted our coding by having three team members independently code each of the 36 efficiency measures without each knowing how the other two coders assessed each measure. Afterward, the three coders discussed and reconciled any differences and reached agreement in all incidents. Finally, we determined whether the cost element was based on budgetary information or MCA information.

- **Analysis of a random sample from the PART database:** This analysis involved selecting a random sample of 100 efficiency measures from the remaining 1,355 efficiency measures in the PART database.⁹ Estimates based on the sample can be generalized to estimate characteristics of the remaining population of 1,355 efficiency measures. Because we followed a probability procedure based on random selections, our sample is only one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample’s results as a 95 percent confidence interval (e.g., plus or minus 10 percentage points). This is the interval that would contain the actual population value for 95 percent of the samples we could have drawn. As a result, we are 95 percent confident that each of the confidence intervals in this report will include the true values in the study population. Unless otherwise noted, all percentage estimates have 95 percent confidence intervals of within plus or minus 10 percentage points of the estimate itself. The analysis we conducted on these measures was similar to the analysis we conducted for the selected programs, meaning we analyzed and determined if each measure had an input, output or outcome, time or cost attribute and used the same definition and coding procedures. However, because we did not have in-depth information from interviews or program documents concerning these measures, in some cases we were unable to conclude whether certain efficiency measures included necessary elements and consequently, classified about a quarter of the sample as unclear. Also, because of the lack of detailed information on the measures, we could not distinguish between outputs and outcomes expressed for these measures.

Simultaneously with the content analysis of the efficiency measures, for the second and third objectives, on how selected agencies/programs used

⁹We excluded the 36 specifically selected efficiency measures from this population and the 5 efficiency measures which were included in PART but which program officials said should not be.

efficiency measures and the extent to which they reported efficiency gains, and what challenges or constraints to developing and using efficiency measures they faced, we reviewed program Web sites, PART assessments, other documents provided by program officials, and interviewed program officials identified by the departments as knowledgeable about the particular program and its efficiency measure(s). These interviews consisted of asking agency officials a similar set of questions with topics such as how the efficiency measure(s) was developed and used, associated challenges, and alternative methods for evaluating efficiency. For the two programs that did not have any efficiency measures in PART, we asked questions such as whether they had other efficiency-related measures they tracked internally which were unrelated to PART, whether there had been prior attempts to develop an efficiency measure, and whether they had experienced specific challenges to developing and using efficiency measures. In addition to interviewing program officials, we also interviewed at least one official in each of the five departments who was responsible for performance measurement at the departmentwide level. These interviews also had a similar set of questions and were specific to departmentwide performance measurement issues, such as whether the department had its own guidelines or guidance pertaining to developing and using efficiency measures, how results for program-level efficiency measures get reported within the agency, and how program efficiency measures were used. Also at the department level, we interviewed officials associated with each of the five departments' Chief Financial Officer (CFO) offices, asking questions about the role the CFOs office played, if any, in developing efficiency measures for programs and inquiring about the development and use of a managerial cost accounting system. In addition to interviewing department and program officials, we interviewed OMB officials on several occasions about the approach to efficiency under PART and discussed, among other topics, the training and guidance OMB provided, and any lessons learned from the agencies' efforts to develop and use efficiency measures. OMB also provided us with documents detailing the history of the PART program.

Finally, to determine whether a selected program's efficiency measure indicated a gain or loss, we reviewed the efficiency measure data that were reported in the program's PART assessment and subtracted the initial year of data from the latest year available. To verify the accuracy of the data, we asked program officials to confirm the data and when necessary, to provide us with the most recent data.

To address the fourth objective regarding the approaches agencies can employ to improve efficiency, we interviewed program officials for the

selected programs to learn about the approaches they use to evaluate efficiency and also conducted a two-stage literature review to determine alternative approaches. The first stage of the literature review consisted of examining GAO publications, Congressional Research Service reports, the Internet, and various databases for general information on strategic approaches to efficiency. We also participated in a business process management research report with the American Productivity and Quality Center (APQC),¹⁰ studying how organizations maintain quality across processes and products as well as meet customer requirements in the face of pressure to cut costs. Using information derived from the first literature review and the APQC report, we identified the broad set of approaches to improving efficiency. In our literature search, we looked for examples and ideas that used a broad array of strategies to seek improvements or affect efficiency from prior reports we have published and what other institutions that have done work on the subject. For this objective, we refer to 18 different pieces of literature from our comprehensive literature search. In conducting the literature review, we did not attempt to identify all potential alternative approaches that could lead to efficiency improvements but focused on approaches that appeared consistent with the broad definition of efficiency improvement that was used in this report. Furthermore, in addition to the interviews with program officials and the literature review, we interviewed experts on performance and efficiency measures, who discussed definitions, uses, and insights of efficiency measures. Among the experts, we interviewed officials in the United Kingdom's National Audit Office, which assessed the reliability of the efficiency gains reported by United Kingdom agencies as part of the United Kingdom's 2004 government-wide efficiency review. We also interviewed officials with the Office of the Auditor General of Canada, which is conducting a study on ways to improve the efficiency of that country's tax administration system.

¹⁰APQC, *Operating Tactics in Tough Times: Reduce Costs and Retain Customers* (Houston, TX: Aug. 11, 2009).

Appendix II: Departments, Selected Program Assessment Rating Tool Program (PART) Names, and Summary of Programs

Department and PART program name	Program summary
Department of Agriculture	
Forest Service: Watershed	Restore, enhance, and maintain watershed conditions including soil, water, air, and forest and rangeland vegetation within the national forests and grasslands. Management of these physical and biological resources provides a foundation for healthy, viable ecosystems.
National School Lunch Program	Provides nutritionally balanced, low-cost or free lunches for public and nonprofit private schools. The program seeks to safeguard the health and well-being of the nation's children and support domestic agricultural production.
Plant and Animal Health Monitoring Programs	Assists in protecting plant and animal resources from pests and diseases through ongoing monitoring and surveillance. Provides rapid detection, analysis, and reporting of pests and diseases to minimize potential losses.
Department of Education	
21st Century Community Learning Centers	Awards formula grants to state education agencies which, in turn, manage statewide competitions and award subgrants to local education agencies and community-based organizations. These grants support the creation of community learning centers that provide academic enrichment opportunities during nonschool hours for children, particularly students who attend high-poverty and low-performing schools. This program focuses on enrichment in core academic subjects, extracurricular enrichment, as well as literacy and other educational services to the families of participating children.
Smaller Learning Communities	Provides competitive grants to local education agencies to increase academic achievement in large high schools through the creation of smaller, more personalized learning environments.
Student Aid Administration	Provides financial assistance to postsecondary students and their families through administering federal student aid grants and loans.
Department of the Interior	
Bureau of Reclamation Water Management—Operation and Maintenance	Ensures the operation and maintenance of reclamation facilities, delivers water to irrigators and municipal users, and provides storage to help mitigate flooding. The program also addresses issues such as water conservation, runoff from irrigated fields, and project financial management.
Wildland Fire Management	Manages and extinguishes fires on Department of the Interior lands and on other lands under fire protection agreements. The three largest program activities are fire preparedness, fire suppression, and hazardous fuels reduction (i.e., removal of small trees and brush that exacerbate fire risks).
Fish and Wildlife Service—Endangered Species	Protects threatened or endangered species and conserves their habitats. Lists species needing protection, consults on federal projects, awards grants, and works with partners on recovery actions.
Fish and Wildlife Service—Fisheries	Works to conserve and restore native aquatic species populations and their habitat and support recreational fishing.
Office of Surface Mining—State Managed Abandoned Coal Mine Land Reclamation	Reclaims and restores land and water degraded by coal mining activities conducted before 1977. Reclamation fees on current coal production fund the program, which has expanded to provide oversight over the 23 states and three Indian Tribes that carry out the program.

Department and PART program name	Program summary
Department of Labor	
Energy Employees Occupational Illness Compensation Program	Serves those who have contracted illness due to exposure to toxic substances or radiation while working at nuclear weapons and related covered facilities. Provides lump-sum compensation and health benefits to eligible Department of Energy nuclear weapons workers, or the survivors of such workers.
Job Corps	Provides intensive education and training services to disadvantaged youth ages 16-24. These services are intended to help eligible youth obtain jobs, seek further education, or enter the military. The program serves approximately 60,000 youth nationwide through 122 centers, most of which are residential.
Occupational Safety and Health Administration	Works to ensure, for every working person in the nation, safe and healthful working conditions. Implements the Occupational Safety and Health Act of 1970 by setting and enforcing standards, outreach and education, cooperative programs and compliance assistance.
Unemployment Insurance Administration State Grants	Assists states in operating their unemployment insurance programs, which provide temporary income support to unemployed workers. States determine eligibility for benefits, which are financed through state-levied taxes. The Department of Labor funds the administrative expenses of these state programs.
Workforce Investment Act—Migrant and Seasonal Farmworkers	Provides competitive grants to fund training, employment, and other services to help economically disadvantaged farmworkers and their families. Through these services, the program seeks to help them achieve economic self-sufficiency by strengthening their ability to gain stable employment.
Department of Transportation	
Federal Aviation Administration (FAA) Air Traffic Organization—Terminal Programs	Provides air traffic control services to guide aircraft in and out of airports across the country.
FAA Air Traffic Organization—Technical Operations	Maintains and modernizes equipment needed in the national airspace system to deliver air traffic services. It fields, repairs, and maintains a network of complex equipment, including radars, instrument landing systems, radio beacons, runway lighting, and computer systems.
Federal Transit Administration New Starts	Provides financial support for locally planned and operated public transit through competitive, discretionary capital investment grant transit projects including commuter rail, light rail, heavy rail, bus rapid transit, trolleys and ferries.
Highway Infrastructure	Provides financial grants and technical assistance to states to construct, maintain, and improve the performance of the nation's highway system in accordance with federal policy goals.
National Highway Traffic Safety Administration—Operations and Research	Advances highway safety through research and regulations concerning vehicle technologies and human behavior. Focuses on researching vehicle and behavioral safety countermeasures, issuing vehicle safety regulations, and investigating vehicle defects.

Source: GAO analysis of selected PART assessments.

Appendix III: Department, PART Program Name, and Number of Efficiency Measures, Fiscal Year 2009 Funding Level, PART Program Type, and Efficiency Measure(s) for Selected Programs

Department	PART program name and number of efficiency measures	Fiscal year 2009 funding level (dollars in millions)	PART program type	Efficiency measure
Agriculture	Forest Service: Watershed (0)	\$812	Direct federal	None
Agriculture	National School Lunch Program (NSLP) (3)	8,517	Block/ formula grant	Dollars lost to error in the National School Lunch Program Rate of verified applications not supported by adequate income documentation Rate of administrative error in NSLP eligibility determination
Agriculture	Plant and Animal Health Monitoring Programs (2)	330	Regulatory	Value of damage prevented or mitigated by the monitoring and surveillance programs per dollar spent Improved efficiency through the use of targeted samplings versus the use of random sampling
Education	21st Century Community Learning Centers (3)	1,081	Block/ formula grant	The average number of days it takes the department to submit the final monitoring report to a State Education Agency (SEA) after the conclusion of a site visit The average number of weeks a state takes to resolve compliance findings in a monitoring visit report The percentage of SEAs that submit complete data on 21st century program performance measures by the deadline
Education	Smaller Learning Communities (6)	80	Competitive grant	Fiscal year 2003 cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in reading Fiscal year 2003 cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in mathematics Fiscal year 2004 cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in reading Fiscal year 2004 cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in mathematics

Department	PART program name and number of efficiency measures	Fiscal year 2009 funding level (dollars in millions)	PART program type	Efficiency measure
				Fiscal year 2005 cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in reading
				Fiscal year 2005 cohort: Cost (in dollars) per student demonstrating proficiency or advanced skills in mathematics
Education	Student Aid Administration (1)	753	Capital and service acquisition	Direct administrative unit costs for origination and disbursement of student aid
Interior	Bureau of Reclamation Water Management—Operation and Maintenance (1)	308	Capital and service acquisition	Average time to correct/mitigate higher priority operations and maintenance deficiencies of reserved works facilities
Interior	Fish and Wildlife Service—Endangered Species (0)	277	Regulatory	None
Interior	Fish and Wildlife Service—Fisheries (1)	126	Competitive grant	Pounds/dollar of healthy rainbow trout produced for recreation
Interior	Office of Surface Mining—State Managed Abandoned Coal Mine Land Reclamation (2)	477	Block/ formula grant	Percentage of declared emergencies abated within 6 months
				Provide appropriate grant funding within 60 days of a complete grant application
Interior	Wildland Fire Management (3)	859	Direct federal	Number of acres treated in the wildland-urban interface per million dollars of gross investment
				Number of acres treated outside the wildland-urban interface per million dollars gross investment
				Number of acres in fire regimes 1, 2, or 3 moved to a better condition class per million dollars of gross investment
Labor	Energy Employees Occupational Illness Compensation Program (1)	1,161	Direct federal	Average number of decisions per full-time equivalent
Labor	Job Corps (1)	1,611	Capital and service acquisition	Cost per participant
Labor	Occupational Safety and Health Administration (1)	503	Regulatory	Inspections per Compliance Safety and Health Officer
Labor	Unemployment Insurance Administration State Grants (1)	3,498	Block/ formula grant	Number of timely and accurate initial benefit payments claims per \$1,000 of inflation-adjusted base grant funds

Department	PART program name and number of efficiency measures	Fiscal year 2009 funding level (dollars in millions)	PART program type	Efficiency measure
Labor	Workforce Investment Act—Migrant and Seasonal Farmworkers (1)	83	Competitive grant	Cost per participant
Transportation	Federal Aviation Administration (FAA) Air Traffic Organization—Technical Operations (2)	2,650	Direct federal	ATO-Technical Operations staffing ratio Unit cost for providing ATO-Technical Operations services
Transportation	FAA Air Traffic Organization—Terminal Programs (2) ^a	2,199	Direct federal	Unit cost for providing terminal services Productivity rate at service delivery points
Transportation	Federal Transit Administration New Starts (1)	1,569	Competitive grant	Percent of projects under full funding grant agreements that have current total cost estimates that do not exceed baseline cost by more than 5 percent
Transportation	Highway Infrastructure (3)	41,325	Block/ formula grant	Percent of major federally funded transportation infrastructure projects with less than 2 percent annual growth in the project completion milestone Median time to complete an Environmental Impact Statement Percent of major federally funded transportation infrastructure projects with less than 2 percent annual growth in cost estimates
Transportation	National Highway Traffic Safety Administration—Operations and Research (1)	232	Regulatory	Average costs incurred to complete a defect investigation

Source: GAO analysis of OMB's Program Assessment Rating Tool.

^aDuring the course of our review, FAA Air Traffic Organization—Terminal Programs, changed the status of one of its PART measures (ATO Terminal staffing ratio) from an “output” measure to an “efficiency” measure. Therefore, we did not include this measure in our review.

Appendix IV: Comments from the Department of the Interior



United States Department of the Interior
OFFICE OF THE SECRETARY
Washington, DC 20240



APR 20 2010

Ms. Bernice Steinhardt
Director, Strategic Issues
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Steinhardt:

Thank you for providing the Department of the Interior the opportunity to review and comment on the draft Government Accountability Office Report entitled, *STREAMLINING GOVERNMENT: Opportunities Exist to Strengthen OMB's Approach to Improving Efficiency*, (GAO-10-394).

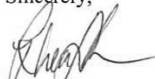
The Department does concur with many aspects of the recommendations made in the report. First, we agree that OMB is in a position to determine government-wide opportunities for efficiency that involve and could benefit multiple agencies. Using input from agencies on what has worked and how that can be applied across the Federal community would be value added. The councils and work groups that OMB hosts are very useful in that regard and we are finding the PIC to be a source of good guidance and best practices.

With regard to additional guidance and direction on the use of efficiency measures in agencies and programs, we would urge caution. GAO observed that efficiency measurements should be balanced with considerations of quality, outcomes, and other factors such as customer satisfaction. Rather than ask for additional guidance on efficiency measures that may not be sufficiently focused on outcomes, we believe that OMB's initiative to strengthen and infuse a program evaluation capability in Federal agencies is just what is needed. We caution inviting standardized direction that would have us comparing efficiency across and within programs, considering the inherent differences in scope, complexity, and quality of outputs and outcomes. Rather we seek maximum flexibility for Federal managers in using efficiency measures when they make sense and can be used to drive to the desired goals for the program. As demonstrated by your study, not all programs have the same capacity for improved efficiency and some are more challenging to evaluate.

**Appendix IV: Comments from the Department
of the Interior**

We appreciate having the opportunity to comment. If you have questions or need additional information, please contact Dr. Richard Beck, Director, Office of Planning and Performance Management, at (202) 208-1818.

Sincerely,



Rhea Suh
Assistant Secretary
Policy, Management and Budget

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Bernice Steinhardt, (202) 512-6543 or steinhardtb@gao.gov

Staff Acknowledgments

In addition to the individual named above, Elizabeth Curda, Assistant Director; Charlesetta Bailey; James Cook; Anne Inserra; Eric Knudson; Ricardo Sanchez; and Jeremy Williams made key contributions to the report. Cynthia Grant; Peter Grinnell; Carol Henn; Donna Miller; A.J. Stephens; Jay Smale; Jessica Thomsen; and John Warner also provided significant assistance.

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-----Original Message-----

From: Drew.Murrell@sfgov.org [<mailto:Drew.Murrell@sfgov.org>]
Sent: Tuesday, August 09, 2011 11:19 AM
To: Drew Bohan
Cc: Allan Burdick; Michelle.Allersma@sfgov.org
Subject: RRM Question on Efficient Implementation

Mr Bohan,

I wanted to share some additional thoughts for the administrative record on the question you raised during the July hearing on balancing local variation in costs with cost-efficient implementation. If the RRM allows us to apply our local wage and benefit rates we are likely to support it. From the perspective of the City and County of San Francisco, as a large local agency much of our cost variation is accounted for by using unit times rather than unit cost. As we discussed later with the State Controller, wage differences are typically the largest driver of cost differences amongst local agencies. Using a unit time accounts for this difference by allowing us to apply our own rates to the time claimed. Implementation efficiencies should not be a result of differences in prevailing wages.

There would be very few instances where we would not favor using an RRM based on unit time, no matter how it considers efficient implementation. I appreciate the opportunity to comment on this matter.

Andrew Murrell
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City and County of San Francisco
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COMMISSION ON STATE MANDATES

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August 12, 2011

Mr. Keith Petersen
 SixTen and Associates
 P.O. Box 340430
 Sacramento, CA 95834-0430

Ms. Diana McDonough
 Fagen Friedman & Fulfroost LLP
 70 Washington Street, Suite 205
 Oakland, CA 94607

Ms. Juliana Gmur
 MAXIMUS
 2380 Houston Ave
 Clovis, CA 93611

And Interested Parties and Affected State Agencies (see mailing list)

RE: Request for Comments

Regarding Reasonable Reimbursement Methodologies
 in Relation to the Following Claims:

Behavioral Intervention Plans, CSM 4464

San Diego Unified School District, San Joaquin County Office of Education
 and Butte County Office of Education, Claimants

Habitual Truants, 09-PGA-01, 01-PGA-06 (CSM-4487 and CSM-4487A)

San Jose Unified School District, Requestors

Voter Identification Procedures, 03-TC-23

County of San Bernardino, Claimant

Dear Mr. Petersen, Ms. McDonough, and Ms. Gmur:

Thank you for your participation on July 27, 2011 at the prehearing conference conducted by the Commission on State Mandates (Commission) to discuss reasonable reimbursement methodologies (RRMs) as they relate to the above-named matters, and to future requests for RRMs. Staff sought input regarding how "cost efficient," as that term is used in Government Code section 17518.5, should be applied to proposed RRMs. The participants in the prehearing conference provided helpful input on this issue and into the draft staff analysis on the proposed parameters and guidelines amendment for the *Habitual Truants* program. The draft staff analysis was issued on June 9, 2011. Subsequent to the prehearing, Commission staff reviewed the draft staff analysis based on the input received and now seeks briefing on the following questions:

1. Government Code section 17518.5(a) states: "Reasonable reimbursement methodology" means a formula for reimbursing local agencies and school districts for costs mandated by the state, as defined in Section 17514." Section 17514 states: "'costs mandated by the state' means any increased costs which a local agency or school district is required to incur" to fulfill the requirements of a state mandate.

The California Constitution and section 17514 require that each local agency be reimbursed for its mandated costs. An RRM is a tool to facilitate the reimbursement process. Staff believes it is constitutionally permissible to develop an RRM unit cost that reasonably reimburses each local agency even if

some local agencies receive more and some local agencies receive less than the RRM unit cost. The Commission recently found in the *Municipal Stormwater* program that the RRM unit cost of \$6.74 was reasonable even though the unit costs used to develop that figure ranged from a low of \$2.02 to a high of \$14.46. The Commission implicitly found that \$6.74 was a constitutionally permissible figure even though one claimant whose figures were used to calculate the RRM figure had actual costs of \$14.46. Under the RRM, that claimant would be entitled to less than half of its actual costs.

Question: At some point is the range of figures used to develop the unit cost so wide that it violates the constitutional requirement that local agencies be reimbursed for their mandate-related costs?

2. Government Code section 17518.5(c) states: "A reasonable reimbursement methodology shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner."

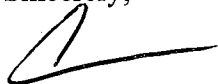
Question 1: How should "cost-efficient" be defined?

Question 2: What does this section require be cost-efficient? Stated another way, what does a requestor need to show to demonstrate that its proposed RRM unit cost meets the requirement of section 17518(c)?

We invite all parties, interested parties, and interested persons to submit comments on these questions or any related issues by Wednesday, **September 2, 2011**.

Please contact me at (916) 323-3562 if you have questions.

Sincerely,



Drew Bohan
Executive Director

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Exhibit P



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December 19, 2011

Ms. Nancy Patton, Acting Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: CSM # 4487 & 4487A
Habitual Truants
Third-Party Statistical Analysis
Education Mandated Cost Network (EMCN)

Dear Ms. Patton:

In a letter dated August 22, 2011, to Mr. Keith Peterson you granted his request for a 120-day extension of time to submit comments regarding the request to amend parameters and guidelines for the *Habitual Truants* mandate (09-PGA-01, 01-PGA-06 {CSM #4487 & 4487A}). The request was made to provide sufficient time to secure an independent third-party statistical analysis of the cost data. Attached please find the statistical analysis prepared by Capitol Matrix Consulting.

After adjusting for economies of scale related to the number of truants served and eliminating district cost outliers, Capitol Matrix Consulting concludes that a unit cost reimbursement rate of \$26 per habitual truant is appropriate, based on the 2000-01 and 2001-02 data. Adjusting for general inflation, this rate would be \$37 per habitual truant in 2011-12.

Thank you for the Commission on State Mandates' consideration of this analysis as it evaluates an appropriate reasonable reimbursement methodology (RRM) for this program. If you have any questions, please do not hesitate to call Robert Miyashiro at (916) 446-7517, consultant to the Education Mandated Cost Network.

Sincerely,

Colleen Patterson, Chair
Education Mandated Cost Network

cc: Robert Miyashiro, Vice President
School Services of California, Inc.

Submitted to the COSM Drop Box for Service to listed parties.

Statistical Analysis of Mandate Claims for the Habitual Truant Program

By Capitol Matrix Consulting
December 19, 2011

This report presents our statistical analysis of mandate reimbursement claims submitted in 2000-01 and 2001-02 for the Habitual Truant Program (HTP). The purpose of this analysis is to develop a single unit cost rate that could be used under the Reasonable Reimbursement Methodology (RRM) for the HTP.

Summary of Findings

- We believe that a unit cost rate of about \$26 per truant is reasonable based on our analysis of claims data for 2000-01 and 2001-02. This is similar to the weighted average for all districts during the period, and slightly higher than the weighted average that is derived when outliers are removed based on our preferred technique.
- We believe that a RRM based on the weighted average cost method we use would be reliable, in that the rate is dependent on results of the largest districts, which had the lowest per-truant claim amounts, exhibited the least variance, and showed a relatively high degree of consistency between the two years we examined.
- As adjusted for the percent change in the U.S. Implicit Price Deflator for State and Local Government between 2001 and 2011, the \$26 rate would translate into a rate of \$37 in 2011-12.
- Our recommendation assumes that the goal of the RRM is to find a single unit cost rate that is representative of the average costs for all claims for reimbursement from the state, as opposed to a rate that is representative of, for example, per truant costs of a randomly selected district or a mid-sized district. These alternatives would produce a significantly higher unit cost rate.

Background

The Habitual Truant Program was created by Chapters 1184, Statutes of 1975; and Chapter 1010, Statutes of 1976; and modified by Chapter 1023, Statutes of 1994. The program defines a habitual truant and sets forth various requirements for districts to address habitual truancy. In 1997, the Commission on State Mandates (COSM) determined that this

legislation imposed a reimbursable state mandate, and in 1998 it adopted parameters and guidelines that provide reimbursement for four activities:

- Verifying prior trancies, involving the review of school district records to verify the pupil has been reported as a truant at least three times in the same school year.
- Making a conscientious effort to schedule a conference with the pupil's parent or guardian, by sending notices and, if necessary, attempting to make phone contact.
- Scheduling and holding a conference
- Reclassifying pupils as habitual truants.

Between 2001-02 and 2008-09, school districts submitted an average of \$6.7 million in claims per year for the program.

Reasonable Reimbursement Methodology

State law permits the COSM to modify its parameters and guidelines upon the request of a local agency, school district or state agency. It also allows for claims to be developed using a reasonable reimbursement methodology, based on cost information from a representative sample of claimants, information provided by associations of local agencies and school districts, or other projections of local costs.

In 2010, the San Jose Unified School district proposed a reasonable reimbursement methodology based on habitual truant claims submitted by school districts during 2000-01. The district proposed a unit cost of \$32.15 based on the weighted average of district claims, after eliminating districts with the highest claims and lowest claims from the analysis. The State Controller's Office analysis of 2007-08 claims and arrived at an average unit cost rate of \$26.06 based on all claims data from 2000-01 through 2008-09. In mid-2010, the COSM staff recommended that the proposed RRM be denied, citing various concerns raised by the Department of Finance and State Controller, but the COSM granted an extension for the district to address the various concerns raised.

Analysis

For purposes of this study, we analyze claims data provided to us for 2000-01 and 2001-02, which are included in the attachment. Sufficient claims data were available for 602 districts in 2000-01 and 350 districts in 2001-02. In 2000-01, the districts' claims per truant averages ranged from \$2 to \$331 per truant. In 2001-02, the range was from \$6 to over \$6,000 per truant (though, as noted below, the top five claims for 2001-02 were anomalous and excluded from our analysis for that year.)

The data includes the total cost of claims and the total number of habitual truants for each district. It also provides total costs for each of the four reimbursable activities. However, it does not include information regarding the specific number of truants involved in each step. Thus, the data is not amenable to creation of separate reimbursement rates for each activity.

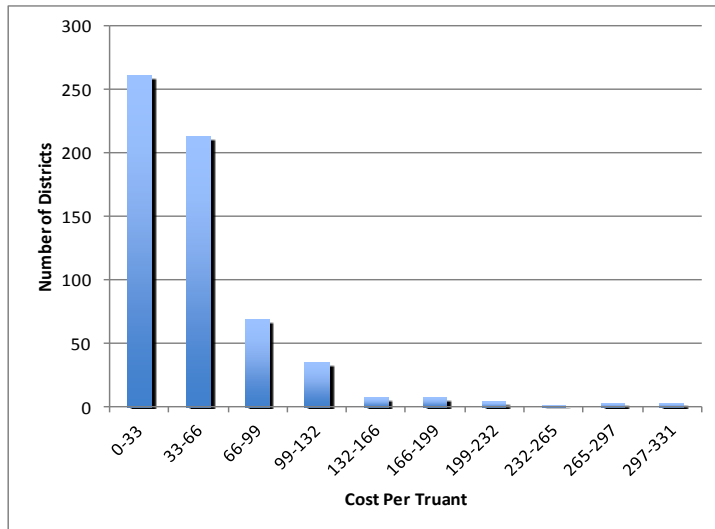
For our analysis, we use all the data reported for 2000-01. However, we omit the top five districts from the 2001-02. The omissions are partly related to the extreme size of the claims per truant for these districts in relation to the other 98% of the respondents for that year. They also are due to anomalies in the reported totals that strongly suggest that the per-average figures reflect major problems with the underlying data.¹ We note that while the omission of these extreme results had a significant impact on the unweighted averages for 2001-02, they did not materially affect the weighted average results, given the extremely small number of truants in the omitted districts (an average of just three truants per district).

Distribution of Costs Per Truant

Figure 1 shows the variation of average costs per truant across the 602 districts reporting claims in 2000-01. It shows that average costs are highly skewed, with nearly 43 percent of the districts reporting average costs of between 0 and \$33 per truant, another 35 percent reporting average costs of between \$33 and \$66 per truant, and the remaining 22 percent of districts reporting claims, in declining frequency, all the way up to over \$330 per truant. A similar pattern holds for 2001-02.

¹ For example, the district with the highest average costs in 2001-02 reported claims of \$8,880 for 152 truants in 2000-01, but claims of \$18,649 for just 3 truants in 2001-02, strongly suggesting that the claim per truant total was

Figure 1
Distribution of Costs Per Truant 2000-01



Statistical Measures of District Costs

Figure 2 presents our calculations of various statistical measures relating to claims filed under the habitual truant program. It shows:

- The unweighted average cost per truant -- that is, the “average of averages” for all districts -- was \$49 in 2000-01 and \$58 in 2001-02.
- The median -- that is, the level at which half the districts reported higher and the other half reported lower claims per truant -- was about \$36 in 2000-01 and \$39 in 2001-02².
- The weighted average -- which takes into account the number of truants in each district -- was \$25 in 2000-01 and \$28 in 2001-02³.

² The higher average relative to the median is a manifestation of the skewed nature of the distributions, where the relatively few districts at the top end with extremely high claims raise the average more than the median (which is largely unaffected by outliers). Another indication of the skewed distribution is found by looking at the average variance around the mid-point. In 2000-01, the average variation on the high side of the median is about \$46, while the average variation on the low side is just \$20. This calculation is based on a log transformation of the distribution, which results in a normal distribution of the transformed variables from which a standard deviation can be calculated.

³ The weighted average can also be calculated by simply dividing the statewide total amount of claims by the statewide total amount of habitual truants in districts making claims under the program.

- The average for mid-sized districts -- defined as districts between the 40th and 60th percentiles -- was about \$44 per truant in 2000-01 and about \$47 per truant in 2001-02.

Figure 2
Costs Per Truant: All Districts

	2000-01	2001-02
Unweighted Average	\$48.60	\$57.93
Median	\$35.92	\$38.99
Weighted Average*	\$25.46	\$27.54
Average of Mid-sized District **	\$44.25	\$47.02

*based on # of truants in districts

** Defined as the 40th to 60th percentile

Unweighted Versus Weighted Averages

The weighted and unweighted averages measure two related, though distinct, concepts. The unweighted average represents the expected value of claims per truant submitted by a randomly selected district -- regardless of the district's size. The weighted average represents the expected value of any claim randomly selected in a year. This measure will be heavily influenced by the results from large districts, simply because they account for the vast majority of claims. For example, the top 1 percent of districts (just 6 districts in 2000-01) account for over 41 percent of total claim amounts, and the top 20 percent of districts account for about 85 percent of the total claims.

The dominance of larger districts has a major impact on the weighted averages in cases where their costs are tend to be higher or lower than their smaller counterparts. This is clearly the case for the HTP, where a strong inverse relationship exists between district size (as measured here according to the number of truanancies) and average cost.

This relationship is displayed in Figure 3 and Figure 4, which show, for example, that the smallest 20 percent of districts (that account for less than 0.5 percent of all truants) reported average costs per truant of \$70 in 2000-01 and close to \$80 in 2001-02. At the other extreme, the largest 1 percent of districts (which account for over 41 percent of total truants) had average costs of about \$13 in 2000-01 and \$15 in 2001-02.

Figure 3
Average Cost by District Size

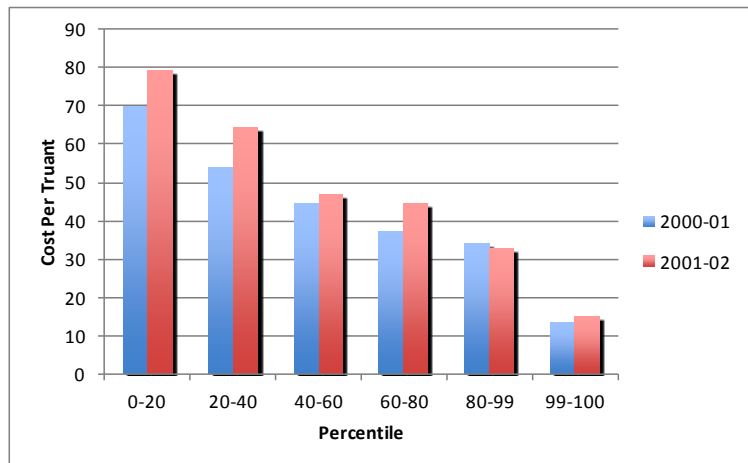


Figure 4
Average Costs and Shares of Total Truants, by District Size

Size of District	2000-01		2001-02	
	Cost per Truant	Share of Total Truants	Cost per Truant	Share of Total Truants
Smallest 20%	\$70.08	0.3%	\$79.33	0.5%
20 to 40 percentile	\$53.91	1.1%	64.40	1.7%
40 to 60 percentile	\$44.26	3.3%	47.02	4.2%
60 to 80 percentile	\$37.28	9.6%	44.59	10.7%
80 to 99 percentile	\$32.97	44.6%	32.76	38.0%
Top 1 percentile	\$13.07	41.2%	14.77	44.9%

The inverse relationship between district size and average cost per truant may reflect economies of scale in larger districts, which are more likely to have automated reporting and notification capabilities than smaller districts. With additional experience, larger districts have the opportunity to develop more routine and efficient processes for identifying habitual truants, making contacts with parents or guardians, conducting conferences, and accurately assessing costs for the various reimbursable activities.

The relationship between district size and unit costs has two key implications for our analysis. First, it suggests that a significant portion of the overall variation in claims is not random, but rather reflects an arguably rational difference in unit costs from district to district, relating to their size. Second, it implies that, despite large variation in the overall sample, weighted average cost figures will likely remain stable over time if the variability in costs is moderate among the large districts (which have the dominant effect on the weighted averages). This was indeed the case for the period we studied. For example, the

standard deviation in unit costs for the 10 largest districts was only \$5 in 2000-01. Similarly, the correlation of unit costs for individual districts between 2000-01 and 2001-02 was .76 for the ten largest districts – considerably higher than the .3 for all districts making claims in each of the two years⁴.

Elimination of Outliers

To provide an indication of the sensitivity of the unit cost calculations to the elimination of outliers, Figure 5 displays the effects of eliminating the highest and lowest observations from our analysis. Not surprisingly, elimination of just the highest 10 percent of districts reduces both weighted and unweighted costs. If we eliminate both the top and bottom 10 percent of districts, the effects are mixed: the unweighted averages fall modestly but the weighted average increase significantly. A key reason for the increase in weighted costs is that larger districts tend to have the lowest costs, and thus carry the highest weights. Thus, elimination of a typical low-cost district will have a greater impact on the weighted average than the elimination of a typical high cost district, all else being equal.

Figure 5
Effects of Eliminating Outliers

	2000-01	2001-02
All Districts:		
Unweighted Average	\$48.60	\$57.93
Weighted Average	\$25.46	\$27.54
Eliminate:		
Top 10% of districts		
Unweighted Average	\$37.11	\$45.70
Weighted Average	\$23.07	\$24.63
Top and bottom 10% of districts		
Unweighted Average	\$40.72	\$46.30
Weighted Average	\$32.21	\$34.44
Observations > 2 standard deviations from predicted value ^a		
Unweighted Average	\$36.34	\$40.39
Weighted Average	\$23.33	\$25.38

a\ Predicted value based on regression-based relationship between average cost and size of district.

⁴ Our analysis specifically measured the Pearson Correlation Coefficient of the claims data for the two years – a measure of the linear dependence between two variables. The coefficient is derived by dividing the covariance of the two variables by the product of their variances. Strong correlation is generally considered to be a value of between .5 and 1, moderate correlation is generally considered to be a value of from .3 to .5, and weak correlation is considered to be in the range of from .1 to .3.

Although the elimination of the highest and lowest unit cost rates provides a reasonable indication of the sensitivity of the averages to the elimination of extreme observations, there are risks in eliminating outliers in statistical analysis. Other than extreme cases that are clearly related to input errors or other anomalies, any decision regarding the criteria or methodology for excluding observations has the potential to bias the results. For example, when there is a strong inverse correlation between average costs and district size (such as is present in the HTP), a methodology that arbitrarily drops high and low claims without regard to district size runs the risk of eliminating from consideration a large district that reports a unit cost that, while appearing low relative to overall averages, is in fact reasonable for a district of its size. As similar risk of unwarranted elimination exists for smaller districts that report high costs for legitimate reasons.

In order to address this potential bias, we used a methodology that looks at variation of each district from its expected value given its size. To do this, we first developed a regression-based equation relating the average claim per truants to district size (as measured by numbers of truants). We then calculated the standard deviation from the regression line, and eliminated observations more than two standard deviations from their expected values given their relative size.⁵ This resulted in the elimination of about 5 percent of the observations for each year. As indicated in Figure 5, the elimination of these observations resulted in a modest decline in the weighted unit cost amount to \$23.33 in 2000-01 and \$25.38 in 2001-02. The results indicate that the elimination of outliers, after taking into account differences in district size, has a fairly modest impact on the weighted average cost. This would imply that the weighted average using all available data (with the exception of the anomalous districts in the 2001-02 claims data) is a reasonable measure of for a single unit cost method.

Adjustments For Inflation

Over the decade from 2001 to 2011, the U.S. Implicit Price Deflator for state and local governments has increased by about 44 percent. If it is assumed that district costs have grown roughly in line with this change in general inflation, the equivalent RRM in 2011 dollars would be about \$36.

Conclusion

We believe that a RRM of about \$26 is reasonable for the period we examined. This amount is slightly lower than the weighted averages for the two years combined, but slightly higher than the amount resulting from the elimination of outliers using the regression-based technique we describe above. If adjusted for inflation, the \$26 rate would rise to \$37 in

⁵ The specific estimated equation for 2000-01, in log form, is $Y_i = 4.39 - .18X_i$, where Y_i is average cost per truant in district i and X_i is the number of truants in district i .

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2011. This unit cost is based on a methodology that weights unit costs according to the number of truants in each district. We believe this approach yields a reliable estimate. This is because the larger districts that dominate the weighted averages have low and stable costs during the two years that we reviewed.



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Exhibit Q

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December 20, 2011

Ms. Nancy Patton
Acting Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: **Co-Claimants' Response to the Commission on State Mandates' August 12, 2011
Request for Comments**
Behavioral Intervention Plans, CSM 4464
Chapter 959, Statutes of 1990
Education Code Section 56523
Title 5, California Code of Regulations section 3001 and 3052

Dear Ms. Patton:

This letter is in response to the Commission on State Mandates' ("Commission") correspondence dated August 12, 2011, in which the Commission invited Behavioral Intervention Plans Claimants San Diego Unified School District, San Joaquin County Office of Education, and Butte County Office of Education (collectively, "Co-Claimants") to submit comments to three questions related to reasonable reimbursement methodologies ("RRM") under Government Code section 17518.5. Co-Claimants respectfully request that this response also be included in the record of CSM 4464. We respond to each question in turn.

Question 1: *At some point is the range of figures used to develop the unit cost so wide that it violates the constitutional requirement that local agencies be reimbursed for their mandate-related costs?*

The Constitution requires that the State reimburse local agencies for their mandated costs. The Legislature has enacted a scheme to implement this constitutional provision which includes empowering the Commission to adopt an RRM when it adopts parameters and guidelines for reimbursement. If the Commission adopts an RRM, it is required to consult with the affected

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parties to consider an RRM that balances accuracy with simplicity. The RRM must be based on representative cost information and consider variation in costs to implement the mandate in a cost efficient manner. If those requirements are met, the resulting RRM is presumed constitutional.

1. The Constitution requires reimbursement of state mandates. Under the California Constitution, local agencies *must* be reimbursed for their mandate-related costs. Article XIII B, section 6, subdivision (a) of the California Constitution provides: “Whenever the Legislature or any state agency mandates a new program or higher level of service on any local government, the State shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service . . .[.]” In *California School Boards Association v. State*, the California Court of Appeal recently considered this provision, stating, “This reimbursement obligation was ‘enshrined in the Constitution . . . to provide local entities with the assurance that state mandates would not place additional burdens on their increasingly limited revenue resources.’” (*California Sch. Boards Assn. v. State* (2011) 192 Cal.App.4th 770, 785 (CSBA), citing *Lucia Mar Unified Sch. Dist. v. Honig* (1988) 44 Cal.3d 830, 836, fn. 6, 244; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1282.)

2. The Legislature created a statutory scheme to implement the constitutional requirement of mandate reimbursement and courts presume that scheme is consistent with the Constitution. In 1984, the Legislature enacted Government Code sections 17500 and following to implement the constitutional requirement of reimbursing local agencies and school districts for state mandates.

* * *

It is the intent of the Legislature in enacting this part to provide for the implementation of Section 6 of Article XIII B of the California Constitution. Further, the Legislature intends that the Commission on State Mandates, as a quasi-judicial body, will act in a deliberative manner in accordance with the requirements of Section 6 of Article XIII B of the California Constitution. (Gov. Code, § 17500.)

The action of the Legislature in creating this scheme is presumed to be constitutional and to date, no court has found to the contrary:

[A] court must presume the Legislature acts consistent with the Constitution when enacting legislation, and we must adopt an interpretation that upholds the statute's constitutionality, if the interpretation is consistent with the statutory language and purpose. (CSBA, *supra*, 192 Cal.App.4th at 795.)

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In *CSBA*, the California Court of Appeal considered section 6 of Article XIII B and one of the statutes enacted to implement it. (*CSBA, supra*, 192 Cal.App.4th 770.) There the Court of Appeal held that the State's practice of nominally funding state mandates with the intention to defer full payment with interest to a later, unspecified date, does not satisfy the applicable constitutional and statutory provisions. (*Id.* at 790.) Rather the court found that "section 17561, subdivision (a)'s statement that 'all' costs must be reimbursed by the State is a clear statutory directive requiring full payment once a mandate is determined by the Commission . . . An interpretation of section 17561 that would allow partial payments would render the word 'all' superfluous." (*Id.* at 789.) In reaching this decision, the court gave weight to the presumption discussed above – namely that the "court must presume that the Legislature acts consistent with the Constitution when enacting legislation" – "and uphold[] the statute's constitutionality, if the interpretation is consistent with the statutory language and purpose." (*Id.* at 795.)

3. The Legislature's authorization of use of an RRM with minimal requirements is presumed to be constitutional. The Legislature has chosen to permit reimbursement through use of an RRM with minimal requirements. An RRM, 1) is a formula, 2) is based on representative cost information, 3) considers variation in costs, and 4) balances accuracy with simplicity, as follows:

--1) The RRM is "a formula for reimbursing local agencies and school districts for costs mandated by the state, as defined in Section 17514." (Gov. Code, § 17518.5, subd.(a).)

--2) An RRM "shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs." (Gov. Code, § 17518.5, subd.(b).)

--3) An RRM "shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner." (Gov. Code, § 17518.5, subd.(c).)

--4) The Commission "shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that balances accuracy with simplicity." (Gov. Code, §17557, subd.(f).)

This minimal list of requirements makes it clear that the Legislature has authorized standardized reimbursement for a broad range of costs based on the particular mandate and the particular sources of cost information available. As long as the statutory requirements listed above are met there is no range of figures so wide as to violate constitutional requirements. In fact, no doubt with an eye towards expediting the process, "[W]henever possible" an RRM "shall be based on

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general allocation formulas, uniform cost allowances, and other approximations of local costs . . . rather than detailed documentation of actual local costs." (Gov. Code, § 17518.5, subd.(d).)

By allowing local agencies to use RRM, the Legislature contemplates that some local agencies will receive more than their actual costs, and some local agencies will receive less. As the Commission's August 12, 2011 letter notes, the Commission has already determined an RRM reasonably reimburses each local agency even if, when applied, some local agencies receive more and some local agencies receive less than the actual costs incurred. Specifically, in Municipal Stormwater and Urban Runoffs, the Commission found \$6.74 was a reasonable level of reimbursement under an RRM even though actual costs ranged from \$2.02 to \$14.46. Applying the approved RRM, some agencies were entitled to over three times their actual costs while others received less than half their actual costs.

Does a standardized reimbursement level, an RRM, contradict the statutory mandate discussed by the Court of Appeal above that "all costs" be reimbursed by the state? We believe the answer is no. Rather the RRM is to be interpreted consistent with the rules of statutory construction which require harmonization of all parts of a legislative scheme to achieve the overall purpose – here the expeditious reimbursement of local agencies and school districts for mandated costs. As the Court of Appeal quoted with approval in *CSBA*:

"The words of the statute must be construed in context, keeping in mind the statutory purpose, and statutes or statutory sections relating to the same subject must be harmonized, both internally and with each other, to the extent possible. (CSBA, supra, 192 Cal.App.4th at 795, citing *Los Angeles Unified Sch. Dist. v. County of Los Angeles* (2010) 181 Cal App.4th 414, 423.)

One good faith method of harmonization is to adopt an RRM that will reimburse the estimated total costs of all school districts and agencies statewide to implement the mandate in a cost efficient manner although it will not necessarily reimburse the actual costs of each individual entity.

4. The initial enactment of the RRM language and its subsequent amendment evidence the Legislature's conclusion that levels of mandate reimbursement may range widely and still be constitutional. Prior to 2004, RRM did not exist. In 2004, the Legislature amended Section 17557 subdivision (b) to substitute "reasonable reimbursement methodology" for "allocation

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formula” or “uniform allowance.”¹ Amended Section 17557, subdivision (b) reads: "In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology." At the same time, Section 17518.5 was added to the Government Code, which required RRM's to meet certain conditions, including the following: “The total amount to be reimbursed statewide is *equivalent* to total estimated local agency and school district costs to implement the mandate in a cost-efficient manner;” and “For *50 percent or more* of eligible local agency and school district claimants, the amount reimbursed is estimated to *fully offset their projected costs* to implement the mandate in a cost-efficient manner.” (Gov. Code, § 17518.5, subd.(a)(1)&(2) (2004), *emphasis added*.)

The 50% requirement makes it clear that in 2004 the Legislature had authorized reimbursement that would be quite different from actual costs for claimants – allowing for the possibility that 50% of claimants would be over-reimbursed and 50% would be under-reimbursed. However, in 2007 both of these requirements were eliminated and replaced by subdivisions (b) and (c).

Since 2007, the current requirements for RRM's are considerably less specific and more flexible than the former requirements. Now, there is *no* requirement that a minimum percentage of claimants’ projected costs be fully offset or that the total amount to be reimbursed statewide covers the total of local estimated costs. Since 2007, Section 17518.5 requires only that RRM's “be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs,” and that the RRM “consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.” (Gov. Code, § 17518.5, subds.(b)&(c) (2007).) In other words, the statute expressly contemplates variation and leaves open the possibility for a potentially large degree of variation in the costs offset.

Not only does Section 17518.5 subdivision (c) intentionally leave open the possibility for cost variation underlying the RRM, it also only requires that the RRM *consider* the variation in costs. The Legislature’s amendment of Section 17518.5 to impose less stringent requirements coupled with the fact that variation of costs is assumed in the section's language, demonstrates legislative intent to allow RRM's even when the underlying costs reflect significant variation. Cost variation

¹ We believe the term “reasonable reimbursement methodology” should be given special attention. “Reasonable reimbursement methodology” is frequently interchanged with “unit cost” which we believe is inconsistent with current law. An RRM is a “formula” and while it may include a unit cost, it suggests a system that is much more general and flexible than one based on “unit cost.” (Gov. Code, § 17518.5, subd.(a).)

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is not a bar to the use of RRM's nor is there any provision requiring that cost variation be within certain limits. As set out in Co-Claimants' Rebuttal to Finance's Comments, variation is only relevant to determine what a reasonable *level* of reimbursement is for an RRM – presumably one at or near the average, as Co-Claimants propose in the BIP context – not *whether* the use of an RRM is appropriate in the first place.²

5. The Legislature's timing in enacting the statute which authorizes RRM's shows its intent to apply RRM's to claims that require extensive retroactive reimbursement. As noted above, in 2004, the Legislature amended Section 17557 subdivision (b) to substitute "reasonable reimbursement methodology" for "allocation formula" or "uniform allowance." This amendment closely followed, and was likely spurred by, the 2003 change in law which limited test claims to mandates going back only three years and prompted a large number of filings in 2002 and 2003. (See Commission on State Mandates Backlog Reduction Plan, p.2, May 25, 2011, excerpts attached hereto as Exhibit A.) As a result local agencies and school districts filed 51 test claims in 2002 and 23 test claims in 2003 to preserve claims for mandates going as far back as 1975. (*Id.*) These larger and more complicated test claims contributed to the Commission's backlog, the effects of which are still felt today. Out of the Commission's backlog of 51 test claims (as of May 2011), 12 are from 2002 and 12 are from 2003. (*Id.*) The introduction of RRM's into the mandate process simplified the onerous task of reimbursement for large claims involving many years of retroactivity. The fact that the Legislature enacted the process just when such claims were filed suggests that it saw the RRM as a tool in those cases.

Why does an RRM make particular sense in cases where the claim goes back a number of years? In such a case, local agencies and districts do not have records to show actual costs. However, an RRM, based on costs incurred in a recent year, can be developed with accuracy. Without an RRM, local agencies and school districts would be forced to forgo reimbursement, to base claims on pure speculation or undertake a burdensome, likely fruitless, effort to substantiate claims. In such a case, an RRM, which may be based on a wide range of costs but meets the statutory requirements, furthers the constitutional intent of reimbursing school districts and local agencies for state-imposed mandates in a rational way.

² Co-Claimants incorporate by reference their October 14, 2011 Rebuttal to Finance's Comments (hereafter "Rebuttal").

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Question 2: *How should "cost-efficient" be defined?*

“A reasonable reimbursement methodology shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost efficient manner.” (Gov. Code, § 17518.5(c).) The Legislature did not define “cost-efficient.” The Commission has the power to determine what "cost-efficient" means. As the agency charged with interpreting and implementing the statutes and regulations governing state mandates and RRM, the Commission’s interpretation of “cost-efficient” “is entitled to consideration and respect by the courts.” (*Yamaha Corp. of America v. State Bd. Of Equalization* (1998) 19 Cal.4th 1, 6, 7.)

Since the Legislature stated that an RRM shall consider the “variation in costs” “to implement the mandate in a cost efficient manner,” we can conclude that it believed variation in costs provides information regarding what is cost efficient. Considering variation, we believe, means that the Legislature concluded that a mandate implemented at a middle cost, not at a high cost and not at a low cost, was a mandate implemented with cost efficiency. This approach allows for mandate implementation in an adequate, but not extravagant, manner. If the state reimbursed at the average cost level it would be meeting its constitutional obligation.

Question 3: *What does this section require be cost-efficient? Stated another way, what does a requestor need to show to demonstrate that its proposed RRM unit cost meets the requirement of section 17518.5(c)?*

Government Code section 17518.5, subdivision (c) states: “A reasonable reimbursement methodology shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.” The express language of the statute assumes that “cost-efficient” implementation for one local agency will vary from “cost-efficient” implementation for another. As we do not believe there can be one definition for “cost-efficient” with respect to mandate implementation, it follows that there is no single way for a requestor to show that its proposed RRM meets the requirement of Section 17518.5(c).

However, we believe one straightforward manner to use variation to ensure cost-efficiency is to base an RRM on an average weighted by ADA. With this approach, 1) the average cost per item in a given district or agency is multiplied by the number of students, or other relevant multiplier, 2) the products of these calculations are totaled, and 3) the sum is divided by the total number of students (or other relevant multiplier) to reach the RRM. In this manner the RRM is neither set at the top, nor the bottom. Thus the highest cost districts are reimbursed below their costs requiring them to be more efficient if possible and the lowest cost districts are reimbursed above their costs encouraging their fuller implementation of the mandate.

Ms. Nancy Patton
December 20, 2011
Re: Request for Comments
Page 8

We hope that this response is helpful to the Commission. If we can provide any further briefing or information please do not hesitate to contact us.

Sincerely,

FAGEN FRIEDMAN & FULFROST, LLP



Diana McDonough



Melanie Seymour

Attachment

EXHIBIT A

Commission on State Mandates

Backlog Reduction Plan

A Comprehensive Plan Prepared by Staff
to Complete All Pending Claims

May 25, 2011

I. Executive Summary

As of May 25, 2011, the Commission on State Mandates (Commission) has a backlog of 51 test claims and 163 incorrect reduction claims. The Commission has pledged to develop a strategy to reduce the backlog of incorrect reduction claims. This document sets forth staff's plan to reduce the backlog of both test claims and incorrect reduction claims. The plan describes several tools Commission staff plan to employ to reduce the backlog as expeditiously as possible. The plan contemplates presenting all of the most complicated test claims (the 2002 and 2003 claims) to the Commission for decision by the end of fiscal year 2011-2012, and all backlogged test claims by 2014. Of the 163 pending incorrect reduction claims, 102 involve just two programs. Commission staff believe by working closely with the State Controller's Office and the claimant community, the backlog of IRCs could also be eliminated by 2014.

II. Overview

Local agencies and school districts are authorized by law to file test claims with the Commission alleging that a statute or executive order imposes a reimbursable state-mandated program within the meaning of article XIII B, section 6 of the California Constitution. If the Commission finds that there is a reimbursable state-mandated program, the Commission is required to determine the amount to be subvended by adopting parameters and guidelines for the program. The State Controller's Office (Controller) then prepares and issues claiming instructions to local agencies and school districts to notify them of the right to file reimbursement claims for the fiscal years eligible for reimbursement.

Local agencies and school districts may then file reimbursement claims with the Controller for the reimbursement of state-mandated costs. The Controller is authorized to reduce reimbursement claims it deems excessive or unreasonable. If the Controller reduces a reimbursement claim, a local agency or school district may file an incorrect reduction claim (IRC) with the Commission alleging that the Controller incorrectly reduced the claim. The Commission is required to hear these claims and determine if they were incorrectly reduced.

Despite having a small staff of only about 11 employees, the Commission over the last decade has completed a substantial amount of work. Between fiscal years 2003-2003 and 2009-2010, the Commission decided a total of 146 test claims, reconsidered another 17 test claims, adopted or set aside 184 parameters and guidelines (and parameters and guidelines amendments), adopted 55 statewide cost estimates, and decided 86 incorrect reduction claims. In addition, Commission staff during this time worked on numerous litigation matters and on a host of special projects such as the mandate reform process and the audits performed by the Bureau of State Audits.

Nevertheless, over time, a backlog of claims has accumulated. Preparing staff analyses for test claims and IRCs is the most time-consuming activity for Commission staff and is the primary area the Commission needs to focus on in order to reduce the backlog. The oldest test claims were filed in 2002 and 2003. Collectively, those claims are much larger and more complicated than claims from any subsequent year because in 2003 the law was amended to only allow claimants to allege mandates going back three years. Prior to this amendment, claimants could allege mandates going all the way back to 1975. This amendment caused local agencies and school districts to file 51 test claims for 2002 and 23 for 2003. These test claims allege that nearly 500 statutes and 400 regulatory sections and executive orders are mandated programs. As of May 25, 2011, 12 test claims from 2002 and 12 from 2003 are still pending with the Commission.

The Commission also has 163 pending IRCs. In October 2009, the Bureau of State Audits published a report (BSA 2009 Report¹) regarding the Commission on State Mandates. The BSA paid particular attention to IRCs and recommended that the Commission accelerate its efforts to complete IRCs. The report stated:

Until the incorrect reduction claims are resolved, the Controller may continue to make similar field-audit reductions that are reversed later by the Commission. Conversely, if the Commission ultimately finds the Controller's reductions to be correct, local entities will have continued to submit inappropriate claims until the time the Commission makes its decision. Either way, speedier resolution of outstanding incorrect reduction claims would allow the Controller to conduct audits with an awareness of the Commission's decisions and to incorporate those results into its audit findings and outreach efforts. (BSA 2009 Report, p. 40.)

In its September 15, 2010 Report² to the Director of the Department of Finance, the Commission stated that it would prepare a plan to reduce and ultimately eliminate the backlog of IRCs. Because the Commission has limited staff resources, if staff shifts its efforts from test claims to IRCs, the time it will take to reduce the test claim backlog will increase, and vice versa. Accordingly, Commission staff decided to assemble a plan to comprehensively address the problem by focusing both on IRCs and test claims. This document represents that plan, and is divided into three sections. The first section describes the nature of the backlog, with tables that illustrate the types of claims before the Commission. The second section describes the challenges Commission staff faces in trying to reduce this backlog. The third section articulates Commission staff's plan to reduce and ultimately eliminate the backlog.

III. Backlog of Claims

The Commission's pending caseload consists of matters filed by claimants and state agencies, including test claims, incorrect reduction claims, parameters and guidelines and proposed

¹ The full title of the report is *State Mandates: Operational and Structural Changes Have Yielded Limited Improvements in Expediting Processes and in Controlling Costs and Liabilities, October 2009, Report 2009-501*. It can be found at <http://www.bsa.ca.gov/pdfs/reports/2009-501.pdf>

² This document can be found at <http://www.csm.ca.gov/docs/091510b.pdf>



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

Exhibit R

WENDY L. WATANABE
AUDITOR-CONTROLLER

ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JAMES L. SCHNEIDERMAN
JUDI E. THOMAS

December 20, 2011

Ms. Nancy Patton
Acting Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, California 95814

Dear Ms. Patton:

**LOS ANGELES COUNTY'S COMMENTS
ON REASONABLE REIMBURSEMENT METHODOLOGIES
AS REQUESTED BY THE COMMISSION ON STATE MANDATES**

The County of Los Angeles respectfully submits its comments on reasonable reimbursement methodologies as requested by the Commission on August 23, 2011.

If you have any questions, please contact Leonard Kaye at (213) 974-9791 or via e-mail at lkaye@auditor.lacounty.gov.

Very truly yours,

A handwritten signature in black ink that reads "Wendy L. Watanabe".

Wendy L. Watanabe
Auditor-Controller

WLW:JN:CY:lk

H:\SB90A RRM response due to CSM 12 20 11\RRM response 12 20 11 cover letter.doc

Enclosure

Los Angeles County's Comments
On Reasonable Reimbursement Methodologies
As Requested by the Commission on State Mandates

Executive Summary

This commentary is in response to the August 23, 2011 request of the Commission on State Mandates (Commission) to Los Angeles County (County) for guidance in reviewing a proposed 'reasonable reimbursement methodology' (RRM). In concept, an RRM is a tool that is designed to facilitate the development of standardized unit reimbursement rates for eligible claimants. However in practice, Commission staff note a number of implementation issues.

For example, Mr. Drew Bohan, Executive Director of the Commission cites the wide range of unit costs used to develop the County's *Municipal Stormwater* RRM. In particular, he indicates that the Commission adopted a \$6.74 RRM unit rate as a "constitutionally permissible" reimbursement rate even though one claimant had actual costs of \$14.46 and "... would be entitled to less than half of its actual costs". Mr. Bohan then asks:

"At some point is the range of figures used to develop the unit cost so wide that it violates the constitutional requirement that local agencies be reimbursed for their mandate-related costs?"

The County maintains that while RRM surveys may produce a wide range of responses, that is not, in and of itself, a basis for maintaining that the proposed RRM rate is constitutionally prohibited. Further analysis of variations in reported unit costs is required before that conclusion is available. Examples of these analyses from the County's *Municipal Stormwater* RRM are provided.

Mr. Bohan also questions how RRM proponents should satisfy the requirement that they "... consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner". Here, the County demonstrates that it has adhered to its definition of "cost-efficiency" in developing ICAN RRMs. The County contends that implementation of a mandate is cost-efficient if only reasonably necessary activities are performed and allowable costs incurred in the implementation of the mandate.

Finally, the County provides examples from its *Municipal Stormwater* program to illustrate that safeguards are in place to reduce the likelihood that the Commission will adopt inappropriate RRMs.

Municipal Stormwater RRM

Mr. Bohan indicates that the Commission found the County's *Municipal Stormwater* RRM of \$6.74 per transit trash receptacle to be reasonable even considering the wide range of RRM survey responses. Specifically, Mr. Bohan indicates that:

“The Commission recently found in the (Los Angeles County) *Municipal Stormwater* program that the RRM unit cost of \$6.74 was reasonable even though the unit costs used to develop that figure ranged from a low of \$2.02 to a high of \$14.46. The Commission implicitly found that \$6.74 was a constitutionally permissible figure even though one claimant whose figures were used to calculate the RRM figure had actual costs of \$14.46. Under the RRM, that claimant would be entitled to less than half of its actual costs.”

The County agrees that in the case of the RRM for the *Municipal Stormwater* program that \$6.74 was a constitutionally permissible reimbursement figure. Further, the RRM survey respondent, reporting \$14.46 of actual costs, accounted for only 39 out of the 7,219 or one half of one percent of the service units surveyed.¹

It should also be noted that under the current version of the governing RRM statute (Government Code section 17518.5 as amended by Statutes of 2007, Chapter 329, Assembly Bill 1222), no longer includes the requirement found in the initial version of Section 17518.5 that:

“ ... For 50 percent or more of local agency and school district claimants, the amount reimbursed is estimated to fully offset their estimated costs to implement the manner in a cost-efficient manner.”

Now, a valid RRM may be one where some survey respondents receive less than half of their costs and also one where less than fifty percent of all survey respondents do not recover their full costs.

Accordingly, while RRM surveys initially produce a wide range of responses which may appear inequitable, that is not, in and of itself, a basis for maintaining that the proposed RRM rate is constitutionally prohibited. Further analysis of

¹ See Exhibit 2, page 2 for the survey results for all *Municipal Stormwater* RRM survey respondents.

variations in reported unit values is required before that conclusion is available. In the case of the County's *Municipal Stormwater* RRM, further analysis included:

1. State agency review of specific RRM survey respondent's cost components.

For example, this occurred when the State Department of Finance reviewed the County's *Municipal Stormwater* RRM and found that trash receptacle cleaning costs increased more than average from one year to the next. The RRM proponent explained that the survey respondent began paying its contractors under living wage agreement requirements imposed by their jurisdiction the year in question. Of course the respondent had no choice but to comply and increased its contract labor payments appropriately. Therefore, the Commission accepted the cleaning cost increases.

2. Commission assessment of whether only reimbursable RRM activities were surveyed.

For example, On February 4, 2011, Commission staff issued their draft *Municipal Stormwater* RRM analysis and concluded that the County's RRM "... appears to be complete except for two essential pieces of data". The first type of missing data is whether the County included the costs of graffiti removal in its proposed RRM. The County analyzed the matter and found that it did not. Two sworn declarations to this effect are attached. The second type of missing data is the nature of "other" costs in the Bellflower City RRM survey response. It was found that these were not repetitive allowable costs. Accordingly, the per trash pickup RRM was recalculated and dropped from \$6.75 to \$6.74.

3. Interested party, eligible claimant and State Association critiques of the RRM survey.

For example, in the case of the *Municipal Stormwater* RRM survey, the respondent city with the reported cost of \$14.46 had an opportunity to complain that under the proposed \$6.74 RRM it would recover less than half its costs, but did not do so. In addition, the *Municipal Stormwater* RRM was reviewed and endorsed by the California Association of Counties and the League of Cities as providing the constitutionally required level of reimbursements to all eligible claimants.

Conclusion

In conclusion, a wide range of figures used to develop the unit cost may not violate the constitutional requirement that local agencies be reimbursed for their mandate-related costs. Safeguards are in place to reduce the likelihood that the Commission will adopt inappropriate RRM.

Interagency Child Abuse and Neglect (ICAN) RRMs

Mr. Bohan's also questions how RRM proponents are meeting the requirement (found in Government Section 17581.5(c)) that they "... consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner". Here, the County's response to this question cites examples from the County's RRM for the Interagency Child Abuse and Neglect (ICAN) program, currently under development. Mr. Bohan's specific questions are:

"Question 1: How should "cost-efficient" be defined?"

Question 2: What does this section require be cost-efficient? Stated another way, what does a requestor need to show to demonstrate that its proposed RRM unit cost meets the requirement of section 17581(c)?"

Regarding the definition of "cost-efficiency", a definition used in the development of the ICAN RRM is that implementation of a mandate is cost-efficient if only reasonably necessary activities are performed and allowable costs incurred in the implementation of the mandate.

Regarding proof that an RRM unit cost reflects the cost-efficient implementation of a mandate, the RRM proponent should report its examination of variations in costs among local agencies in implementing mandates in a cost-efficient manner as well as similarities in such costs.

The County submitted its proof that its ICAN RRMs reflect the cost-efficient implementation of the ICAN mandate to the Commission on January 21, 2010. The metrics chosen for these RRMs were standard times for performing specific components of the ICAN mandate.

RRMs simplify claiming, source documentation, and auditing of cost versus a cost reimbursement methodology that is very labor intensive that may include such documents as time studies, time sheets, and payroll records.

Developing statewide standard times for performing frequently recurring ICAN duties was found to be the best approach to recovering reimbursable law enforcement and county welfare costs. In coming to this conclusion, County staff met and conferred with other claimants, state and local officials, and law enforcement and social service experts.

Commission staff also assisted in the development of the ICAN time surveys by hosting three informational ICAN prehearing conferences to discuss activities that were 'reasonably necessary', and therefore reimbursable, in implementing ICAN services. These conferences were well attended and included staff from the State Department of Justice [DOJ] who explained ICAN investigation, reporting and other requirements².

Regarding the law enforcement survey, the SB90 Service staff of the California State Association of Counties [CSAC] and the League of California Cities [League] conducted three specialized ICAN conferences for law enforcement. The standard time survey that the League and CSAC used was developed by the Los Angeles County Sheriff department [LASD] staff³.

In addition, key excerpts of child abuse investigation protocols and procedures are provided here to demonstrate the many steps that are reasonably necessary in conducting an 'active investigation'⁴ as specified by DOJ.

Regarding the county welfare agency survey, a core team of County staff, California Welfare Directors Association [CWDA] staff and State Department of Social Services [SDSS] staff developed and administered the survey. SDSS staff were particularly helpful in differentiating specific social service child abuse duties mandated under ICAN from those that are mandated [and funded] under other programs.

² DOJ's requirements are detailed in their 24 page "Guide to Reporting Child Abuse to the California Department of Justice," (2005), which was attached as Exhibit C to the County's initial draft Ps&Gs submission of January 14, 2008.

³ The declarations of two LASD staff, who were instrumental in developing the law enforcement ICAN time survey, were attached as Exhibit 1 [the Ferrell declaration] and as Exhibit 3 [the Scott declaration] to the County's January 21, 2010 filing with the Commission.

⁴ These excerpts are from the "Los Angeles County Sheriff Department Child Abuse Protocol" was attached as Exhibit 4 and the "Investigation and Prosecution of Child Abuse Manual, published by the American Prosecutors Research Institute was attached as Exhibit 7 to the County's January 21, 2010 filing with the Commission.

Active Investigation

Active investigations play a crucial role in the ICAN program. As noted in the "Child Abuse and Neglect Reporting Act Task Force Report", attached in pertinent part on page 6 of Exhibit 8 of the County's January 21, 2010 filing with the Commission, "... an agency may not forward a report to the Index unless it has conducted an active investigation (Pen. Code, § 11169, subd. (a)". The Task Force Report goes on to explain, on page 6, that:

"Key to whether an investigation will lead to a report being forwarded to the Index is the determination of whether abuse occurred. In order to be submitted to the Index, a report must be "substantiated" or "inconclusive." (See Pen. Code, §§ 11169, subd. (a), 11170, subd. (a)(1).) A "substantiated" report means one that the agency determines is based on some credible evidence of abuse; an "inconclusive" report is one that is not unfounded but in which the findings are inconclusive and there exists insufficient evidence to determine that child abuse or neglect occurred. (Pen. Code, § 11165.12, subs. (b), (c).)10 After conducting an active investigation and creating an investigative report, the investigating agency must submit to DOJ a one-page summary report on every case of abuse or severe neglect which is determined not to be "unfounded" (i.e., to be false or inherently improbable, to involve an accidental injury, or not to constitute child abuse). (Pen. Code, §§ 11165.12, subd. (a), 11169, subd. (a), 11170, subd.)."

Regarding the duties that must be performed in conducting an active investigation, Daniel Scott with the Los Angeles County Sheriff Department's Child Abuse Detail, indicates on page 2 in Exhibit 3 of the County's January 21, 2010 filing with the Commission, that:

"... the California Department of Justice (DOJ) Form SS 8583, as revised in June 2005, defines an "active investigation" in response to a report of known or suspected child abuse as including, at a minimum:

"... assessing the nature and seriousness of the suspected abuse; conducting interviews of the victim(s) and any known suspect(s) and witness(es); gathering and preserving evidence; determining whether the incident is substantiated, inconclusive or unfounded; and preparing a report that will be retained in the files of the investigative agency." "

The duty to prepare a report that will be retained in the files of the investigative agency also requires that relevant supplementary documents be prepared and retained in the files of the investigative agency⁵. These required reports and documents are not sent into DOJ for inclusion in their Child Abuse Central Index. Nevertheless, city and county must bear the costs of preparing and retaining these reports and documents. Accordingly, the time to perform these duties is included in the County's RRM's.

Law Enforcement RRM's

The County's law enforcement RRM's are based on four scenarios or levels of activities. As noted in the declaration of Suzie Ferrell with the Los Angeles County Sheriff Department's Field Operation Support Services, attached as Exhibit 1 of the County's January 21, 2010 filing with the Commission, the four levels and reasonably necessary activities are:

Level - 1 No Child Abuse Based on Suspected Child Abuse Report (SCAR) Form

Receive SCAR from Department of Children and Family Services (DCFS); it is determined that no child abuse incident occurred based on SCAR information; SCAR is closed with no action taken.

Watch Officer opens SCAR from DCFS on computer (via RightFAx)
Watch Officer Prints SCAR for patrol officer
Watch Officer renames SCAR on computer
Watch Officer reviews SCAR for processing
Watch Officer initiates SCAR as a call for service in Computer Aided Dispatch (CAD) system
Watch Officer renames SCAR (adding tag#)
Watch Commander reviews and approved closure of SCAR

⁵ Specifically, Section 901(j) of Title 11 of the California Code of Regulations indicates that "Investigation Report" or "Underlying Investigative Report" means original and supplemental investigative documents developed by an agency during an investigation of a child abuse incident and that resulted in a report to DOJ".

Watch Officer enters the closure of the SCAR in CAD

Level - 2 Patrol Investigation and No Child Abuse

Receive SCAR from DCFS; patrol officer investigates and determines no child abuse incident occurred.

Watch Officer opens SCAR from DCFS on computer (Via RightFax)
Watch Officer Prints SCAR
Watch Officer renames SCAR on computer
Watch Officer Reviews SCAR for processing
Watch Officer initiates SCAR as a call for service in CAD
Watch Officer renames SCAR (adding tag#)
Dispatch Officer assigns call to patrol officer
Patrol Officer receives call for service and acknowledges call
Patrol Officer interviews child
Patrol Officer interviews parents, siblings, witness, suspect
Patrol Officer enters closure of the SCAR in CAD

Level - 3 Child Abuse Investigation with Non-Severe Injuries (Physical & Mental)

Receive SCAR from DCFS; patrol officer investigates and writes a report; detective investigates incident.

Watch Officer opens SCAR from DCFS on computer (via RightFax)
Watch Officer prints SCAR
Watch Officer renames SCAR
Watch Officer reviews SCAR
Watch Officer initiates SCAR as a call for service in CAD

Watch Officer renames SCAR (adding tag#)
Dispatch Officer assigns call to Officer
Patrol Officer receives call for services and acknowledges call
Patrol Officer initial interview with child
Patrol Officer interview of parents, siblings, witnesses, suspects
Patrol Officer collects evidence (pictures, etc.)
Patrol Officer books evidence in to station
Patrol Officer writes child abuse incident report
Sergeant's approval of report
Secretary SSCII enters information in to LARCIS
Secretary SSCII copies, processes to detectives, and files report
Watch Officer renames SCAR as completed
Detective conducts Criminal History check
Detective collaborates with DCFS/CSW
Detective receives report and reviews
Detective reviews evidence
Detective interviews child
Detective interviews witnesses
Detective interviews suspect
Detective writes additional reports
Detective Sergeant approves reports and arrest
Secretary OAI – Tracking, filing, file preparation, etc.
Detective arrests suspect and book suspect
Detective presents all documentation and evidence to District Attorney's Office
Detective completes DOJ/CACI form

Detective completes DOJ/CACI advisement form (to suspect)
Detective completes Mandated Reporter notification form

Level - 4 Child Abuse Investigation Severe Injuries (Physical, Mental, & Sexual)

Receive SCAR from DCFS; patrol officer investigates, takes child to hospital for medical treatment, and writes a report; detective investigates incident.

Watch Officer opens SCAR from DCFS on computer (via RightFax)
Watch Officer prints SCAR
Watch Officer renames SCAR
Watch Officer reviews SCAR
Watch Officer initiates SCAR as a call for service in CAD
Watch Officer renames SCAR (adding tag#)
Dispatch Officer assigns call to patrol Officer
Patrol Officer receives call for services and acknowledges call
Patrol Officer initial interview with child
Patrol Officer interview of parents, siblings, witnesses, suspects
Patrol Officer collects evidence (pictures, etc.)
Patrol Officer - Sexual Assault and/or Physical Abuse Medical Exam at Hospital
Patrol Officer books evidence in to station
Patrol Officer writes child abuse incident report
Sergeant's approval of report
Secretary SSCII enters information in to LARCIS
Secretary SSCII copies, processes to detectives, and files report
Watch Officer renames SCAR as completed

Detective conducts Criminal History check
Detective collaborates with DCFS/CSW
Detective receives report and reviews
Detective reviews evidence
Detective - Forensic interview with child
Detective interviews witnesses
Detective interviews suspect
Detective - Consultation with Expert medical Professionals
Detective - Polygraph
Detective - DNA Retrieval
Detective - Review School Records
Detective - Crime scene/victim diagram/photography
Detective - Multi-Disciplinary Team Case Review
Detective writes reports
Detective Sergeant approves report and arrest
Detective - Search Warrant Prep, Ops Plan, and service of warrant
Detective - Protective Custody
Secretary OAI - Tracking, filing, file preparation, etc.
Detective arrests suspect and book suspect
Detective presents all documentation and evidence to District Attorney's Office
Detective completes DOJ/CACI form
Detective completes DOJ/CACI advisement form (to suspect)
Detective completes Mandated Reporter notification form

Suzie Ferrell, with the Los Angeles County Sheriff Department's Field Operation Support Services, notes in her declaration, attached as Exhibit 1 of the County's January 21, 2010 filing with the Commission, that she has met and conferred with

law enforcement officials throughout the State as well as staff representing various State associations in developing the [above] law enforcement survey instrument. She believes that the four levels, and activities identified within each level, are reasonably necessary in conducting ICAN investigations, preparing ICAN reports and performing other required ICAN duties.

In addition, Daniel Scott with the Los Angeles County Sheriff's Department, Special Victims Bureau, Child Abuse Detail indicates on page 2 of his declaration, attached as Exhibit 3 of the County's January 21, 2010 filing with the Commission, that he believes that the four levels, and activities identified within each level identified in Ms. Ferrell's declaration are reasonably necessary in conducting ICAN investigations, preparing ICAN reports and performing other required ICAN duties.

It should be noted that Mr. Scott is an expert in child abuse investigations. His credentials include:

1. 29 years of law enforcement experience, including more than 22 years of service in the Los Angeles County Sheriff's Department Family Crimes Bureau as a detective and sergeant specializing in child abuse investigations.
2. Developing and coordinating the law enforcement curriculum for Los Angeles County's Department of Children and Family Services' Bureau of Child Protection Inter-Agency Investigative Academy.
3. Lecturing for the California Sexual Assault Investigators Association, the American Prosecutors Research Institute, Child-help USA, and Children's Institute International.
4. Co-authoring an article entitled "Silent Screams – One Law Enforcement Agency's Response to Improving the Management of Child Abuse Reporting and Investigations", published in the 2001-02 issue of the Journal of Juvenile Law (22 J. Juv. L. 29).

Importantly, Mr. Scott, in his declaration, on page 2 of Exhibit 3 of the County's January 21, 2010 filing with the Commission, reiterates the necessity for including the activities identified in Ms. Ferrell's declaration when conducting ICAN investigations, preparing ICAN reports and performing other required ICAN duties. In addition, he makes the following points:

1. "The omission of one or more ICAN activities described ... [herein] ... could impair the requirement to conduct an "active investigation" as defined in the California Department of Justice (DOJ) Form SS 8583, as revised in June 2005."
2. "The omission of one or more ICAN activities described ... [herein] ... could impair the determination of whether the incident is substantiated, inconclusive or unfounded.
3. "Form SS 8583 states that a determination that an incident is inconclusive occurs when there is "... insufficient evidence of abuse, not unfounded (incident)".
4. "Form SS8583 requires that a determination that an incident is inconclusive be reported to DOJ and that DOJ will list inconclusive suspect(s) in their Child Abuse Central Index (CACI)."
5. "The omission of one or more ICAN activities described ... [herein] ... could result in a finding of insufficient evidence of abuse and that further investigation could provide sufficient evidence, thereby avoid listing an innocent person as a 'suspect' in the CACI."
6. "Accordingly, ... the activities described [herein] are reasonably necessary in performing ICAN duties."

Also, the seriousness of inadequate investigations was recently addressed by the Court in Humphries v. County of Los Angeles, 554 F.3d 1170 [2009], attached as Exhibit 8 of the County's January 21, 2010 filing with the Commission. The Court states, on page 24 of Exhibit 8, that:

"Appellees argue that the current procedures present little risk of erroneous deprivation because an agency may transmit a child abuse report only after it "has conducted an active investigation and determined that the report is not unfounded." CAL. PENAL CODE § 11169(a). We are not assuaged. A determination that the report is "not unfounded" is a very low threshold. As we explained above, CANRA defines an "unfounded report" as a report that the investigator determines "to be false, to be inherently improbable, to involve an

accidental injury, or not to constitute child abuse or neglect.” CAL. PENAL CODE § 11165.12(a). Effectively, a determination that a report is “not unfounded” merely means that the investigator could not affirmatively say that the report is “false.” This is the reverse of the presumption of innocence in our criminal justice system: the accused is presumed to be a child abuser and listed in CANRA unless the investigator determines that the report is false, improbable, or accidental. Incomplete or inadequate investigations must be reported for listing on the CACI.”

Therefore, the full range of activities described in Ms. Ferrell’s declaration are reasonably necessary in minimizing the occurrence of incomplete or inadequate investigations.

It should be noted that the activities used in the law enforcement survey may be further delineated into very specific procedures and checklists for conducting ICAN investigations. Exhibit 7, of the County’s January 21, 2010 filing with the Commission, contains a 15 page example which is excerpted from the “Investigation and Prosecution of Child Abuse” manual published by the American Prosecutors Research Institute. While comprehensive, a survey instrument based on this manual would have been very lengthy and time consuming for respondents to complete. So a much shorter instrument was used.

Law Enforcement Survey

The law enforcement survey administered by the California State Association of Counties and League of California Cities is found in Exhibit 5 of the County’s January 21, 2010 filing with the Commission. The survey requested that respondents provide the class code and salary costs of personnel performing activities in each of the four levels specified in Ms. Ferrell’s declaration as well the minimum, maximum and average time spent on each activity within each level.

Twelve law enforcement agencies responded. Together, they serve over half of the State’s population. The city law enforcement agency respondents were from Chula Vista, Fresno, Irvine, Los Angeles, Pasadena, San Mateo and Santa Ana. Those from counties were from Alameda, Los Angeles, San Bernardino, Santa Clara and Yolo.

The survey results for the average time category for each activity were compiled by the County and are found in Exhibit 2. The class code and salary information was not compiled. Instead, the County proposes to have claimants compute their

blended productive hourly rate, in accordance with long established State Controllers Office instructions, when computing their reimbursement claims.

The law enforcement standard times⁶ for each level that are used in the County's revised ICAN Ps&Gs are:

Level - 1 No Child Abuse Based on Suspected Child Abuse Report (SCAR) Form

Receive SCAR from Department of Children and Family Services (DCFS); it is determined that no child abuse incident occurred based on SCAR information; SCAR is closed with no action taken. [Standard time is 110 minutes.]

Level - 2 Patrol Investigation and No Child Abuse

Receive SCAR from DCFS; patrol officer investigates and determines no child abuse incident occurred. [Standard time is 268 minutes.]

Level - 3 Child Abuse Investigation with Non-Severe Injuries (Physical & Mental)

Receive SCAR from DCFS; patrol officer investigates and writes a report; detective investigates incident. [Standard time is 934 minutes.]

Level - 4 Child Abuse Investigation Severe Injuries (Physical, Mental, & Sexual)

Receive SCAR from DCFS; patrol officer investigates, takes child to hospital for medical treatment, and writes a report; detective investigates incident. [Standard time is 2,162 minutes.]

There is an additional level 5. This level involves major cases where a child death, kidnapping, multiple victims from a daycare center and other serious matters are involved. Typically, these major cases are unique and require extensive and lengthy investigations. Therefore, these cases were not included in the standard time survey. However, reimbursement for these cases is provided for in the County's revised ICAN Ps&Gs using the actual cost method. Here, claimants would provide a detailed itemization of the costs incurred in performing reasonably necessary activities, including labor, service and supply, equipment and contract costs.

⁶ See Exhibit 2 for the standard times of activities within each level.

County Welfare Agency Survey

The County's revised ICAN Ps&Gs includes RRM's for recovering county welfare agency costs. These RRM's were developed by a core team of County staff, California Welfare Directors Association [CWDA] staff and State Department of Social Services [SDSS] staff. SDSS staff were particularly helpful in differentiating specific social service child abuse duties mandated under ICAN from those that are mandated [and funded] under other programs.

Julie Kimura, with SDSS, provided some information that was useful in developing county welfare agency RRM's in her March 19, 2009 e-mail to the ICAN team members. This e-mail, along with its attachments, is found in Exhibit 9 of the County's January 21, 2010 filing with the Commission. This first attachment, on pages 4-7 of Exhibit 9, provides responses to specific requests for information required to ascertain reasonably necessary and unique ICAN activities. Such requests and responses are as follows:

“REQUEST:

A description of what causes a hotline or other emergency response referral to move forward to a Child Welfare Services (CWS) case.

RESPONSE:

Any referral received by CWS has the potential to become a case. The following activities are mandated by Manual of Policies and Procedures (MPP) Division 31. It should be noted that there are several activities during this process, which are mandated by statute other than Child Abuse and Neglect Reporting Act (CANRA). It should also be noted that counties have different protocols; however, all counties are required to follow the MPP Division 31 regulations. Basic activities leading to the opening of a CWS case per MPP Division 31 regulations are as follows:

Intake (Div. 31-101 through 120.12):

Interview reporting party (intake screener receives phone call) and/or review Suspected Child Abuse Report (SCAR) (form ss 8572).

Fill out Emergency Response Protocol (SOC 423) or approved substitute.

- This includes reviewing CWS history and interviewing by phone, if necessary, any collateral contacts. However, most collateral information would be gathered during the investigation.

Determine response (an assessment tool – Structured Decision Making (SDM) or Comprehensive Assessment tool (CAT)-is used).

Evaluate Out

Differential Response (referral to community based organization)

Immediate in person investigation

Ten day investigation

Response determination approved by supervisor.

Investigation (Div. 31-125 through 135.41):

The social worker shall have in person contact with all children alleged to be abused, neglected or exploited and at least one adult who has information regarding the allegations.

If referral is not unfounded, the social worker shall interview all children present at time of the investigation, and all parents who have access to the children alleged to be at risk of abuse, neglect or exploitation. Interviewing additional children not present at the time of the investigation is at the discretion of the county.

The social worker shall make a determination as to whether services are appropriate (i.e. if allegations are substantiated), and if necessary, file a dependency petition.

The social worker shall request assistance from Law Enforcement if necessary (i.e. safety factors are present or if removal of a child is necessary and the social worker is not deputized.)

If the social worker determines that the child cannot be safely maintained in his/her home, the social worker shall ensure that authority to remove the child exists (if voluntary-written consent from parent/guardian, if involuntary- temporary custody per Welfare and Institutions Code Sections 305 & 306 or Court order).

There are a number of additional activities that could occur, but are not specifically dictated in the Emergency Response Regulations (such as Indian Child Welfare Act requirements, placement regulations, contact with collateral sources, MDIC interviews, etc., but these do not fall under CANRA mandates).

Child Abuse and Neglect Reporting Requirements (Div. 31-501)

The county shall report abuse as defined in Penal Code (PC) Section 11165.6 to law enforcement departments and the District Attorney's office.

When the county receives a report of abuse that has allegedly occurred in a licensed facility, the county shall notify the licensing office with jurisdiction over the facility.

The county shall submit a report pursuant to PC Section 11169 to the Department of Justice of every case it investigates of known or suspected child abuse that it has determined not to be unfounded.

REQUEST:

A break out of training activities/costs associated with investigations and other CANRA reporting activities.

RESPONSE:

The following training activities are required for new CWS social workers and are conducted through Core Training courses which are funded by Title IV-E monies provided to the Regional Training Academies. Core Training does not use the terminology "investigation." Social workers are trained to "assess." These classes include information required to understand and perform all CWS assignments but are focused on Emergency Response duties. They fulfill many other requirements that are unrelated to CANRA mandates.

- Child Maltreatment Identification Part 1: Neglect, Emotional Abuse and Physical Abuse (1.5 days);
- Child Maltreatment Identification Part 2: Sexual Abuse and Exploitation(1.5 days);

- Critical Thinking in Child Welfare Assessment: Safety, Risk and Protective Capacity (1 day);
- Basic Interviewing (1 day).

REQUEST:

Information on activities associated with entering data on CWS/Case Management System (CMS) as the system automatically populates the form.

RESPONSE:

The activities for documenting allegations of a referral are built into CWS/CMS as part of the ER investigation process. Once a referral and the resulting documentation is complete, and if a cross report to Law Enforcement, the District Attorney and/or the Department of Justice is required, the social worker completes the cross report through a CWS/CMS generated report. The report requires placing a checkbox next to the required agency, generating a form which has the majority of necessary information populated from the case record, and writing a brief summary of the investigation which often can be copied from case contact notes.

There is also training provided by CWS/CMS regarding use of the CWS/CMS system which includes filling out the CWS/CMS fields that generate the cross report to DOJ. Training for this process would be included in CWS/CMS new user training and would take less than one hour. The cost of training to fill out the form fields would be considered absorbable within CWS/CMS new user training. All CWS social workers are expected to attend this training, regardless of their unit assignments.”

Julie Kimura also provided important funding information for pertinent ICAN related time study codes used by SDSS. The three codes identified by Ms. Kimura, which are included in her e-mail on pages 13-14 of Exhibit 9 of the County’s January 21, 2010 filing with the Commission, are:

“Time Study Code 5134 Emergency Assistance – ER Referrals

Includes time spent receiving emergency referrals, assessing whether the referral is a child welfare services referral, completing the ER protocol, and investigating emergency allegations, including collateral contacts. This includes time spent closing those cases in which allegations are unfounded.

For those cases that the allegations are not unfounded, it includes time spent in investigation activities, reporting to the California Department of Justice and noticing the parents regarding the temporary custody of the child.

Funding: TANF (85/00/15, federal/state/county share respectively)

Time Study Code 5441 CWS – Minor Parent Investigations (MPI) AB 908

This code has been established to capture social worker time spent performing in-person investigation activities for teen pregnancy disincentive requirements. Investigation activities include:

Completing an in-home investigation of a minor parent's allegation of risk of abuse/neglect and returning the CA 25s to the eligibility worker indicating the results of the investigation; completing an in-person assessment of the minor parent and his/her child(ren); developing a safety plan that will include MPS for the minor parent and his/her child(ren); and referrals of minor parent to other available services.

Funding: TANF (50/35/15)

Time Study Code 1701 CWS – Emergency Hotline Response

(Code deleted effective with the December 05 quarter and investigation/reporting activities now reported to time study code 5134)

Includes time spent performing initial activities in response to and investigation of all reports or referrals alleging abuse, neglect or exploitation of children. Allowable Emergency Hotline Response activities include, but are not limited to:

Operating a 24-hour emergency hotline response program; evaluating and investigating telephone reports of abuse, neglect or exploitation, including reports on the 24-hour hotline; determining client risk for emergency response by screening in-coming calls; determining whether a reported situation is an emergency or non-emergency within required timeframes; determining emergency response needs; providing crisis intervention; referring clients to appropriate emergency response service agencies; gathering documentation of abuse for law enforcement agencies; documenting and completing all required forms; and preparing written reports and assessments.

Funding: Title IV-E (50/35/15)"

After considerable discussion on how to separate the unique and reasonably necessary ICAN duties from other duties, an RRM survey instrument was devised. This instrument is found in Exhibit 10. Respondents were asked to respond to six groups of questions. The questions and summary results were as follows:

1. "The number of *Child Abuse Summary Report* (SS 8583) forms that were completed by county staff, the average amount of time spent completing the form, and the classification of the worker completing the form.

June 2009 Quarter - Tentative Results:
Eight Counties completed 15,101 SS 8583 forms
Weighted average state-wide time for each form was 22 minutes

2. The number of *Suspected Child Abuse Report* (SS 8572) forms that were completed by county staff, the average amount of time spent completing the form, and the classification of the worker completing the form.

June 2009 Quarter - Tentative Results:
Eight Counties completed 19,469 SS 8572 forms
Weighted average state-wide time for each form was 23 minutes

3. The number of *Notice of Child Abuse Central Index Listing* (SOC 832) forms completed and mailed by county staff, the average amount of time spent completing and mailing the forms, and the classification of the worker completing the forms.

June 2009 Quarter - Tentative Results:
Eight Counties completed 12,394 SOC 832 forms
Weighted average state-wide time for each form was 13 minutes

4. The amount of time required to file copies of the SS 8583 and SS 8572 forms with a copy of the investigative report and the classification of the workers who filed copies of the reports.

June 2009 Quarter - Tentative Results:
Four Counties completed 9,442 form/report filings
Weighted average state-wide time for each form was 22 minutes

5. The number of requests for information the county CWS agency received from DOJ, how much time it took staff to respond to the DOJ inquiries, and the classification of the workers who responded to the inquiries.

June 2009 Quarter - Tentative Results:

Seven Counties responded to 3,585 DOJ requests

Weighted average state-wide time for response was 9 minutes

6. The sources used to get the answers above as well as the methodology used to calculate the average amount of time spent on these activities.

June 2009 Quarter - Tentative Results:

Eight Counties used various sources and methods “

The [above] results are currently tentative and are pending further review. However, the results are incorporated in the County's revised ICAN Ps&Gs as a placeholder. To date, eight counties have responded. These counties serve well over 50 percent of the State's population.

Conclusion

In conclusion, the County has adhered to its definition of “cost-efficiency” in developing ICAN RRM's. Namely, implementation of a mandate is cost-efficient if only reasonably necessary activities are performed and allowable costs incurred in the implementation of the mandate.

Proof that the ICAN RRM's reflect the cost-efficient implementation of the ICAN mandate is supported with substantial evidence, cited above.



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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ASST. AUDITOR-CONTROLLERS

ROBERT A. DAVIS
JOHN NAIMO
JAMES L. SCHNEIDERMAN
JUDI E. THOMAS

**LOS ANGELES COUNTY'S COMMENTS
ON REASONABLE REIMBURSEMENT METHODOLOGIES
AS REQUESTED BY THE COMMISSION ON STATE MANDATES**

Declaration of Leonard Kaye

Leonard Kaye makes the following declaration and statement under oath:

I, Leonard Kaye, Los Angeles County's [County] representative in this matter, have prepared the attached comments on reasonable reimbursement methodologies (RRMs) as requested by Drew Bohan, Executive Director of the Commission on State Mandates (Commission) on August 23, 2011.

I declare that I have met and conferred with local officials, claimants and experts in preparing the attached comments regarding RRM's for the County's Municipal Stormwater -- Transit Trash parameters and guidelines (Ps&Gs) adopted by the Commission on March 24, 2011 as well as the County's Interagency Child Abuse and Neglect (ICAN) Investigation and Reports Ps&Gs as proposed on January 21, 2010.

I declare that it is my information and belief that RRM's used in the (above) Ps&Gs meet requirements specified in Government Code 17518.5.

I am personally conversant with the foregoing facts and if so required, I could and would testify to the statements made herein.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct of my own knowledge, except as to the matters which are therein stated as information and belief, and as to those matters I believe them to be true.

12/15/11; Los Angeles, CA

Date and Place

Signature



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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February 23, 2011

Mr. Drew Bohan
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, California 95814

Dear Mr. Bohan:

**LOS ANGELES COUNTY'S REVIEW
PROPOSED PARAMETERS AND GUIDELINES
MUNICIPAL STORM WATER AND URBAN RUNOFF DISCHARGES TEST CLAIMS**

The County of Los Angeles respectfully submits its review of parameters and guidelines for the Municipal Storm Water and Urban Runoff Discharges reimbursement program proposed by Commission staff.

If you have any questions, please contact Leonard Kaye at (213) 974-9791 or via e-mail at lkaye@auditor.lacounty.gov.

Very truly yours,

Wendy L. Watanabe
Auditor-Controller

WLW:MMO:JN:CY:lk
H:\SB90A 02 11++ Storm water Ps&Gs Hearing/Cover letter 02 22 11

Enclosure

**Transit Trash Collection Unit [Per Pickup] Adjusted (2 10 11) Costs Survey Results (Note a)
 Los Angeles Regional Quality Control Board Order No. 01-182, Permit CAS004001, Part 4F5c3**

Respondent Survey	Fiscal Years							(X) Average # Pickups (Note b)	(Y) @ year (Note c)	(X/Y=Z) Unit Cost @ Pickup (Note d)	M Weighted Ave. Adjustment % of Total Result	DxZ \$2.48
	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03					
1 Los Angeles County	\$893	\$1,241	\$1,152	\$1,122	\$1,127	\$1,132	\$1,111	156	\$7.12	2,513	34.81%	\$2.48
Beverly Hills [in watershed]												
Norwalk [e]	\$347	\$321	\$320	\$290	\$272	\$581	\$602	52	\$7.51	1,497	20.74%	\$1.56
2 Downey	\$311	\$299	\$708	\$144	\$144	\$144	\$144	134	\$2.02	1,434	19.86%	\$0.40
3 Carson [2.57x52 wks=134]	\$526	\$522	\$528	\$530	\$504	\$486	\$430	52	\$9.69	1,323	18.33%	\$1.78
4 Bellflower	\$1,504	\$1,504	\$1,504 [f]	\$1,271	\$1,361	\$1,224	\$1,180	104	\$14.46	39	0.54%	\$0.08
5 Azusa	\$1,299	\$1,299	\$1,271					104	\$12.23	63	0.87%	\$0.11
6 Artesia												
Commerce [in watershed]												
Covina [e]	\$398	\$384	\$374	\$374	\$374	\$353	\$343	52	\$7.14	350	4.85%	\$0.35
7 Signal Hill												
Average by Respondent	\$754	\$796	\$837	\$622	\$630	\$653	\$540	\$775	Weighted Ave	7,219	100.00%	\$6.74

Notes
 [a] This survey table presents data by fiscal year and by respondent. A weighted mean average per pickup cost of \$6.74 was found.
 [b] Average annual unit cost per trash receptacle over the reimbursement period. Totals were divided by the number of nonzero years.
 [c] During FY 02-03, trash receptacles were installed over a 3-month period. During the installation period, the cleaning and trash pick-up service was first handled in-house and later by contract. Because the number of trash receptacles was not a fixed number during this period and the maintenance service was handled in-house and by contract, it is difficult to accurately annualize the unit cost for FY 02-03.
 [d] The number of units is the sum of all trash receptacles reported by respondents in each average annual cost year [above].
 [e] Survey results were inconclusive. In Norwalk's case, contractor billed city for the combined costs of trash collection and bus stop cleaning. In Covina's case, contractor used numerous metrics to bill city, including per ton disposal costs-by refuse type.
 [f] \$6,517 was incurred during four months of 2006-07. Annualized cost was \$19,551 for 13 receptacles or 1,504 per receptacle.

SixTen and Associates

Mandate Reimbursement Services

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December 20, 2011

Exhibit S

Nancy Patton, Interim Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: 09-PGA-01 Request for Reasonable Reimbursement Methodology
06-PGA-06 Request to Establish a Uniform Cost Allowance
Habitual Truants CSM # 4487 & 4487A
Clovis and San Jose Unified School Districts

Dear Ms. Patton:

This letter is in response to the Education Mandated Cost Network letter of December 19, 2011, that transmits the Capitol Matrix Consulting findings from the evaluation of the annual claim cost data submitted for the above-referenced requests to amend the parameters and guidelines. I am responding on behalf of San Jose Unified School District.

The District concurs with the findings and the recommendation to establish a uniform cost allowance in the amount of \$26 per habitual truant. This amount would be retroactively effective to FY 2002-03 based on the original filing date of the Clovis request. This amount would then be increased by the Implicit Price Deflator beginning FY 2003-04 and each subsequent year.

Sincerely,



Keith B. Petersen

Submitted to the COSM Drop Box for service to listed parties.

Hearing Date: September 27, 2013

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ITEM ____

REVISED DRAFT STAFF ANALYSIS

AND

PROPOSED PARAMETERS AND GUIDELINES AMENDMENTS

Education Code Section 48262 and 48264.5

Statutes 1975, Chapter 1184; Statutes 1994, Chapter 1023;
and Statutes 2001, Chapter 734

Habitual Truants

01-PGA-06, 09-PGA-01 (CSM-4487 and 4487A)

Clovis Unified School District and
San Jose Unified School District, Requestors

EXECUTIVE SUMMARY

The following is the proposed statement of decision for this matter prepared pursuant to section 1188.1 of the Commission's regulations. As of January 1, 2011, Commission hearings on the adoption of proposed parameters and guidelines are conducted under article 7 of the Commission's regulations.¹ Article 7 hearings are quasi-judicial hearings. The Commission is required to adopt a decision that is correct as a matter of law and based on substantial evidence in the record.² Oral or written testimony is offered under oath or affirmation in article 7 hearings.³

I. Summary of the Mandate

The statement of decision for this test claim was adopted on September 25, 1997. The Commission found that Education Code section 48264.5 (Statutes of 1994, Chapter 1023) imposes a state-mandated program on school districts within the meaning of Article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission found that the statute requires school districts to verify pupil truancy, make a conscientious effort to notify parents or guardians of a pupil's truancy, schedule and hold conferences with students and parents or guardians, and, if a pupil has four truantries and the above requirements have been met, classify that pupil as an habitual truant.

II. Procedural History

On January 29, 1998, the Commission adopted the original parameters and guidelines. On April 29, 2002, Clovis Unified School District filed a request to amend the parameters and guidelines to include a uniform cost allowance for the costs of the mandate, and to amend the reimbursable activities to reflect a clarifying change in the law requiring only three truantries before classifying a pupil an habitual truant, rather than the four truantries indicated in the parameters and

¹ California Code of Regulations, Title 2, section 1187.

² Government Code section 17559(b); California Code of Regulations, Title 2, 1187.5.

³ *Ibid.*

guidelines.⁴ The letter accompanying the request stated that “[u]ntil the data is determined, the claimant’s proposed rate is an arbitrary \$999 per workload multiplier.”⁵ After reviewing claims data submitted for fiscal year 2000-2001, Clovis sent a letter to the Commission, dated May 2, 2003, proposing a unit cost allowance of \$32.15 per habitual truant and providing supporting documentation, the completing the filing for Clovis’s request to amend.⁶

On July 19, 2002 the Department of Finance (DOF) submitted comments on the request to amend parameters and guidelines questioning whether a unit cost was appropriate for this program.⁷ On July 30, 2003, DOF submitted supplemental comments, recommending denial of the request to amend, and citing wide variation in costs among school districts.⁸ On August 11, 2003, the State Controller’s Office (SCO) submitted comments, urging its disagreement with the proposed unit cost, citing the use of unaudited data and the wide range of costs.⁹

On April 7, 2006, the SCO requested an amendment to the parameters and guidelines to incorporate new boilerplate language regarding reimbursable costs and record retention, to reflect changes in the applicable Government Code sections.¹⁰ On January 29, 2010, the parameters and guidelines were amended to incorporate those changes.¹¹

Between October 26, 2009 and December 21, 2009, several additional school districts, including Fullerton Joint Union High School District, Poway Unified School District, Riverside Unified School District, Castro Valley Unified School District, Grossmont Union High School District, Norwalk-La Mirada Unified School District, San Juan Unified School District, and the San Diego County Office of Education, were joined as requesting districts in the parameters and guidelines amendment request initiated by Clovis Unified, and joined by San Jose Unified.¹²

On January 13, 2010, San Jose Unified School District filed a request to amend the parameters and guidelines to adopt an RRM in the form of a unit cost of \$32.15 per habitual truant.¹³ Pursuant to section 1183.06 of the Commission’s regulations the Executive Director consolidated these matters on June 9, 2011.¹⁴

On March 3, 2010, the SCO submitted written comments on the RRM proposed by San Jose Unified, in which SCO expressed doubt that an RRM could accurately reimburse districts for the actual costs of the mandated activities, due to the variation in costs among districts. On March

⁴ Exhibit A, Clovis Unified Request to Amend, at pp. 8-9; 12-13. On May 1, 2002, San Jose Unified School District was added as a requesting party. (Exhibit C, San Jose Unified Request to Amend Ps&Gs, at p. 3.)

⁵ Exhibit A, Clovis Unified Request to Amend, at p. 2.

⁶ Exhibit B, Clovis Unified Letter Identifying Unit Rate

⁷ Exhibit D, DOF Comments on Request to Amend.

⁸ Exhibit E, DOF Supplemental Comments on Request to Amend.

⁹ Exhibit F, SCO Comments on Request to Amend.

¹⁰ Exhibit X, SCO Request to Amend Parameters and Guidelines, 05-PGA-51.

¹¹ Exhibit X, Amended Parameters and Guidelines CSM-4487.

¹² See Exhibit C, San Jose Unified Request to Amend Ps&Gs, at p. 3.

¹³ Exhibit C, San Jose Unified Request to Amend Ps&Gs.

¹⁴ Code of Regulations, title 2, section 1183.06 (Register 2010, No. 44).

17, 2010, the Commission held a prehearing to review and discuss the proposed RRM. On July 19, 2010, the SCO submitted additional analysis and comments on the proposed RRM, in which SCO proposed a unit rate based on the average claim per pupil over nine years of actual cost claims (rather than only one year), resulting in a rate of \$26.06 per habitual truant.¹⁵ On July 28, 2010, SCO submitted still further comments, rescinding the July 19, 2010 comments, after “[f]urther review of this analysis revealed that the proposed RRM calculations were based on unaudited claim data and cannot be supported by SCO.”¹⁶

On June 9, 2011, Commission staff issued a draft staff analysis and proposed statement of decision, and noticed a schedule for comments.¹⁷ The draft staff analysis recommended denial of the request to amend, on the ground that the RRM was not “cost-efficient,” and that the data underlying the unit rate varied too greatly to support a single unit cost. On June 29, 2011, Commission staff issued notice of a prehearing, and revised the schedule for comments, postponing the matter to the September 2011 hearing.¹⁸ On June 30, 2011, SCO submitted comments agreeing with the draft staff analysis.¹⁹ Also on June 30, 2011, the California Association of Supervisors of Child Welfare and Attendance submitted comments on the draft staff analysis urging the Commission to adopt a “less bureaucratic formula” for reimbursement.²⁰ On July 22, 2011, claimant San Jose Unified submitted comments on the draft staff analysis, in which San Jose Unified suggested that cost-efficiency and the variation in local costs were issues of first impression for the Commission.²¹ On July 27, 2011, Commission staff held an informal conference attended by the representatives of the SCO and the claimant community. On August 9, 2011, the City and County of San Francisco submitted email comments regarding the draft staff analysis and the prehearing stating that San Francisco would generally support an RRM based on unit times, rather than unit costs, because such structure would account for differences in wages among local agencies.²²

On August 12, 2011, Commission staff issued a request for comments on RRMs proposed for three pending claims: *Behavioral Intervention Plans* (CSM-4464), *Voter Identification Procedures* (03-TC-23), and *Habitual Truants* (09-PGA-01, 01-PGA-06).²³ Commission staff asked parties and interested parties the following questions:

At some point is the range of figures used to develop the unit cost so wide that it violates the constitutional requirement that local agencies be reimbursed for their mandate-related costs?

¶...¶

How should "cost-efficient" be defined?

¹⁵ Exhibit H, SCO Additional Analysis and Comments.

¹⁶ Exhibit I, SCO Additional Comments.

¹⁷ Exhibit J, Draft Staff Analysis.

¹⁸ Exhibit X, Notice of Prehearing and Revised Comment Schedule.

¹⁹ Exhibit K, SCO Comments on Draft Staff Analysis.

²⁰ Exhibit L, CASCWA Comments on Draft Staff Analysis.

²¹ Exhibit M, Claimant Comments on Draft Staff Analysis.

²² Exhibit N, City and County of San Francisco Comments.

²³ Exhibit O, Commission Request For Comments on Pending RRMs.

¶...¶

What does this section require be cost-efficient? Stated another way, what does a requestor need to show to demonstrate that its proposed RRM unit cost meets the requirement of section 17518(c)?²⁴

In response to those questions, a number of responses were submitted. On December 20, 2011, the co-claimants in *Behavioral Intervention Plans (BIPs)* (CSM-4464) submitted comments in which they argued that the “Legislature has authorized standardized reimbursement for a broad range of costs,” and that “[a]s long as the statutory requirements...are met there is no range of figures so wide as to violate constitutional requirements.”²⁵ Also on December 20, 2011, the County of Los Angeles submitted comments in which it asserted that a wide variation in local costs does not, in itself, render an RRM proposal unconstitutional.²⁶

On August 22, 2011, Commission staff granted an extension of time to San Jose Unified in order to permit sufficient time to secure an independent analysis of the cost data underlying the proposed RRM.²⁷ On December 19, 2011, Education Mandated Cost Network (EMCN), on behalf of San Jose Unified, submitted that analysis, in which it determined that a weighted average, excluding no statistical outliers, yielded a more reliable estimate; EMCN therefore suggested assigning the unit rate at \$26 per habitual truant.²⁸ On December 20, 2011, San Jose Unified submitted comments endorsing EMCN’s proposed unit rate, and requesting that the rate be applied retroactively to fiscal year 2002-2003 claims.²⁹

III. Staff Analysis

If the Commission approves a test claim, the Commission is required by Government Code section 17557 to adopt parameters and guidelines for the reimbursement of any claims. As of January 1, 2011, Commission hearings on the adoption of proposed parameters and guidelines and amendments thereto are conducted under Article 7 of the Commission’s regulations.³⁰ Article 7 hearings are quasi-judicial hearings. The Commission is required to adopt a decision that is based on substantial evidence in the record, and oral or written testimony is offered under oath or affirmation.³¹

A. The submissions proposing amendments to the parameters and guidelines modify the first completed request of May 2, 2003. Thus, the potential period of reimbursement for the requested amendment begins July 1, 2002.

Five submissions in the record propose amendments to the parameters and guidelines, each with slight differences from the others. The issue before the Commission is whether the five separate filings are a single proposal to amend the parameters and guidelines, the later submissions

²⁴ Exhibit O, Commission Request for Comments on Pending RRMs.

²⁵ Exhibit Q, BIPs Co-Claimants Response to Request for Comments, at pp. 5-7.

²⁶ Exhibit R, County of LA Response to Request for Comments, at p. 2.

²⁷ Exhibit P, EMCN Response to Request for Comments, at p. 1.

²⁸ Exhibit P, EMCN Response to Request for Comments, at p. 2.

²⁹ Exhibit S, San Jose Unified Response to Request for Comments.

³⁰ California Code of Regulations, Title 2, section 1187.

³¹ Government Code section 17559(b); California Code of Regulations, Title 2, section 1187.5.

building upon the earlier, or whether the five filings are separate proposed amendments to the parameters and guidelines.

Government Code section 17557, as originally enacted, allowed the Commission to adopt an allocation formula or uniform allowance when adopting or amending parameters and guidelines. Former section 1183.1 of the Commission's regulations stated that "whenever possible" the parameters and guidelines should use an allocation formula or uniform allowance as the basis for reimbursement.³² Government Code section 17557 was amended in 1985 and 1988, but authority to adopt an allocation formula or uniform allowance in parameters and guidelines or amendments to parameters and guidelines remained without interruption in the law and was in place when Clovis Unified filed its request to amend the parameters and guidelines for the *Habitual Truants* program on April 29, 2002.³³

In 2004, AB 2856 amended Government Code section 17557 to provide that the Commission "may adopt a reasonable reimbursement methodology."³⁴ AB 2856 also added section 17518.5 to define "reasonable reimbursement methodology" as a "formula for reimbursing local agency and school district costs mandated by the state," which, whenever possible, "shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual local costs." That section was amended in 2007 to provide that an RRM "shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs." The amended section also provides that an RRM "shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner," and that "[w]henver possible, a reasonable reimbursement methodology *shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state*, rather than detailed documentation of actual costs."³⁵

Thus, the terms "general allocation formula" and "uniform cost allowance" have consistently been used by the Legislature as tools provided to the Commission when adopting parameters and guidelines pursuant to Government Code section 17557. There is no evidence to suggest that an "allocation formula" and "uniform allowance" under *former* section 17557 mean something different than "general allocation formula" and "uniform cost allowance," as those terms are used to define an RRM in current sections 17518.5 and 17557. Both require the Commission to adopt a reasonable method of reimbursing local government their costs mandated by the state pursuant to article XIII B, section 6 of the California Constitution, and that authority has existed for the last 28 years.

³² Code of Regulations, title 2, section 1183.1 (Register 87, No. 18).

³³ Government Code section 17557 (as amended by Stats. 1985, ch. 179; Stats. 1988, chs. 1123 and 1179; Stats. 1995, ch. 945 (S.B. 11)).

³⁴ Government Code section 17557 (as amended by Stats. 2004, ch. 890 (AB 2856)).

³⁵ Government Code section 17518.5 (as amended by Stats. 2007, ch. 329 (A.B. 1222)) [AB 1222 amended the definition of an RRM to delete the conditions that the total amount to be reimbursed statewide is equivalent to total estimated local agency and school district costs to implement the mandate in a cost-efficient manner; and for 50 percent or more of eligible local agency and school district claimants, the amount reimbursed is estimated to fully offset their projected costs to implement the mandate in a cost-efficient manner].

Based on the foregoing analysis, the Commission finds that the authority provided in current section 17557 to adopt an RRM is not materially different, as a matter of law, from the authority to adopt a uniform allowance or an allocation formula under the prior statute.

The first submission, filed by Clovis Unified on April 29, 2002 (01-PGA-06), requested an amendment to the parameters and guidelines to include a uniform cost allowance, to be calculated on the basis of cost claims submitted to the SCO, but did not identify the unit rate to be applied or provide support for such a rate, thus this filing was not complete.³⁶ On May 1, 2002, San Jose Unified was added as a co-requester to 01-PGA-06. On May 2, 2003, Clovis Unified, on behalf of the co-claimants and EMCN, requested a uniform cost allowance of \$32.15 per pupil identified as an habitual truant, and incorporated the April 29, 2002 filing by reference, thus completing the request to amend.³⁷

On January 13, 2010, co-requester San Jose Unified submitted what was essentially the same request to amend as the 01-PGA-06 request, but framed in terms of a “reasonable reimbursement methodology.” In this request, San Jose Unified’s representative, SixTen and Associates, stated that it represented all ten co-requesters in the pending 01-PGA-06 request. San Jose Unified also incorporated by reference all documentation submitted in support of 01-PGA-06, including the letter identifying the calculated unit rate.³⁸

On August 22, 2011, after the first draft staff analysis recommended denial of the unit rate RRM, Commission staff granted an extension of time to San Jose Unified in order to permit sufficient time to secure an independent analysis of the cost data underlying the proposed RRM.³⁹ On December 19, 2011, EMCN submitted that analysis, on behalf of San Jose Unified, proposing a slightly different averaging method, utilizing two years of claims data, as opposed to the single year on which the earlier unit rates were based. The result was an RRM that provided reimbursement at \$26 per habitual truant; a rate very similar to that proposed by the SCO in its July 19, 2010 comments, which were retracted in further comments submitted July 28, 2010.⁴⁰ San Jose Unified submitted further comments on December 20, 2011, adopting the proposal put forward by EMCN, and requesting that the rate be retroactively effective to the 2002-2003 fiscal year, “based on the original filing date of the Clovis request.”⁴¹

If each of these five filings discussed above was a separate request to amend the parameters and guidelines, the Commission would be required to decide each separately, and to provide for periods of reimbursement accordingly. The Clovis Unified request and the San Jose Unified request were given separate case numbers, and at least initially reviewed as distinct requests to amend. But the salient distinction between these filings is merely that 01-PGA-06 proposed a uniform cost allowance while 09-PGA-01 proposed an RRM. There is no legal distinction between a request for a uniform cost allowance and a request for an RRM based on a unit cost.⁴²

³⁶ See Exhibit A, Clovis Unified Request to Amend.

³⁷ Exhibit B, Clovis Unified Letter Identifying Unit Rate.

³⁸ Exhibit C, San Jose Unified Request to Amend, at p. 3.

³⁹ Exhibit P, EMCN Response to Request for Comments, at p. 1.

⁴⁰ See Exhibit P, EMCN Response to Request for Comments; Exhibit H, SCO Additional Comments on Request to Amend; Exhibit I, SCO Additional Comments on Request to Amend.

⁴¹ Exhibit S, San Jose Unified Response to Request for Comments.

⁴² See Exhibit X, Graduation Requirements Minute Order 2/15/2013 County Superior Court Case No. 34-2010-80000529.

Moreover, the requesters have demonstrated by their conduct and their submissions a belief and understanding that all later alterations or modifications are part of the same amendment request: San Jose Unified incorporated by reference all previously filed documentation in its 2010 request to amend,⁴³ and subsequently endorsed the unit rate proposed by EMCN and requested its retroactive application to the effective date of the Clovis Unified request.⁴⁴

Neither the Government Code nor the Commission's regulations require a new case number and file for modifications made by the original requestor in a rebuttal, or for a subsequently filed comment addressing the same issues raised in the original request. Moreover, nothing suggests that the use of general civil procedure rules on amendments of pleadings cannot apply to quasi-judicial actions, which would permit an amended request to relate back to the filing date of an earlier request.⁴⁵ The purpose of the law allowing amendments of claims or requests is to permit correction of errors and omissions, to clarify ambiguities, or to explain mistaken statements made in the original pleadings.⁴⁶ The Legislature has recognized these principles in the statutory mandates process by allowing amendments to test claims that relate back to the original filing. Finally, there is a more pragmatic and prudential reason to allow the later modifications to be treated as a single request to amend: once a request to amend parameters and guidelines is received, the filing is issued to the state agencies and interested parties for comment and rebuttal.⁴⁷ While comments and rebuttals circulate, original proposals may be modified, as here, and the requester may see fit to endorse a commenter's suggestion. If a modification to a request to amend were treated as a new proposal (thus resetting the period of eligibility, requiring opening a new file and assigning a new case number, and rebooting the public comment process), the stakeholders to a proposed amendment would have very little incentive to express any agreement with the comments of any other party, or to collaborate or compromise with other parties at all, for fear of causing further delay and more procedure.

Based on the foregoing, staff finds that the five submissions in question are amendments to the first completed request of May 2, 2003, with the potential period of reimbursement beginning July 1, 2002.⁴⁸

B. Amendments to the Parameters and Guidelines.

The issues before the Commission are as follows:

- Whether the reimbursable activities section should be amended to reflect a clarifying change in law.
- Whether the proposed RRM of \$26 per habitual truant should be adopted by the Commission.

1. Reimbursable Activities (Section IV. of Parameters and Guidelines)

⁴³ Exhibit C, San Jose Unified Request to Amend, at p. 3.

⁴⁴ Exhibit S, San Jose Unified Response to Request for Comments.

⁴⁵ Code of Civil Procedure, sections 472, 473.

⁴⁶ California Jurisprudence 3d Limitation of Actions, § 145.

⁴⁷ Code of Regulations, title 2, section 1183.2.

⁴⁸ Government Code section 17557(d)(1) (Stats. 2010, ch. 719 (SB 856); Stats. 2011, ch. 144 (SB 112)).

Clovis Unified seeks to amend the parameters and guidelines to reflect that a pupil is now required, pursuant to clarifying amendments made to section 48264.5 in Statutes 2001, chapter 734, to be classified an habitual truant upon the *third* truancy within a single school year.⁴⁹ The prior section 48264.5 provided for *classification* of a pupil as an habitual truant upon the *fourth* truancy within a school year,⁵⁰ while section 48262, also pled in the test claim, provided that a pupil “is *deemed* an habitual truant who has been reported as a truant *three or more times* per school year.”⁵¹

Note that the *definition* of an habitual truant in section 48262, and the *consequences of multiple trancies* in section 48264.5, as enacted by Statutes 1991, chapter 1023 (SB 1728), are inconsistent. Statutes 2001, chapter 734 amended section 48264.5, above, to provide that a pupil shall be *classified* as a habitual truant, as defined in section 48262” upon the *third* truancy in a school year. This amendment was a part of a large “clean-up” bill, amending numerous sections of the Education Code, and correcting mistakes in drafting and eliminating inconsistencies and obsolete cross-references.⁵²

The relevant approved activity in the test claim decision was to “[v]erify that the pupil has been reported as a truant *at least four* times during the same school year.”⁵³ The Commission treated section 48262, in its test claim analysis, as being prohibitive, based on the language “provided that no pupil shall be deemed an habitual truant unless...” The Commission concluded that the mandated activities arose from section 48264.5, which required a pupil to be “classified” an habitual truant, and therefore the reimbursable activities were triggered by the fourth truancy, not the third. Given that the Legislature has since undertaken to reconcile the inconsistency,⁵⁴ the Commission finds here that the parameters and guidelines should be amended to reflect the clarifying change in the law.

Based on the foregoing, the parameters and guidelines are amended to provide reimbursement for: “[r]eview of school district records to verify that the pupil has been reported as a truant at least ~~four~~ three times during the same school year.”

2. Reasonable Reimbursement Methodology (Section V. of Parameters and Guidelines)

The following analysis will show that an RRM may be based on a broad range of criteria and information, and need not conform to any specific statutory standards, other than balancing accuracy with simplicity, and considering variation in costs among local government claimants in order to implement the mandate in a cost efficient manner. The analysis will also show that the California Constitution requires that an RRM provide reasonable reimbursement of local government claimants’ costs mandated by the state. The analysis will conclude that substantial evidence exists to adopt an RRM for reimbursement of the mandated activities approved in the test claim.

⁴⁹ Statutes 2001, chapter 734 (AB 804).

⁵⁰ Statutes 1994, chapter 1023 (SB 1728).

⁵¹ Education Code section 48262 (Stats., 1976, ch. 1010)

⁵² See Exhibit X, Assembly Floor Analysis of AB 804.

⁵³ Exhibit X, Test Claim Statement of Decision, CSM 4487 & 4487A.

⁵⁴ Statutes 2001, chapter 734.

- a. The purpose of an RRM is to reimburse local government efficiently and simply, with minimal auditing and documentation required.

Article XIII B, section 6 provides: “[w]henever the Legislature or any state agency mandates a new program or higher level of service on any local government [defined to include school districts], the State shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service [with exceptions not applicable here]...” This reimbursement obligation was “enshrined in the Constitution ... to provide local entities with the assurance that state mandates would not place additional burdens on their increasingly limited revenue resources.”⁵⁵ Section 17561(a) states: “[t]he state *shall* reimburse each local agency and school district for *all* ‘costs mandated by the state,’ as defined in Section 17514.” The courts have interpreted the Constitutional and statutory scheme as requiring “full” payment of the actual costs incurred by a local entity once a mandate is determined by the Commission.⁵⁶

The statutes providing for the adoption of an RRM, along with the other statutes in this part of the Government Code, are intended to implement article XIII B, section 6.⁵⁷ Prior section 17557 provided that the Commission “may adopt an allocation formula or uniform allowance.”⁵⁸ The current version of section 17557 provides, and has, since 2004, for adoption of an RRM that “balances accuracy with simplicity.”⁵⁹ Rather than providing rigid requirements or elements to which an RRM proposal for adoption must adhere, the amended statute focuses on the *sources of information for the development of an RRM*, and only requires that the end result “balances accuracy with simplicity.”⁶⁰ Section 1183.131 of the regulations provides that a proposed RRM “shall include any documentation or *assumption relied upon* to develop the proposed methodology.”⁶¹ Section 17518.5 provides that an RRM “shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or *other projections of other local costs.*”⁶² The statute does not

⁵⁵ *Lucia Mar Unified School Dist. v. Honig* (1988) 44 Cal.3d 830, 836, fn. 6; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1282; *CSBA v. State of California* (2011) 192 Cal.App.4th 770, 785-786.

⁵⁶ *CSBA v. State of California (CSBA II)* (Cal. Ct. App. 4th Dist. 2011) 192 Cal.App.4th 770, 786; *County of Sonoma v. Commission on State Mandates* (Cal. Ct. App. 1st Dist. 2000) 84 Cal.App.4th 1264, 1284. The court in *County of Sonoma* recognized that the goal of article XIII B, section 6 was to prevent the state from forcing extra programs on local government in a manner that negates their careful budgeting of expenditures, and that a forced program is one that results in “increased actual expenditures.” The court further noted the statutory mandates process that refers to the reimbursement of “actual costs incurred.”

See also, Government Code sections 17522 defining “annual reimbursement claim” to mean a claim for “actual costs incurred in a prior fiscal year; and Government Code section 17560(d)(2) and (3), referring to the Controller’s audit to verify the “actual amount of the mandated costs.”

⁵⁷ Government Code section 17500 et seq.

⁵⁸ Government Code section 17557 (Stats. 1984, ch. 1459).

⁵⁹ Government Code section 17557 (Stats. 2004, ch. 890 (AB 2856); Stats. 2007, ch. 329 (AB 1222)).

⁶⁰ Government Code section 17557.

⁶¹ Register 2008, number 17.

⁶² Government Code section 17518.5(b) (Stats. 2007, ch. 329 § 1 (AB 1222)).

provide for a minimum number of claimants to constitute a representative sample; accordingly the regulations provide that a “representative sample of eligible claimants’ does not include eligible claimants that do not respond to surveys or otherwise participate in submitting cost data.”⁶³ The statute provides that an RRM “[w]henver possible... shall be based on general allocation formulas, uniform cost allowances, and *other approximations of local costs* mandated by the state, *rather than detailed documentation* of actual costs.”⁶⁴ There is no requirement that the data upon which an RRM is based be audited, or otherwise verified; an “approximation” is sufficient. The section cannot reasonably be read to require audited cost data to develop an RRM, especially in the case that the RRM is proposed as a part of the first parameters and guidelines after a test claim decision, at which time no audited cost data yet exists. Moreover, the RRM is specifically provided as an alternative to the requirement for detailed documentation of actual costs. Additionally, section 17518.5(c) provides that an RRM “shall *consider* the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.” There is no requirement that an RRM *mitigate or eliminate* cost variation among local government claimants. And finally, section 17557 provides that the Commission “shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that *balances accuracy with simplicity*.”

Based on the foregoing, staff finds that the primary requirements of an RRM are to consider variation in costs among local government claimants, balance accuracy with simplicity, and reasonably reimburse eligible claimants for costs mandated by the state.

- b. Substantial evidence in the record supports the finding that the proposed RRM is consistent with the Constitutional and statutory requirements of Commission decisions, and reasonably reimburses local government for the costs of the mandate.

Government Code section 17559 allows a claimant or the state to petition for a writ of administrative mandamus under section 1094.5 of the Code of Civil Procedure, “to set aside a decision of the commission on the ground that the commission’s decision is not supported by substantial evidence.”⁶⁵ Substantial evidence has been defined in two ways: first, as evidence of ponderable legal significance...reasonable in nature, credible, and of solid value;⁶⁶ and second, as relevant evidence that a reasonable mind might accept as adequate to support a conclusion.⁶⁷

The California Supreme Court has stated that “[o]bviously the word [substantial] cannot be deemed synonymous with ‘any’ evidence.”⁶⁸ Moreover, substantial evidence is not submitted by a party; it is a standard of review, which requires a reviewing court to uphold the determinations of a lower court, or in this context, the Commission, if those findings are supported by substantial evidence. A court will not reweigh the evidence of a lower court, or of an agency exercising its adjudicative functions; rather a court is “obliged to consider the evidence in the

⁶³ Code of Regulations, Title 2, section 1183.13 (Register 2008, No. 17).

⁶⁴ Government Code section 17518.5(d) (Stats. 2007, ch. 329 § 1 (AB 1222)).

⁶⁵ Government Code section 17559(b) (Stats. 1999, ch. 643 (AB 1679)).

⁶⁶ *County of Mariposa v. Yosemite West Associates* (Cal. Ct. App. 5th Dist. 1998) 202 Cal.App.3d 791, at p. 805.

⁶⁷ *Desmond v. County of Contra Costa* (1993) 21 Cal.App.4th 330, 335.

⁶⁸ *People v. Bassett* (1968) 69 Cal.2d 122, at p. 139.

light most favorable to the [agency], giving to it the benefit of every reasonable inference and resolving all conflicts in its favor.”⁶⁹

The evidence required to adopt an RRM is necessarily more relaxed than that required to approve reimbursement for actual costs.⁷⁰ As discussed above, there are very few statutory requirements of an RRM, and those that remain are somewhat subjective. However, when the Legislature added section 17518.5 to the Government Code, it did not change the existing requirement in section 17559 that all of the Commission’s findings be based on substantial evidence in the record.

The proposal submitted by EMCN on San Jose Unified’s behalf, and formally adopted by San Jose Unified, arrived at a lower RRM rate than the original Clovis Unified request: \$26 per habitual truant, based on calculations made using multiple years of data, and excluding fewer outliers.⁷¹ EMCN used *all claims* submitted in 2000-2001, ranging from \$2 to \$331 per truant, and excluded only the top five claims in 2001-2002, which were extreme “in relation to the other 98% of the respondents for that year.”⁷² EMCN concluded that its weighted average, using all claims for 2000-2001 and all but the five highest-dollar claims for 2001-2002, is “reliable, in that the rate is dependent on results of the largest districts, which had the lowest per-truant claim amounts, exhibited the least variance, and showed a relatively high degree of consistency between the two years we examined.”⁷³

The first draft staff analysis recommended denial of the RRM, finding the comments of DOF and SCO “persuasive,” with respect to the requirements of an RRM, and concluding that the proposed unit rate was not reasonable, given the wide variation in costs. The application of a \$26 unit cost per pupil identified as an habitual truant is based on a weighted average of actual cost claims from those districts that filed claims in 2000-2001 and 2001-2002. EMCN notes that the vast majority of claims are clustered in a range of \$66 and under, per habitual truant identified.⁷⁴

The \$26 unit cost is also strikingly similar to the figure reached by SCO in its analysis: the SCO filed comments on July 19, 2010, in which nine fiscal years were analyzed, and a rate of \$26.06 per habitual truant was determined.⁷⁵ That analysis was retracted by SCO on July 28, 2010, based on the fact that “[f]urther review of this analysis revealed that the proposed RRM calculations were based on unaudited claim data and cannot be supported by the SCO.”⁷⁶ As discussed above, audited data is not required for the development of an RRM.⁷⁷ The SCO’s

⁶⁹ *Martin v. State Personnel Board* (Cal. Ct. App. 3d Dist. 1972) 26 Cal.App.3d 573, at p. 577.

⁷⁰ See Government Code 17518.5 [Statute employs terms like “projections;” “approximations”].

⁷¹ Exhibit P, EMCN Response to Commission Request for Comments, at pp.3-4. See also, Exhibit S, San Jose Unified Response.

⁷² *Id.*, at p. 4.

⁷³ *Id.*, at p. 2.

⁷⁴ Exhibit P, EMCN Response to Commission Request for Comments, at pp. 3-4.

⁷⁵ Exhibit H, SCO Comments on Request to Amend, at p. 3.

⁷⁶ Exhibit I, SCO Additional Comments on Request to Amend, at p. 1.

⁷⁷ Government Code section 17518.5 (Stats. 2007, ch. 329 (AB 1222)).

retraction of its analysis is noted, but the degree of similarity between SCO's analysis and EMCN's proposal remains illuminating, with respect to the reasonableness of the proposed rate.

Additionally, the fact that none of the claims on which the unit cost is based have been audited is relevant only to the extent that it reinforces the notion of excluding the five highest claims submitted by districts whose cost claims were anomalous: districts that may be attempting to claim costs for unapproved activities, or misunderstanding the scope of activities approved for reimbursement. Given that the majority of claims (approximately 78 percent) were clustered between \$0 and \$66 per truant, substantial evidence supports approval of a unit rate near the middle of that range.

Furthermore, DOF's suggestion that any unit rate should be discounted in order to remain revenue neutral cannot be supported. DOF assumes that districts that did not file actual cost claims will file under the RRM, increasing the state's liability.⁷⁸ An essential feature of parameters and guidelines is to provide for reimbursement of local government claimants' actual costs mandated by the state. Intentionally discounting a unit rate to avoid reimbursing districts for their actual costs is in clear violation of article XIII B, section 6.

Finally, as discussed above, sections 17518.5 and 17557 confer broad authority on the Commission to adopt an RRM, and provide criteria that expressly contemplate variation in costs among local governments. The Commission must presume these statutes are constitutional, and that some degree of variation is permissible. The Commission declines to extend its reasoning so far as to declare that "no range of figures [would be] so wide as to violate constitutional requirements," as suggested by the BIPs co-claimants.⁷⁹ At some point, a range could be so broad, and there could be a lack of clustering such that it cannot be said an RRM reasonably reimburses local governments for their actual state-mandated costs, as required by the California Constitution. However, such determinations must be made on a case by case basis and turn on the presence or absence of substantial evidence to support the Commission's decision.

Based on the foregoing, staff finds that substantial evidence in the record supports adoption of the proposed RRM, at a rate of \$26 per pupil identified as an habitual truant, beginning in the 2002-2003 fiscal year, and adjusted by the Implicit Price Deflator for each subsequent year.

C. Boilerplate Changes to Reflect Current Law and Commission Usage.

Several boilerplate sections of the existing parameters and guidelines do not reflect current law and Commission usage. The parameters and guidelines have been amended to reflect current boilerplate language and statutory language. These changes do not apply retroactively because all claims filed under these amended parameters and guidelines will be filed prospectively.

Staff Recommendation

Staff recommends that the Commission adopt the attached parameters and guidelines and statement of decision, and direct staff to make any technical, non-substantive changes following the hearing.

⁷⁸ Exhibit E, DOF Supplemental Comments on Request to Amend, at p. 2.

⁷⁹ Exhibit Q, BIPs Co-Claimants Response to Request for Comments, at pp. 5-7.

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE PARAMETERS AND GUIDELINES
FOR:

Education Code Section 48262
Chapter 1184, Statutes of 1975
Chapter 1023, Statutes of 1994
Amended to Add Education Code Section
48264.5 Chapter 1023, Statutes of 1994

Clovis Unified School District and
San Jose Unified School District, Requestors

Case No.: 01-PGA-06, 09-PGA-01

Habitual Truants (CSM-4487)

STATEMENT OF DECISION PURSUANT
TO GOVERNMENT CODE SECTION
17500 ET SEQ.; TITLE 2, CALIFORNIA
CODE OF REGULATIONS, DIVISION 2,
CHAPTER 2.5, ARTICLE 7.

(Proposed for Adoption: September 27, 2013)

STATEMENT OF DECISION

The Commission on State Mandates (Commission) adopted this statement of decision and parameters and guidelines during a regularly scheduled hearing on September 27, 2013. [Witness list will be included in the final statement of decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code section 17500 et seq., and related case law.

The Commission adopted the parameters and guidelines and statement of decision by a vote of [Vote count will be included in the final statement of decision].

I. SUMMARY OF THE MANDATE

The statement of decision for this test claim was adopted on September 25, 1997. The Commission found that Education Code section 48264.5 (Statutes of 1994, Chapter 1023) imposes a state-mandated program on school districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission found that the statute requires school districts to verify pupil truancy, make a conscientious effort to notify parents or guardians of a pupil's truancy, schedule and hold conferences with students and parents or guardians, and, if a pupil has four trancies and the above requirements have been met, classify that pupil as an habitual truant. School districts have been eligible for reimbursement for this program since July 1, 1995.

This request to amend the parameters and guidelines seeks to include a reasonable reimbursement methodology for reimbursement of all mandated activities, based on a unit cost of \$26 applied to the number of habitual truants identified in each school district under the statute, and to amend the reimbursable activities to reflect a clarifying change in the definition of an habitual truant.

II. PROCEDURAL HISTORY

On January 29, 1998, the Commission adopted the original parameters and guidelines. On April 29, 2002, Clovis Unified School District filed a request to amend the parameters and guidelines to include a uniform cost allowance for the costs of the mandate, and to amend the reimbursable activities to reflect a clarifying change in the law requiring only three trancies before classifying a pupil an habitual truant, rather than the four trancies indicated in the parameters and guidelines.⁸⁰ The letter accompanying the request stated that “[u]ntil the data is determined, the claimant’s proposed rate is an arbitrary \$999 per workload multiplier.”⁸¹ After reviewing claims data submitted for fiscal year 2000-2001, Clovis sent a letter to the Commission, dated May 2, 2003, proposing a unit cost allowance of \$32.15 per habitual truant.⁸²

On July 19, 2002 the Department of Finance (DOF) submitted comments on the request to amend parameters and guidelines questioning whether a unit cost was appropriate for this program.⁸³ On July 30, 2003, DOF submitted supplemental comments on Clovis Unified’s request to amend the parameters and guidelines, recommending denial of the request to amend, and citing wide variation in costs among school districts.⁸⁴ On August 11, 2003, the State Controller’s Office (SCO) submitted comments on Clovis Unified’s request to amend the parameters and guidelines, urging its disagreement with the proposed unit cost, citing the use of unaudited data and the wide range of costs.⁸⁵

On April 7, 2006, the SCO requested an amendment to the parameters and guidelines to incorporate new boilerplate language regarding reimbursable costs and record retention, to reflect changes in the applicable Government Code sections.⁸⁶ On January 29, 2010, the parameters and guidelines were amended to incorporate those changes.⁸⁷

Between October 8, 2009 and October 21, 2009, several additional school districts, including Fullerton Joint Union High School District, Poway Unified School District, Riverside Unified School District, Castro Valley Unified School District, Grossmont Union High School District, Norwalk-La Mirada Unified School District, San Juan Unified School District, and the San Diego County Office of Education, requested to be included as a requesting district in the parameters and guidelines amendment request initiated by Clovis Unified, and joined by San Jose Unified. The districts each requested that Mr. Keith Petersen be appointed their representative in this matter. Those requests were granted between October 26, 2009, and December 21, 2009.⁸⁸

⁸⁰ Exhibit A, Clovis Unified Request to Amend, at pp. 8-9; 12-13. On May 1, 2002, San Jose Unified School District was added as a requesting party. (Exhibit C, San Jose Unified Request to Amend Ps&Gs, at p. 3.)

⁸¹ Exhibit A, Clovis Unified Request to Amend, at p. 2.

⁸² Exhibit B, Clovis Unified Letter Identifying Unit Rate.

⁸³ Exhibit D, DOF Comments on Request to Amend Ps&Gs.

⁸⁴ Exhibit E, DOF Supplemental Comments on Request to Amend.

⁸⁵ Exhibit F, SCO Comments on Request to Amend Ps&Gs.

⁸⁶ Exhibit X, SCO Request to Amend Parameters and Guidelines, 05-PGA-51.

⁸⁷ Exhibit X, Amended Parameters and Guidelines CSM-4487.

⁸⁸ See Exhibit C, San Jose Unified Request to Amend Ps&Gs, at p. 3.

On January 13, 2010, San Jose Unified School District filed a request to amend the parameters and guidelines to adopt an RRM in the form of a unit cost of \$32.15 per habitual truant. San Jose Unified expressed its intention to incorporate by reference the prior request made by Clovis Unified, and all documentation and evidence in support of that request.⁸⁹ Pursuant to section 1183.06 of the Commission’s regulations the Executive Director consolidated these matters on June 9, 2011.⁹⁰

On March 3, 2010, the SCO submitted written comments on the RRM proposed by San Jose Unified, in which SCO expressed doubt that an RRM could accurately reimburse districts for the actual costs of the mandated activities, due to the variation in costs among districts. On March 17, 2010, the Commission held a prehearing to review and discuss the proposed RRM. On July 19, 2010, the SCO submitted additional analysis and comments on the proposed RRM, in which SCO proposed a unit rate based on the average claim per pupil over nine years of actual cost claims (rather than only one year), resulting in a rate of \$26.06 per habitual truant.⁹¹ On July 28, 2010, SCO submitted still further comments, rescinding the July 19, 2010 comments, after “[f]urther review of this analysis revealed that the proposed RRM calculations were based on unaudited claim data and cannot be supported by SCO.”⁹²

On June 9, 2011, Commission staff issued a draft staff analysis and proposed statement of decision, and noticed a schedule for comments.⁹³ The draft staff analysis recommended denial of the request to amend, on the ground that the RRM was not “cost-efficient,” and that the data underlying the unit rate varied too greatly to support a single unit cost. On June 29, 2011, Commission staff issued notice of a prehearing, and revised the schedule for comments, postponing the matter to the September 2011 hearing.⁹⁴ On June 30, 2011, SCO submitted comments agreeing with the draft staff analysis.⁹⁵ Also on June 30, 2011, the California Association of Supervisors of Child Welfare and Attendance submitted comments on the draft staff analysis urging the Commission to adopt a “less bureaucratic formula” for reimbursement.⁹⁶ On July 22, 2011, claimant San Jose Unified submitted comments on the draft staff analysis, in which San Jose Unified suggested that cost-efficiency and the variation in local costs were issues of first impression for the Commission.⁹⁷ On July 27, 2011, Commission staff held an informal conference attended by the representatives of the SCO and the claimant community. On August 9, 2011, the City and County of San Francisco submitted email comments regarding the draft staff analysis and the prehearing stating that San Francisco would generally support an RRM based on unit times, rather than unit costs, because such structure would account for differences in wages among local agencies.⁹⁸

⁸⁹ Exhibit C, San Jose Unified Request to Amend Ps&Gs.

⁹⁰ Code of Regulations, title 2, section 1183.06 (Register 2010, No. 44).

⁹¹ Exhibit H, SCO Additional Analysis and Comments.

⁹² Exhibit I, SCO Additional Comments.

⁹³ Exhibit J, Draft Staff Analysis.

⁹⁴ Exhibit X, Notice of Prehearing and Revised Comment Schedule.

⁹⁵ Exhibit K, SCO Comments on Draft Staff Analysis.

⁹⁶ Exhibit L, CASCWA Comments on Draft Staff Analysis.

⁹⁷ Exhibit M, Claimant Comments on Draft Staff Analysis.

⁹⁸ Exhibit N, City and County of San Francisco Comments.

On August 12, 2011, Commission staff issued a request for comments on RRM's proposed for three pending claims: *Behavioral Intervention Plans* (CSM-4464), *Voter Identification Procedures* (03-TC-23), and *Habitual Truants* (09-PGA-01, 01-PGA-06).⁹⁹ Commission staff asked parties, interested parties, and interested persons the following questions:

At some point is the range of figures used to develop the unit cost so wide that it violates the constitutional requirement that local agencies be reimbursed for their mandate-related costs?

¶...¶

How should "cost-efficient" be defined?

¶...¶

What does this section require be cost-efficient? Stated another way, what does a requestor need to show to demonstrate that its proposed RRM unit cost meets the requirement of section 17518(c)?¹⁰⁰

In response to those questions, a number of responses were submitted.¹⁰¹ On August 22, 2011, Commission staff granted an extension of time to San Jose Unified in order to permit sufficient time to secure an independent analysis of the cost data underlying the proposed RRM.¹⁰² On December 19, 2011, Education Mandated Cost Network (EMCN), on behalf of San Jose Unified, submitted that analysis, in which it determined that a weighted average, excluding no statistical outliers, yielded a more reliable estimate; EMCN therefore suggested assigning the unit rate at \$26 per habitual truant.¹⁰³ On December 20, 2011, San Jose Unified submitted comments endorsing EMCN's proposed unit rate, and requesting that the rate be applied retroactively to fiscal year 2002-2003 claims.¹⁰⁴

III. POSITIONS OF THE PARTIES

A. Requestors' Position

As last modified, San Jose Unified has incorporated by reference the evidence and documentation submitted in support of Clovis Unified's original request to amend, submitted April 29, 2002, and completed May 2, 2003. San Jose Unified has also endorsed the independent analysis of the cost data, resulting in a unit rate calculation of \$26 per habitual truant, and has requested that the RRM be retroactively effective to fiscal year 2002-2003.¹⁰⁵

⁹⁹ Exhibit O, Commission Request For Comments on Pending RRM's.

¹⁰⁰ Exhibit O, Commission Request for Comments on Pending RRM's.

¹⁰¹ Exhibit Q, BIPs Co-Claimants Response to Request for Comments, at pp. 5-7; Exhibit R, County of LA Response to Request for Comments, at p. 2..

¹⁰² Exhibit P, EMCN Response to Request for Comments, at p. 1.

¹⁰³ Exhibit P, EMCN Response to Request for Comments, at p. 2.

¹⁰⁴ Exhibit S, San Jose Unified Response to Request for Comments.

¹⁰⁵ See Exhibit C, San Jose Unified Request to Amend at p. 3; Exhibit S, San Jose Unified Response to Comments.

B. Department of Finance Position

DOF has not filed further comments, either on the first draft staff analysis issued June 9, 2011; on Commission staff's request for comments issued August 12, 2011, or the responses thereto; or on the amended proposal of a \$26 unit rate RRM proposed by EMCN on behalf of San Jose Unified and formally adopted by San Jose Unified on December 20, 2011. In earlier comments on the 01-PGA-06 and 09-PGA-01 requests, DOF argued that the proposed changes do not necessarily support the purported savings of time and money to local government claimants, and that "we believe accuracy of claims in total to be a higher state interest than easing the marginal claiming process burden on LEAs." DOF also argued that some LEAs would receive reimbursement in excess of their actual costs, and states that "[g]enerally, we do not support reimbursement standards that allow reimbursement greater than actual costs...[t]hus only if district actual costs fall within a fairly narrow range is a unit cost approach appropriate."¹⁰⁶ DOF also expressed its preference for three years of audited claims data, or "audited claim samples, credible time studies, or other analytically and statistically valid approach."¹⁰⁷

In supplemental comments, submitted July 30, 2003, DOF argued that the data used to develop the cost rates "have not been audited." DOF argued that "[t]hat fact, coupled with the large observed range in the unit costs of each program, leads us to question whether these programs are suitable for a unit cost." And, DOF argued that "[i]f the Commission decides to establish unit costs at this time, we recommend using a discounted weighted average to calculate the unit costs." DOF argued that "[t]his discounting would be used to offset the fact that the claims have not been audited and to account for the large number of districts that did not file claims, but which likely would if a unit reimbursement rate was adopted."¹⁰⁸

C. State Controller's Office Position

SCO also opposes the adoption of a unit cost RRM, stating that "[w]e feel that the data provided by SixTen and Associates does not support the single weighted average cost rate for each mandate proposed by them." The SCO continues, "[t]his is because the unaudited claim data used by SixTen and Associates contains a variance that is too great and does not lend itself to adopting a fair and reasonable single uniform cost allowance."¹⁰⁹

On March 3, 2010, SCO stated that "[w]e are concerned that the unit cost methodology proposed for creating a single RRM for all of the reimbursable activities of this mandate does not represent an accurate representation [sic] of the actual costs to perform the mandated activities."¹¹⁰ SCO suggested that "it may be more accurate to create RRMs for each of the reimbursable activities rather than blend all activities into a single rate," and SCO also noted a concern that "most of the cost data submitted for Fiscal Year 2000-01 has not been audited by the State Controller's Office (SCO)."¹¹¹

On July 19, 2010, SCO submitted additional comments and analysis, in which SCO argued that the San Jose Unified's method of excluding statistical outliers resulted in a higher unit rate

¹⁰⁶ Exhibit D, DOF Comments on Clovis Unified Request to Amend, at p. 1.

¹⁰⁷ Exhibit D, DOF Comments on Clovis Unified Request to Amend, at pp. 2-3.

¹⁰⁸ Exhibit E, DOF Supplemental Comments on Clovis Unified Request to Amend, at pp. 1-2.

¹⁰⁹ Exhibit F, SCO Comments on Clovis Unified Request to Amend, at p. 1.

¹¹⁰ Exhibit G, SCO Comments on San Jose Unified Request to Amend, at p. 1.

¹¹¹ Exhibit G, SCO Comments on San Jose Unified Request to Amend, at p. 2

calculation.¹¹² Utilizing all data from the 2000-2001 fiscal year, including the outliers, the SCO calculated a unit rate of \$25.72, rather than the \$32.15 calculated by the claimant.¹¹³ The SCO further calculated an average using data from 2000-2001 through 2008-2009 fiscal years, and determined an average over that period of \$26.06 per pupil reported as an habitual truant.¹¹⁴ SCO later retracted these comments saying that it could not support the RRM because the claims data had not been audited.¹¹⁵

On June 30, 2011, the SCO submitted comments on the draft staff analysis in which it expressed its agreement with Commission staff's recommendation in the first draft staff analysis to deny the proposed amendment.

D. Other Interested Parties and Persons

On June 30, 2011, the California Association of Supervisors of Child Welfare and Attendance submitted written comments in which the association expressed its strong support for "streamlining the claiming process and having a reasonable reimbursement unit rate when appropriate." The association stated that it sought to ensure that school districts would be "reimbursed in a timelier, less bureaucratic formula."¹¹⁶

On August 9, 2011, the City and County of San Francisco submitted comments responding to the draft staff analysis and the July 27, 2011 prehearing, in which the City and County stated that it would favor an RRM based on a unit time, rather than unit cost, which would account for regional differences in employee compensation.¹¹⁷

On December 19, 2011, EMCN submitted comments in response to the draft staff analysis, the July 27, 2011 prehearing, and Commission staff's request for comments, in which EMCN stated that an independent statistical analysis of the data used to calculate the proposed unit rate had been performed, and that the consultant had concluded that \$26 per habitual truant was a reasonable unit rate.

On December 20, 2011, the co-claimants in the BIPs (CSM-4464) claim submitted comments on the issues of cost-efficient implementation and the wide range of costs reported. The BIPs co-claimants argued that the statute creating the process and limitations for adopting an RRM must be presumed to be constitutional, and that it entails very few concrete requirements.¹¹⁸ As such, the BIPs co-claimants concluded that an RRM could be based on very wide-ranging costs and still be constitutional. The BIPs co-claimants also suggested that implementation at an average cost promotes efficiency, because higher-cost districts are encouraged to implement cost-savings and lower-cost districts are encouraged to implement the mandate more fully.¹¹⁹

¹¹² Exhibit H, SCO Additional Comments and Analysis, at p. 2.

¹¹³ *Ibid.*

¹¹⁴ Exhibit H, SCO Additional Comments and Analysis, at p. 2.

¹¹⁵ Exhibit I, SCO Additional Comments.

¹¹⁶ Exhibit L, CASCWA Comments on Draft Staff Analysis, at pp. 1-2.

¹¹⁷ Exhibit N, City and County of San Francisco Comments.

¹¹⁸ Exhibit Q, BIPs Co-Claimants Response to Commission Request for Comments, at pp. 2-3.

¹¹⁹ Exhibit Q, BIPs Co-Claimants Response to Commission Request for Comments, at pp. 5; 7.

Also on December 20, 2011, the County of Los Angeles submitted comments in which it too argued for broad and lenient standards in the adoption of RRM. The County argued: “while RRM surveys initially produce a wide range of responses which may appear inequitable, that is not, in and of itself, a basis for maintaining that the proposed RRM rate is constitutionally prohibited.”¹²⁰

IV. DISCUSSION

A. The later amendments proposed to the parameters and guidelines modify the first completed request of May 2, 2003. Thus, the potential period of reimbursement for the parameters and guidelines amendment at issue in this matter, as last modified in 2011, begins July 1, 2002.

There are five submissions in the record regarding proposed amendments to the parameters and guidelines, each with slight differences from the others.¹²¹ The issue before the Commission is whether the five separate filings constitute a single request to amend the parameters and guidelines, the later submissions building upon the earlier, thus triggering a period of reimbursement based on the filing date of the first completed request; or whether the five filings are separate requests to amend the parameters and guidelines, with separate potential periods of reimbursement attached to each request. The analysis of this issue turns primarily on two questions: first, is the Commission’s statutory authority to adopt an RRM, as requested in the later submissions, legally distinct from the Commission’s earlier authority and discretion to adopt a uniform allowance or an allocation formula? And second, are the later filings factually distinct from the first request, thus constituting new proposed amendments and triggering new potential periods of reimbursement for each filing?

1. The Commission has always had authority to adopt a unit cost or allocation formula, and the statutory definition and authorization to adopt an RRM is no different as a matter of law.

As originally enacted in 1984, the mandates process required the Commission, after approving a test claim, to determine the amount to be subvended to local agencies and school districts for the reimbursement of those costs by adopting parameters and guidelines.¹²² Government Code section 17557, as originally enacted, also allowed the Commission to adopt an allocation formula or uniform allowance when adopting or amending parameters and guidelines. Former section 1183.1 of the Commission’s regulations stated that “whenever possible” the parameters and guidelines should use an allocation formula or uniform allowance as the basis for reimbursement.¹²³

Government Code section 17557 was amended in 1985 and 1988, and then repealed and replaced in 1995 as part of a mandates reform bill that modified and shortened timelines. The authority to adopt an allocation formula or uniform allowance in parameters and guidelines or amendments to parameters and guidelines, however, remained without interruption in the law and was in place when Clovis Unified filed its request to amend the parameters and guidelines for the *Habitual*

¹²⁰ Exhibit R, LA County Response to Commission Request for Comments, at p. 3.

¹²¹ Exhibit A, Clovis Unified Request To Amend; Exhibit B, Clovis Unified Letter Identifying Unit Rate; Exhibit C, San Jose Unified Request to Amend; Exhibit P, EMCN Comments on Request to Amend; Exhibit S, San Jose Unified Response to Comments.

¹²² Government Code sections 17514; 17557 (Stats. 1984, ch. 1459).

¹²³ Code of Regulations, title 2, section 1183.1 (Register 87, No. 18).

Truants program on April 29, 2002.¹²⁴

Article XIII B, section 6 requires reimbursement for the “actual” increased costs incurred to comply with the mandate,¹²⁵ but the Legislature has the power to enact statutes that provide “reasonable” regulation and control of the rights granted under the Constitution and the Commission is bound to apply those provisions in a constitutional manner.¹²⁶ The phrase “allocation formula or uniform allowance” authorized the Commission to determine the costs mandated by the state and the amount to be subvented by adopting a formula for reimbursement, or a uniform cost allowance applied by local government to a reimbursable activity. Accordingly, the Commission adopted several parameters and guidelines with allocation formulas and uniform allowances under this original authority,¹²⁷ but at all times article XIII B, section 6 has required that reimbursement be reasonably representative of local governments’ actual costs.

In 2004, AB 2856 amended Government Code section 17557 in relevant part as follows:

(b) In adopting parameters and guidelines, the commission *may adopt a reasonable reimbursement methodology.*

(f) In adopting parameters and guidelines, the commission shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that balances accuracy with simplicity.¹²⁸

AB 2856 also added section 17518.5 to define “reasonable reimbursement methodology” as a “formula for reimbursing local agency and school district costs mandated by the state,” which, whenever possible, “shall be based on general allocation formulas, uniform cost allowances, and

¹²⁴ Government Code section 17557 (as amended by Stats. 1985, ch. 179; Stats. 1988, chs. 1123 and 1179; Stats. 1995, ch. 945 (S.B. 11).)

¹²⁵ *California School Boards Assoc. v. State of California* (2011) 192 Cal.App.4th 770, 786; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1284. The court in *County of Sonoma* recognized that the goal of article XIII B, section 6 was to prevent the state from forcing extra programs on local government in a manner that negates their careful budgeting of expenditures, and that a forced program is one that results in “increased actual expenditures.” The court further noted the statutory mandates process that refers to the reimbursement of “actual costs incurred.”

¹²⁶ *Chesney v. Byram* (1940) 15 Cal.2d 460, 465.

¹²⁷ See, e.g., *Department of Finance v. Commission on State Mandates (Kern High School Dist.)* (2003) 30 Cal.4th 727, 747, fn. 16, wherein the Commission adopted parameters and guidelines in 2001 for a program requiring school site councils to comply with the Open Meetings laws and, as part of the parameters and guidelines, adopted a uniform cost allowance authorizing school districts to claim \$90-\$106 per meeting. See also, the parameters and guidelines adopted by the Commission in 1997 for *Absentee Ballots*, which includes a formula adopted for the reimbursement of state-mandated costs; parameters and guidelines for *Open Meetings/Brown Act Reform* adopted on April 25, 2002, which contains a uniform cost allowance; and parameters and guidelines for *Immunization Records: Hepatitis B* adopted on July 31, 2003, which also contains a uniform cost allowance.

¹²⁸ Government Code section 17557 (as amended by Stats. 2004, ch. 890 (AB 2856)).

other approximations of local costs mandated by the state, rather than detailed documentation of actual local costs.” That section was amended in 2007, to provide that an RRM “shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs.” The amended section also provides that an RRM “shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner,” and that “[w]henever possible, a reasonable reimbursement methodology *shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state*, rather than detailed documentation of actual costs.”¹²⁹

Thus, the terms “general allocation formula” and “uniform cost allowance” have consistently been used by the Legislature as tools provided to the Commission when adopting parameters and guidelines pursuant to Government Code section 17557. There is no evidence in the plain language of the statutory scheme or in the legislative history to suggest that an “allocation formula” and “uniform allowance” under former section 17557 mean something different than a “general allocation formula” and “uniform cost allowance” used to define an RRM in current sections 17518.5 and 17557.¹³⁰ Both require the Commission to adopt a reasonable method of reimbursing local government their costs mandated by the state pursuant to article XIII B, section 6 of the California Constitution, and that authority has existed for the last 28 years.

Based on the foregoing analysis, the Commission finds that the authority provided in current section 17557 to adopt an RRM is not materially different, as a matter of law, from the authority to adopt a uniform allowance or an allocation formula under the prior statute.

2. The RRM proposed by San Jose Unified and the modification thereto provided by EMCN on behalf of San Jose Unified in 2010 and 2011 were intended to modify the original uniform cost allowance proposal based on the request to amend by Clovis Unified in May 2003, and therefore are not new requests to amend.

The first submission, filed by Clovis Unified on April 29, 2002, requested an amendment to the parameters and guidelines to include a uniform cost allowance, to be calculated on the basis of cost claims submitted to the SCO.¹³¹ That request to amend, however, failed to identify the amount of the uniform cost allowance, pending review of the claims data and, therefore, is not considered a complete request. On May 2, 2003, Clovis Unified submitted supplemental documentation to the Commission setting the requested uniform cost allowance at \$32.15 per pupil identified as an habitual truant.¹³² As of May 2, 2003, the request to amend was complete. On June 19, 2002, Commission staff deemed the Clovis request, consisting of these two Clovis filings, a complete request and numbered it 01-PGA-06.

¹²⁹ Government Code section 17518.5 (as amended by Stats. 2007, ch. 329 (A.B. 1222)) [AB 1222 amended the definition of an RRM to delete the conditions that the total amount to be reimbursed statewide is equivalent to total estimated local agency and school district costs to implement the mandate in a cost-efficient manner; and for 50 percent or more of eligible local agency and school district claimants, the amount reimbursed is estimated to fully offset their projected costs to implement the mandate in a cost-efficient manner].

¹³⁰ Exhibit X, Graduation Requirements Minute Order, Superior Court for the County of Sacramento, 34-2010-80000529-CU-WM-GDS, 2/15/2013, at p. 6.

¹³¹ See Exhibit A, Clovis Unified Request to Amend.

¹³² Exhibit B, Clovis Unified Letter Identifying Unit Rate.

The third submission was filed by San Jose Unified on January 13, 2010. San Jose Unified framed its request in terms of a “reasonable reimbursement methodology,” but otherwise sought the same amendments to the parameters and guidelines as had Clovis Unified. San Jose Unified and Clovis Unified were both co-requesters in support of the other’s requests, and San Jose Unified recognized the pending request by Clovis Unified and asked that all documentation submitted in support of that first request be incorporated by reference, including the letter identifying the calculated unit rate.¹³³

After the first draft staff analysis recommended denial of the unit cost, EMCN submitted comments, on behalf of San Jose Unified, on December 19, 2011, in which it proposed a slightly different averaging method, utilizing two years of claims data, as opposed to the single year on which the earlier unit rates were based. The result was an RRM that provided reimbursement at \$26 per habitual truant; a rate very similar to that proposed by the SCO in its July 19, 2010 comments, which were disavowed in further comments submitted July 28, 2010.¹³⁴ San Jose Unified submitted further comments on December 20, 2011, formally adopting the EMCN proposal as its own, and requesting that the rate be retroactively effective to the 2002-2003 fiscal year, “based on the original filing date of the Clovis request.”¹³⁵

If each of these five filings discussed above was a separate request to amend the parameters and guidelines, the Commission would be required to decide each separately, and to provide for periods of reimbursement accordingly. While the Clovis Unified request and the San Jose Unified request were given separate case numbers, and at least initially reviewed as distinct requests to amend, as has been shown, there is no legal distinction between a request for a uniform cost allowance and a request for an RRM based on a unit cost. Moreover, the requesters have demonstrated by their conduct and their submissions a belief and understanding that all later alterations or modifications are part of the same amendment request: San Jose Unified incorporated by reference all previously filed documentation in its 2010 request to amend,¹³⁶ subsequently adopted the unit rate proposed by EMCN which was made on San Jose Unified’s behalf in the first place, and requested its retroactive application to the effective date of the Clovis Unified request.¹³⁷

In 2010, the Commission amended its regulations in an attempt to clarify the effect of subsequent filings to requests to amend the parameters and guidelines as follows:

The addition or substitution of requestors and supporting declarations based on the original facts alleged in an existing parameters and guidelines amendment request is not an “amendment.” However, new proposals for amendments must be submitted as a new parameters and guidelines amendment request.”¹³⁸

The regulation does not clarify exactly what a “new proposal for amendment” is, but the addition or substitution of San Jose Unified as a requesting party is “not an ‘amendment,’” and therefore

¹³³ Exhibit C, San Jose Unified Request to Amend, at p. 3.

¹³⁴ See Exhibit P, EMCN Response to Request for Comments; Exhibit H, SCO Additional Comments on Request to Amend; Exhibit I, SCO Additional Comments on Request to Amend.

¹³⁵ Exhibit S, San Jose Unified Response to Request for Comments.

¹³⁶ Exhibit C, San Jose Unified Request to Amend, at p. 3.

¹³⁷ Exhibit S, San Jose Unified Response to Request for Comments.

¹³⁸ Code of Regulations, title 2, section 1183.2(c), added by Register 2010, No. 44.

should not in itself demand a new parameters and guidelines request. Furthermore, the later submission by EMCN, endorsed and adopted by San Jose Unified, although applying a different averaging method to determine a lower RRM unit cost, is still based on the actual cost claims submitted to SCO (i.e., the original facts alleged).¹³⁹

Neither the Government Code nor the Commission's regulations require a new case number and file for modifications made by the original requestor in a rebuttal, or a subsequently filed comment addressing the same issues raised in the original request. Nor are there rules prohibiting the Commission from accepting the 2011 comments made by EMCN and endorsed by the original requestor as a modification to the original 2002 requested amendment that relates back to the original 2002 filing date.

Moreover, nothing suggests that the use of general civil procedure rules on amendments of pleadings cannot apply to quasi-judicial actions. Generally, the law allows a party to amend their pleadings, either as a matter of course when undertaken in a timely manner, or when justice requires, even after the time for amendment by right has passed.¹⁴⁰ If a subsequent amendment relies on the same set of facts as the original pleading, seeks relief for the same injuries, and refers to the same incident, the subsequent amendment will be deemed filed as of the date of the original amendment.¹⁴¹ The purpose of the law allowing amendments of claims and request is to permit correction of errors and omissions, to clarify ambiguities, or to explain mistaken statements made in the original pleadings.¹⁴² The Legislature has recognized these principles in the statutory mandates process by allowing amendments to test claims that relate back to the original filing. Government Code section 17557(e) provides that a claimant may "amend the test claim at any time, but before the test claim is set for hearing, without affecting the original filing date as long as the amendment substantially relates to the original test claim." Thus, the Legislature is aware of the general civil procedure rules for amendments and allows the Commission to apply those rules in the test claim process.

Finally, there is a more pragmatic and prudential reason to allow the later modifications to be treated as a single request to amend: once a request to amend parameters and guidelines is

¹³⁹ Because a "new proposal for amendment" must be submitted "as a new parameters and guidelines amendment request," a new proposal will necessitate a new public comment period, and a new draft analysis, and will apply only to the period of reimbursement permitted under the Government Code, as discussed below. San Jose Unified did submit its request as a separate request to amend, including filing the request consistently with the Commission's regulations, and staff treated the request as a new request to amend. However, it is unclear whether those actions were taken as a result of the uncertainty surrounding the treatment of an RRM request, or uncertainty regarding the pending request by Clovis Unified; the above analysis concluding that the RRM authority is merely an extension of the authority to adopt a unit cost may not have been well understood by the requesters or by Commission staff at that time. Rather than require a new file, case number, public comment period, and analysis for each submission that modifies a prior amendment request, the submissions should be considered together, and treated as a single proposed amendment, especially in the case, as here, that the requesters and commenters clearly intended such treatment.

¹⁴⁰ Code of Civil Procedure, sections 472, 473.

¹⁴¹ California Jurisprudence 3d Pleading, § 258; *Wiener v. Superior Court* (1976) 58 Cal.App.3d 525; *San Diego Gas & Elec. Co. v. Superior Court* (2007) 146 Cal.App.4th 1545.

¹⁴² California Jurisprudence 3d Limitation of Actions, § 145.

received, the filing is issued to the state agencies and interested parties for comment and rebuttal.¹⁴³ While comments and rebuttals circulate, original proposals may be modified, as here, and the requester may see fit to endorse a commenter's suggestion. Indeed the public comment process is set up to invite participation; discussion and collaboration are key functions of a public comment period. If the mandates process, and specifically the regulations regarding requests to amend parameters and guidelines, were read so strictly as to require that any modification to a request be treated as a new proposal (thus resetting the period of eligibility, requiring opening a new file and assigning a new case number, and rebooting the public comment process), the stakeholders to a proposed amendment would have very little incentive to express any agreement with the comments of any other party, or to collaborate or compromise with other parties at all, for fear of causing further delay and more procedure.

Based on the foregoing, the Commission finds that the five submissions in question modify the first completed request of May 2, 2003, with the potential period of reimbursement beginning July 1, 2002.¹⁴⁴

The remaining issues before the Commission are as follows:

- Whether the reimbursable activities section should be amended to reflect a clarifying change in law.
- Whether the proposed RRM of \$26 per habitual truant should be adopted by the Commission.

B. Amendments to the Parameters and Guidelines.

i. Reimbursable Activities (Section IV. of Parameters and Guidelines)

Clovis Unified seeks to amend the parameters and guidelines to reflect that a pupil is now required, pursuant to clarifying amendments made to section 48264.5 in Statutes 2001, chapter 734, to be classified an habitual truant upon the *third* truancy within a single school year.¹⁴⁵ The prior statute provided for classification of a pupil as an habitual truant upon the *fourth* truancy within a school year, as follows:

(d) Upon the fourth truancy within the same school year, the pupil shall be classified a habitual truant, as defined in Section 48262, and shall be within the jurisdiction of the juvenile court which may adjudge such pupil to be a ward of the court pursuant to Section 601 of the Welfare and Institutions Code.¹⁴⁶

Meanwhile, section 48262, also pled in the test claim, has always provided as follows:

Any pupil is deemed an habitual truant who has been reported as a truant *three or more times per school year*, provided that no pupil shall be deemed an habitual truant unless an appropriate district officer of employee has made a conscientious

¹⁴³ Code of Regulations, title 2, section 1183.2.

¹⁴⁴ Government Code section 17557(d)(1) (Stats. 2010, ch. 719 (SB 856); Stats. 2011, ch. 144 (SB 112)).

¹⁴⁵ Statutes 2001, chapter 734 (AB 804).

¹⁴⁶ Education Code section 48264.5 (Stats. 1994, ch. 1023 (SB 1728)).

effort to hold at least one conference with a parent or guardian of the pupil and the pupil himself...¹⁴⁷

Note that the definition of an habitual truant in section 48262, and the consequences of multiple truancies resulting in “classifying” a pupil as an habitual truant in section 48264.5, are inconsistent. Statutes 2001, chapter 734 amended section 48264.5, above, to provide that: “(c) The third time a truancy report is issued within the same school year, the pupil shall be classified as a habitual truant, as defined in section 48262...” Thus the requirement that a pupil “shall be classified” an habitual truant upon the third truancy report pursuant to section 48264.5 is now consistent with the definition in section 48262, stating that a pupil “is deemed” an habitual truant after “three or more” truancies in a school year. This amendment was a part of a large “clean-up” bill, amending numerous sections of the Education Code, and correcting mistakes in drafting and eliminating inconsistencies and obsolete cross-references.¹⁴⁸

The relevant approved activity in the test claim decision was to “[v]erify that the pupil has been reported as a truant at least four times during the same school year;”¹⁴⁹ the fourth truancy triggered the approved reimbursable activities. Accordingly, the parameters and guidelines approved reimbursement for “[r]eview of school district records to verify that the pupil has been reported as a truant at least four times during the same school year.”¹⁵⁰ However, as discussed, the definition of an habitual truant is found in section 48262, which also imposes the requirement to hold a conference with the pupil and a parent or guardian, but requires only three truancies to “deem” a pupil an habitual truant. The Commission treated section 48262, in its test claim analysis, as being prohibitive, based on the language “provided that no pupil shall be deemed an habitual truant unless...” The Commission concluded that the mandated activities arose from section 48264.5, which required a pupil to be “classified” an habitual truant, and therefore the reimbursable activities were triggered by the fourth truancy, not the third. Given that the Legislature has since undertaken to reconcile the inconsistency,¹⁵¹ the Commission finds here that the parameters and guidelines should be amended to reflect the clarifying change in the law.

Based on the foregoing, the parameters and guidelines are amended to provide reimbursement for: “[r]eview of school district records to verify that the pupil has been reported as a truant at least ~~four~~ three times during the same school year.”

ii. Reasonable Reimbursement Methodology (Section V. of Parameters and Guidelines)

As discussed above, there is no legal distinction between the authority to adopt an RRM and the authority to adopt a uniform cost allowance or allocation formula, as provided for under the earlier statutes. Therefore the analysis here will discuss only the requirements of an RRM, which are somewhat more clear and specific. The following analysis will show that an RRM may be based on a broad range of criteria and information, and need not conform to any specific statutory standards, other than balancing accuracy with simplicity, and considering variation in costs among local government claimants in order to implement the mandate in a cost efficient manner. The analysis will also show that the requesters have submitted documentation and argument

¹⁴⁷ Education Code section 48262 (Stats., 1976, ch. 1010)

¹⁴⁸ See Exhibit X, Assembly Floor Analysis of AB 804.

¹⁴⁹ Exhibit X, Test Claim Statement of Decision, CSM 4487 & 4487A.

¹⁵⁰ Exhibit C, San Jose Unified Request to Amend, at p. 24.

¹⁵¹ Statutes 2001, chapter 734.

which constitutes substantial evidence to adopt an RRM for reimbursement of the mandated activities approved in the test claim.

1. The purpose of an RRM is to reimburse local government efficiently and simply, with minimal auditing and documentation required.

Article XIII B, section 6 provides: “[w]henever the Legislature or any state agency mandates a new program or higher level of service on any local government [defined to include school districts], the State shall provide a subvention of funds to reimburse that local government for the costs of the program or increased level of service [with exceptions not applicable here]...” This reimbursement obligation was “enshrined in the Constitution ... to provide local entities with the assurance that state mandates would not place additional burdens on their increasingly limited revenue resources.”¹⁵² Section 17561(a) states: “[t]he state *shall* reimburse each local agency and school district for *all* ‘costs mandated by the state,’ as defined in Section 17514.” (Emphasis added.) The courts have interpreted the Constitutional and statutory scheme as requiring “full” payment of the actual costs incurred by a local entity once a mandate is determined by the Commission.¹⁵³

The statutes providing for the adoption of an RRM, along with the other statutes in this part of the Government Code, are intended to implement article XIII B, section 6.¹⁵⁴ Prior section 17557 provided that the Commission “may adopt an allocation formula or uniform allowance.”¹⁵⁵ The current version of section 17557 provides, and has, since 2004, for adoption of an RRM that “balances accuracy with simplicity.”¹⁵⁶ Section 17518.5 defines an RRM as follows:

(a) “Reasonable reimbursement methodology” means a formula for reimbursing local agencies and school districts for costs mandated by the state, as defined in Section 17514.

(b) A reasonable reimbursement methodology shall be based on cost information from a representative sample of eligible claimants, information provided by

¹⁵²*Lucia Mar Unified School Dist. v. Honig* (1988) 44 Cal.3d 830, 836, fn. 6; *County of Sonoma v. Commission on State Mandates* (2000) 84 Cal.App.4th 1264, 1282; *CSBA v. State of California* (2011) 192 Cal.App.4th 770, 785-786.

¹⁵³ *CSBA v. State of California (CSBA II)* (Cal. Ct. App. 4th Dist. 2011) 192 Cal.App.4th 770, 786; *County of Sonoma v. Commission on State Mandates* (Cal. Ct. App. 1st Dist. 2000) 84 Cal.App.4th 1264, 1284. The court in *County of Sonoma* recognized that the goal of article XIII B, section 6 was to prevent the state from forcing extra programs on local government in a manner that negates their careful budgeting of expenditures, and that a forced program is one that results in “increased actual expenditures.” The court further noted the statutory mandates process that refers to the reimbursement of “actual costs incurred.”

See also, Government Code sections 17522 defining “annual reimbursement claim” to mean a claim for “actual costs incurred in a prior fiscal year; and Government Code section 17560(d)(2) and (3), referring to the Controller’s audit to verify the “actual amount of the mandated costs.”

¹⁵⁴ Government Code section 17500 et seq.

¹⁵⁵ Government Code section 17557 (Stats. 1984, ch. 1459).

¹⁵⁶ Government Code section 17557 (Stats. 2004, ch. 890 (AB 2856); Stats. 2007, ch. 329 (AB 1222)).

associations of local agencies and school districts, or other projections of local costs.

(c) A reasonable reimbursement methodology shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.

(d) Whenever possible, a reasonable reimbursement methodology shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual costs

(e) A reasonable reimbursement methodology may be developed by any of the following:

- (1) The Department of Finance.
- (2) The Controller.
- (3) An affected state agency.
- (4) A claimant.
- (5) An interested party.¹⁵⁷

Requester San Jose Unified cited the statutory requirements in its request to amend, and argued that the evidence submitted was sufficient to satisfy the requirements of an RRM. San Jose Unified stated that the proposed RRM is based on cost information from a representative sample of claimants, because the rate is “derived from the cost data from substantially all of the FY 2000-01 annual reimbursement claims submitted to the State Controller.” San Jose also argued that a unit rate based on the number of students identified as habitual truants was sufficient to consider the variation in costs among districts to implement the mandate in a cost efficient manner.¹⁵⁸

DOF and SCO both assert the need for audited claims data in the development of an RRM. DOF argues that “standards should be developed using three years of actual (audited) claim data, not counting the initial year's claims, as this approach would provide some assurance that the activities and procedures have stabilized sufficiently to accurately reflect necessary time and/or costs.”¹⁵⁹ DOF argues that absent audited claims data, “it cannot be assumed that the data selected are representative of all valid claims statewide.”¹⁶⁰ DOF also argues that the unit cost allowance proposed would tend to reimburse districts in excess of their actual costs, and that “we do not support reimbursement standards that allow reimbursement greater than actual costs.”¹⁶¹ And, DOF argues that the RRM would result in greater reimbursement than could be estimated on the basis of claims filed:

We do not believe these unit costs would be revenue neutral. For each program there are several districts that filed estimated claims, but never filed actual claims.

¹⁵⁷ Government Code section 17518.5(b-d) (Stats. 2007, ch. 329 § 1 (AB 1222)).

¹⁵⁸ Exhibit C, San Jose Unified Request to Amend, at pp. 12-13.

¹⁵⁹ Exhibit D, DOF Comments on Request to Amend, at p. 2.

¹⁶⁰ Ibid.

¹⁶¹ Exhibit D, DOF Comments on Request to Amend, at p. 1.

Because of this, we do not believe the data represents the entire statewide costs of these programs.

¶...¶

If the Commission decides to establish unit costs at this time, we recommend using a discounted weighted average to calculate the unit costs. The discounting would be used to offset the fact that the claims have not been audited and to account for the large number of districts that did not file claims, but which likely would if a unit reimbursement rate was adopted.

SCO, for its part, objects also to the proposed unit cost, arguing that “the unaudited claim data used by SixTen and Associates contains a variance that is too great and does not lend itself to adopting a fair and reasonable single uniform cost allowance.”¹⁶² SCO further concludes that the RRM’s “were based on unaudited claim data and cannot be supported by the SCO.”¹⁶³

The first draft staff analysis on the request to amend the parameters and guidelines, issued June 9, 2011, concluded that the unit cost proposed met the statutory requirements of an RRM, in that it was developed on the basis of cost information from a representative sample of eligible claimants. However, the same draft recommended denying the request to include an RRM, because staff found that a unit cost was not appropriate for this program, due to the wide variation in local costs, and because staff concluded that the unit rate proposed did not meet the requirement of being “cost-efficient.” Staff found persuasive the arguments of DOF and SCO with respect to the wide range of costs, and questioned whether the program was suitable for a unit cost. However, the first draft staff analysis failed to elaborate on what was meant by the phrase “cost-efficient,” and how efficiency should be viewed; and the Commission never had the opportunity to rule on the reasonableness of the unit rate with respect to the variation in costs among districts.¹⁶⁴

Requester San Jose Unified filed comments on that draft staff analysis, in which it disagreed with staff’s conclusion, and suggested that cost-efficiency was an issue of first impression. San Jose Unified cited an excerpt from a report by the General Accounting Office, in which efficiency is framed not just in terms of cost-reductions, but also in terms of quality or quantity of *outputs* or *outcomes*.¹⁶⁵ San Jose Unified thus argues that cost-efficiency should take into account the degree to which a mandate is properly implemented, and that an average level of reimbursement makes variability in the activities performed “academic once all activities are pooled for unitary cost allocation.”¹⁶⁶

Recognizing the uncertainty surrounding the proper application of the RRM statute, on July 27, 2011 Commission staff requested comments from the parties and interested parties to three claims that were pending on a proposed unit cost RRM.¹⁶⁷ Commission staff posed the question: “At some point is the range of figures used to develop the unit cost so wide that it violates the

¹⁶² Exhibit F, SCO Comments on Request to Amend, at p. 1.

¹⁶³ Exhibit I, SCO Additional Comments on Second Request to Amend, at p. 1.

¹⁶⁴ Exhibit J, First Draft Staff Analysis, at pp. 8-9.

¹⁶⁵ Exhibit M, Requester San Jose Unified Comments on First Draft Staff Analysis, at p. 3.

¹⁶⁶ Exhibit M, Requester San Jose Unified Comments on First Draft Staff Analysis, at p. 2.

¹⁶⁷ *Behavioral Intervention Plans* (CSM-4464); *Habitual Truants* (09-PGA-01, 01-PGA-06) (CSM-4487 and CSM-4487A); *Voter Identification Procedures* (03-TC-23).

constitutional requirement that local agencies be reimbursed for their mandate-related costs?”¹⁶⁸ Additionally, Commission staff asked parties and interested parties to comment on what was meant by “cost-efficient,” in the context of section 17518.5(c), which provides that an RRM “shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost efficient manner.”¹⁶⁹ The BIPs co-claimants responded to both questions, arguing that the Legislature intended that “a mandate implemented at a middle cost, not at a high cost, and not at a low cost, was a mandate implemented with cost efficiency.” The BIPs co-claimants also argued that an average level of reimbursement would result in more efficient implementation with respect to outcomes: “the highest cost districts are reimbursed below their costs requiring them to be more efficient if possible and the lowest cost districts are reimbursed above their costs encouraging their fuller implementation of the mandate.”¹⁷⁰

The BIPs co-claimants also responded directly to the question regarding an appropriate range of costs, arguing that the initial enactment of the RRM language and the subsequent amendment evidence the Legislature’s conclusion that levels of mandate reimbursement may range widely and still be constitutional:

Since 2007, the current requirements for RRMs are considerably less specific and more flexible than the former requirements. Now, there is no requirement that a minimum percentage of claimants’ projected costs be fully offset or that the total amount to be reimbursed statewide covers the total of local estimated costs. Since 2007, Section 17518.5 requires only that RRMs “be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs,” and that the RRM “consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.” [Citation omitted.] In other words, the statute expressly contemplates variation and leaves open the possibility for a potentially large degree of variation in the costs offset.¹⁷¹

The County of Los Angeles also addressed the question, asserting that “while RRM surveys may produce a wide range of responses, that is not, in and of itself, a basis for maintaining that the proposed RRM rate is constitutionally prohibited.”¹⁷²

Rather than providing rigid requirements or elements to which an RRM proposal for adoption must adhere, the amended statute focuses on the *sources of information for the development of an RRM*, and only requires that the end result “balances accuracy with simplicity.”¹⁷³ Section 1183.131 of the regulations provides that a proposed RRM “shall include any documentation or *assumption relied upon* to develop the proposed methodology.”¹⁷⁴ Section 17518.5 provides that

¹⁶⁸ Exhibit O, Commission Request for Comments on Pending RRMs, at p. 2.

¹⁶⁹ Exhibit O, Commission Request for Comments, at p. 2.

¹⁷⁰ Exhibit Q, BIPs Co-Claimants’ Response to Request for Comments on Pending RRMs, at p. 7.

¹⁷¹ Exhibit Q, BIPs Co-Claimants’ Response to Request for Comments on Pending RRMs, at p. 5.

¹⁷² Exhibit R, County of LA Response to Commission Request for Comments, at p. 2.

¹⁷³ Government Code section 17557.

¹⁷⁴ Register 2008, number 17.

an RRM “shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or *other projections of other local costs*.”¹⁷⁵ The statute does not provide for a minimum number of claimants to constitute a representative sample; accordingly the regulations provide that a “representative sample of eligible claimants’ does not include eligible claimants that do not respond to surveys or otherwise participate in submitting cost data.”¹⁷⁶ The statute provides that an RRM “[w]henever possible... shall be based on general allocation formulas, uniform cost allowances, and *other approximations of local costs* mandated by the state, *rather than detailed documentation of actual costs*.”¹⁷⁷ There is no requirement that the data upon which an RRM is based be audited, or otherwise verified; an “approximation” is sufficient. The section cannot reasonably be read to require audited cost data to develop an RRM, especially in the case that the RRM is proposed as a part of the first parameters and guidelines after a test claim decision, at which time no audited cost data yet exists. Moreover, the RRM is specifically provided as an alternative to the requirement for detailed documentation of actual costs.

Additionally, section 17518.5(c) provides that an RRM “shall *consider* the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.” There is no requirement that an RRM *mitigate or eliminate* cost variation among local government claimants. And finally, section 17557 provides that the Commission “shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that *balances accuracy with simplicity*.”

Based on the foregoing, the Commission finds that the primary requirements of an RRM are to consider variation in costs among local government claimants, balance accuracy with simplicity, and reasonably reimburse eligible claimants for costs mandated by the state. The statutory scheme for the adoption of an RRM does not require detailed actual cost information; cost information from a representative sample of eligible claimants; audited data from multiple years of cost claims; or an RRM proposal that *addresses or mitigates* variation in costs incurred among different districts. An RRM is meant to be based on an *approximation* of local costs, and need not precisely reimburse every actual dollar expended on the program. However, an RRM must be reasonable; satisfying the statutory requirements of an RRM is not the end of the inquiry. Ever present is the constitutional requirement that the end result must *reasonably* reimburse claimants for their mandated costs, as required by article XIII B, section 6; and substantial evidence, as discussed below, must support the Commission’s decision to adopt an RRM.

2. Substantial evidence in the record supports the finding that the proposed RRM is consistent with the Constitutional and statutory requirements of Commission decisions, and reasonably reimburses local government for the costs of the mandate.

Government Code section 17559 allows a claimant or the state to petition for a writ of administrative mandamus under section 1094.5 of the Code of Civil Procedure, “to set aside a decision of the commission on the ground that the commission’s decision is not supported by substantial evidence.”¹⁷⁸ Substantial evidence has been defined in two ways: first, as evidence of

¹⁷⁵ Government Code section 17518.5(b) (Stats. 2007, ch. 329 § 1 (AB 1222)).

¹⁷⁶ Code of Regulations, Title 2, section 1183.13 (Register 2008, No. 17).

¹⁷⁷ Government Code section 17518.5(d) (Stats. 2007, ch. 329 § 1 (AB 1222)).

¹⁷⁸ Government Code section 17559(b) (Stats. 1999, ch. 643 (AB 1679)).

ponderable legal significance...reasonable in nature, credible, and of solid value;¹⁷⁹ and second, as relevant evidence that a reasonable mind might accept as adequate to support a conclusion.¹⁸⁰

The California Supreme Court has stated that “[o]bviously the word [substantial] cannot be deemed synonymous with ‘any’ evidence.”¹⁸¹ Moreover, substantial evidence is not submitted by a party; it is a standard of review, which requires a reviewing court to uphold the determinations of a lower court, or in this context, the Commission, if those findings are supported by substantial evidence. A court will not reweigh the evidence of a lower court, or of an agency exercising its adjudicative functions; rather a court is “obliged to consider the evidence in the light most favorable to the [agency], giving to it the benefit of every reasonable inference and resolving all conflicts in its favor.”¹⁸²

The evidence required to adopt an RRM is necessarily more relaxed than that required to approve reimbursement for actual costs.¹⁸³ As discussed above, there are very few statutory requirements of an RRM, and those that remain are somewhat subjective. However, when the Legislature added section 17518.5 to the Government Code, it did not change the existing requirement in section 17559 that all of the Commission’s findings be based on substantial evidence in the record. Statutory enactments must be considered in the context of the entire statutory scheme of which they are a part and be harmonized with the statutory framework as a whole.¹⁸⁴ Thus, the plain language of the statutory and regulatory mandates scheme, undergirded by the California Constitution, permits an RRM to be adopted on the basis of a number of different types of evidence or approximations, but requires substantial evidence in the record to support the adoption of an RRM, and requires the adopted RRM to reasonably reimburse local government for costs mandated by the state.

The proposal submitted by EMCN on San Jose Unified’s behalf, and formally adopted by San Jose Unified, arrived at a lower RRM rate than the original Clovis Unified request: \$26 per habitual truant, based on calculations made using multiple years of data, and excluding fewer outliers.¹⁸⁵ EMCN used *all claims* submitted in 2000-2001, ranging from \$2 to \$331 per truant, and excluded only the top five claims in 2001-2002, which were extreme “in relation to the other 98% of the respondents for that year.”¹⁸⁶ EMCN concluded that its weighted average, using all claims for 2000-2001 and all but the five highest-dollar claims for 2001-2002, is “reliable, in that the rate is dependent on results of the largest districts, which had the lowest per-truant claim amounts, exhibited the least variance, and showed a relatively high degree of consistency between the two years we examined.”¹⁸⁷

¹⁷⁹ *County of Mariposa v. Yosemite West Associates* (Cal. Ct. App. 5th Dist. 1998) 202 Cal.App.3d 791, at p. 805.

¹⁸⁰ *Desmond v. County of Contra Costa* (1993) 21 Cal.App.4th 330, 335.

¹⁸¹ *People v. Bassett* (1968) 69 Cal.2d 122, at p. 139.

¹⁸² *Martin v. State Personnel Board* (Cal. Ct. App. 3d Dist. 1972) 26 Cal.App.3d 573, at p. 577.

¹⁸³ See Government Code 17518.5 [Statute employs terms like “projections;” “approximations”].

¹⁸⁴ *Renee J. v. Superior Court* (2001) 26 Cal.4th 735, 743.

¹⁸⁵ Exhibit P, EMCN Response to Commission Request for Comments, at pp.3-4. See also, Exhibit S, San Jose Unified Response.

¹⁸⁶ *Id.*, at p. 4.

¹⁸⁷ *Id.*, at p. 2.

The first draft staff analysis recommended denial of the RRM, finding the comments of DOF and SCO “persuasive,” and concluding that the proposed unit rate was not reasonable, given the wide variation in costs. As noted above, the Commission did not have the opportunity to weigh that recommendation at a public hearing, and staff subsequently requested comments on the issues of cost efficiency and the constitutionality of an RRM based on a wide variation in local costs. The comments received persuasively argue that the RRM statute clearly contemplates variation among local government claimants, and that a unit cost reimbursement will encourage local government to bring their costs closer to the average. The BIPs co-claimants argued as follows:

The initial enactment of the RRM language and its subsequent amendment evidence the Legislature's conclusion that levels of mandate reimbursement may range widely and still be constitutional. Prior to 2004, RRMs did not exist. In 2004, the Legislature amended Section 17557 subdivision (b) to substitute “reasonable reimbursement methodology” for “allocation formula” or “uniform allowance.” Amended Section 17557, subdivision (b) reads: “In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology.” At the same time, Section 17518.5 was added to the Government Code, which required RRMs to meet certain conditions, including the following: “The total amount to be reimbursed statewide is *equivalent* to total estimated local agency and school district costs to implement the mandate in a cost-efficient manner;” and “For *50 percent or more* of eligible local agency and school district claimants, the amount reimbursed is estimated to *fully offset their projected costs* to implement the mandate in a cost-efficient manner.” (Gov. Code § 17518.5, subd. (a)(1)&(2) (2004), *emphasis added.*)

The 50% requirement makes it clear that in 2004 the Legislature had authorized reimbursement that would be quite different from actual costs for claimants - allowing for the possibility that 50% of claimants would be over-reimbursed and 50% would be under-reimbursed. However, in 2007 both of these requirements were eliminated and replaced by subdivisions (b) and (c).

Since 2007, the current requirements for RRMs are considerably less specific and more flexible than the former requirements. Now, there is *no* requirement that a minimum percentage of claimants' projected costs be fully offset or that the total amount to be reimbursed statewide covers the total of local estimated costs. Since 2007, Section 17518.5 requires only that RRMs “be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs,” and that the RRM “consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.” (Gov. Code § 17518.5, subs.(b)&(c) (2007).) In other words, the statute expressly contemplates variation and leaves open the possibility for a potentially large degree of variation in the costs offset.

Not only does Section 17518.5 subdivision (c) intentionally leave open the possibility for cost variation underlying the RRM, it also only requires that the RRM *consider* the variation in costs. The Legislature's amendment of Section 17518.5 to impose less stringent requirements coupled with the fact that variation of costs is assumed in the section's language, demonstrates legislative intent to allow RRMs even when the underlying costs reflect significant variation. Cost variation is not a bar to the use of RRMs nor is there any provision requiring that

cost variation be within certain limits. As set out in Co-Claimants' Rebuttal to Finance's Comments, variation is only relevant to determine what a reasonable *level* of reimbursement is for an RRM -presumably one at or near the average, as Co-Claimants propose in the BIP context- not *whether* the use of an RRM is appropriate in the first place.¹⁸⁸

Here, the application of a \$26 unit cost per pupil identified as an habitual truant is based on a weighted average of actual cost claims from those districts that filed claims in 2000-2001 and 2001-2002. EMCN notes that the vast majority of claims are clustered in a range of \$66 and under, per habitual truant identified:

[A]verage costs are highly skewed, with nearly 43 percent of the districts reporting average costs of between 0 and \$33 per truant, another 35 percent reporting average costs of between \$33 and \$66 per truant, and the remaining 22 percent of districts reporting claims, in declining frequency, all the way up to over \$330 per truant. A similar pattern holds for 2001-02.

The \$26 unit cost is strikingly similar to the figure reached by SCO in its analysis: the SCO filed comments on July 19, 2010, in which nine fiscal years were analyzed, and a rate of \$26.06 per habitual truant was determined.¹⁸⁹ That analysis was retracted by SCO on July 28, 2010, based on the fact that “[f]urther review of this analysis revealed that the proposed RRM calculations were based on unaudited claim data and cannot be supported by the SCO.”¹⁹⁰ As discussed above, audited data is not required for the development of an RRM.¹⁹¹ The SCO’s retraction of its analysis is noted, but the degree of similarity between SCO’s analysis and EMCN’s proposal remains illuminating, with respect to the reasonableness of the proposed rate.

Additionally, the fact that none of the claims on which the unit cost is based have been audited is relevant only to the extent that it reinforces the notion of excluding the five highest claims submitted by districts whose cost claims were anomalous: districts that may be attempting to claim unallowable costs, or otherwise misunderstanding the scope of activities approved for reimbursement. Given that the majority of claims (approximately 78 percent) were clustered from \$0 to \$66 per truant, substantial evidence supports approval of a unit rate near the middle of that range.

Furthermore, DOF’s suggestion that any unit rate should be discounted in order to remain revenue neutral cannot be supported. DOF states that the rate must be discounted to account for districts that did not file actual cost claims but would file under an RRM (the presumption being that the filing would be simpler and require less documentation).¹⁹² But as explained at length in this section, an essential feature of parameters and guidelines is to provide for reasonable reimbursement of local government claimants’ actual costs mandated by the state. Intentionally discounting a unit rate to avoid reimbursing districts for their actual costs is in clear violation of article XIII B, section 6.

¹⁸⁸ Exhibit Q, BIPs Co-Claimants’ Response to Commission Request for Comments, at p.

¹⁸⁹ Exhibit H, SCO Comments on Request to Amend, at p. 3.

¹⁹⁰ Exhibit I, SCO Additional Comments on Request to Amend, at p. 1.

¹⁹¹ Government Code section 17518.5 (Stats. 2007, ch. 329 (AB 1222)).

¹⁹² Exhibit E, DOF Supplemental Comments on Request to Amend, at p. 2.

Finally, as discussed above, sections 17518.5 and 17557, the RRM statutes, confer broad authority on the Commission, including criteria that expressly contemplate variation in costs among local governments. The Commission must presume these statutes are constitutional, and that some degree of variation is permissible. The BIPs co-claimants argued in comments filed with the Commission that “[a]s long as the statutory requirements...are met there is no range of figures so wide as to violate constitutional requirements.”¹⁹³ Similarly, the County of Los Angeles asserted in its comments that a wide variation in local costs does not, in itself, render an RRM proposal unconstitutional.¹⁹⁴ The Commission declines to extend its reasoning so far as to declare that “no range of figures [would be] so wide as to violate constitutional requirements,” as suggested by the BIPs co-claimants. At some point, a range could be so broad, and there could be a lack of clustering such that it cannot be said that an RRM reasonably reimburses local governments for their actual costs mandated by the state. However, such determinations must be made on a case by case basis and turn on the presence or absence of substantial evidence to support the reasonableness of the Commission’s decision. In this case, however, the Commission finds that substantial evidence supports adoption of an RRM unit rate at an average level of reimbursement.

Based on the foregoing, the Commission finds that substantial evidence in the record supports adoption of the proposed RRM, at a rate of \$26 per pupil identified as an habitual truant, beginning in the 2002-2003 fiscal year, and adjusted by the Implicit Price Deflator for each subsequent year.

C. Boilerplate Changes to Reflect Current Law and Commission Usage.

Several boilerplate sections of the existing parameters and guidelines do not reflect current law and Commission usage. The parameters and guidelines have been amended to reflect current boilerplate language and statutory language. These changes do not apply retroactively because all claims filed under these amended parameters and guidelines will be filed prospectively.

V. CONCLUSION

The proposed amendments to the parameters and guidelines are adopted, as specified.

¹⁹³ Exhibit Q, BIPs Co-Claimants Response to Request for Comments, at pp. 5-7.

¹⁹⁴ Exhibit R, County of LA Response to Request for Comments, at p. 2.

Subject matter was not heard in Assembly policy committee this legislative Session, should be noted in the last paragraph of the background section of the CSA analysis. Language will vary depending on the circumstance.

AB 804

Page 1

CONCURRENCE IN SENATE AMENDMENTS
AB 804 (Education Committee)
As Amended September 14, 2001
2/3 vote. Urgency

ASSEMBLY: 176-0	(May 10, 2001)	SENATE: 140-0	(September 14, 2001)
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Original Committee Reference: ED.

SUMMARY : This bill is the State Department's (SDE) annual omnibus clean-up bill to correct technical errors in statute, update cross references and delete obsolete references.

The Senate amendments :

- 1) Make technical changes due to drafting errors.
- 2) Make several changes to the Education Code (EC) including the following:
 - a) Extends the sunset date for the Academic Improvement and Achievement Act for one-year;
 - b) Restores authority to allow students to participate in remedial courses needed to graduate;
 - c) Codifies the elimination of the deficit factor for fiscal year 2000-2001 and each year thereafter;
 - d) Extends the sunset date for the California Technology Assistance Project from January 1, 2004 to June 30, 2005;
 - e) Specifies on alternative means to transcribe and provide access to instructional materials for special education students; and,
 - f) Extends the sunset date for the American Indian Early Childhood Education Program from December 31, 2001, to

Subject matter was not heard in Assembly policy committee this legislative Session, should be noted in the last paragraph of the background section of the CSA analysis. Language will vary depending on the circumstance.

AB 804

Page 2

January 1, 2004.

AS PASSED BY THE ASSEMBLY, this bill was an omnibus education bill that made non-controversial and technical changes to EC and past budget items.

FISCAL EFFECT : According to the Senate Appropriations Committee, omnibus code clean up, no new costs, some minor savings.

COMMENTS : Omnibus bill. This bill is the committee's annual omnibus clean-up bill that is sponsored by SDE. As has been in prior years, the committee's omnibus bill contains non-controversial provisions that may or may not be technical. The committee is committed to removing any provision that is found to be controversial.

Previous legislation. AB 2907 (Committee on Education), Chapter 1058, Statutes of 2000, was last year's omnibus education bill.

Analysis Prepared by : Kimberly Rodriguez / ED. / (916) 319-2087
FN: 0003678

Adopted Parameters and Guidelines

Chapter 1184, Statutes of 1975
Chapter 1023, Statutes of 1994
Education Code Section 48262
Education Code Section 48264.5

Habitual Truant

I. SUMMARY OF THE MANDATE SOURCE

Chapter 1184, Statutes of 1975, added former Education Code section 12403, and Chapter 1010, Statutes of 1976, recodified this section as Education Code Section 48262. Section 48262 defines *habitual truant* and states that, no pupil shall be deemed a *habitual truant*, unless school districts make a "conscientious effort" to hold at least one conference with the pupil's parent or guardian and the pupil.

Chapter 1023, Statutes of 1994, added Education Code section 48264.5. Subdivision (d) of this section requires school districts to classify a pupil as a habitual truant as defined in Education Code Section 48262 upon the pupil's fourth truancy within the same school year.

II. COMMISSION ON STATE MANDATES DECISION

The Commission on State Mandates, in the Statement of Decision adopted at the September 25, 1997 hearing, determined that Education Code sections 48262 and 48264.5 subdivision (d), impose a reimbursable state mandated new program or higher level of service upon school districts within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code.

III. 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.

IV. 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 submitted on September 28, 1995 and was amended on December 16, 1996. Therefore, all mandated costs incurred on or after July 1, 1995, for compliance with Education Code sections 48262 and 48264.5, subdivision (d), are eligible for reimbursement.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Section 17561, subdivision (d)(1) 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.

V. REIMBURSABLE COSTS

For each eligible school district, the direct and indirect costs of labor, supplies and services incurred for the following mandate components are reimbursable:

A. Verifying Prior Truancies

Review of school district records to verify that the pupil has been reported as a truant at least four times during the same school year.

B. Making a Conscientious Effort to Schedule a Parent Conference

Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by:

- 1 Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and
- 2 Making a final effort to schedule a conference by placing a telephone call to the parent/guardian, and by placing return calls to the parent/guardian.

C. Scheduling and Holding a Conference

If a conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

D. Reclassifying Pupils

After the school district has made a conscientious effort to schedule a conference (whether or not this effort resulted in a conference), reclassify the pupil as a habitual truant.

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

A. Reporting by Components

Claimed costs must be allocated according to the four components of reimbursable activity described in Section V.

B. Supporting Documentation

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s) and the corresponding job classification(s), describe the mandated functions performed, and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Materials and Supplies

Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate.

3. Contracted Services

Give 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. Show the inclusive dates when services were performed and itemize all costs for those services.

4. Allowable Overhead Cost

- a. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
- b. County Offices of Education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

C. Cost Accounting Statistics

The State Controller is directed to include in its claiming instructions each year the requirement that claimants report to the State Controller the number of pupils verified to have been reported as a truant at least four times during the same school year. This information is being collected for the purpose of establishing a database for potential future reimbursement based on prospective rates. The claiming instructions shall request that claimants send a copy of the completed form HT-1 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. Providing this information is not a condition of payment; however, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

VII. SUPPORTING DATA

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim at the time the claim was filed, supporting documents must be retained for two years from the date of initial

payment of the claim. Such documents shall be made available to the State Controller's Office on request.

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 claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

Adopted: 1/29/98
Amended: 1/29/10

Amendment to Parameters and Guidelines

Education Code Sections 48262 and 48264.5

Statutes 1975, Chapter 1184
Statutes 1994, Chapter 1023

Habitual Truant

05-PGA-51 (CSM-4487 and 4487A)

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement

I. SUMMARY OF THE MANDATE SOURCE

Chapter 1184, Statutes of 1975, added former Education Code section 12403, and Chapter 1010, Statutes of 1976, recodified this section as Education Code Section 48262. Section 48262 defines *habitual truant* and states that, no pupil shall be deemed a *habitual truant*, unless school districts make a "conscientious effort" to hold at least one conference with the pupil's parent or guardian and the pupil.

Chapter 1023, Statutes of 1994, added Education Code section 48264.5. Subdivision (d) of this section requires school districts to classify a pupil as a habitual truant as defined in Education Code Section 48262 upon the pupil's fourth truancy within the same school year.

II. COMMISSION ON STATE MANDATES DECISION

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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.

V. REIMBURSABLE COSTS

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible school district, the direct and indirect costs of labor, supplies and services incurred for the following mandate components are reimbursable:

A. Verifying Prior Truancies

Review of school district records to verify that the pupil has been reported as a truant at least four times during the same school year.

B. Making a Conscientious Effort to Schedule a Parent Conference

Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by:

- 1 Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and
- 2 Making a final effort to schedule a conference by placing a telephone call to the parent/guardian, and by placing return calls to the parent/guardian.

C. Scheduling and Holding a Conference

If a conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

D. Reclassifying Pupils

After the school district has made a conscientious effort to schedule a conference (whether or not this effort resulted in a conference), reclassify the pupil as a habitual truant.

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

A. Reporting by Components

Claimed costs must be allocated according to the four components of reimbursable activity described in Section V.

B. Supporting Documentation

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s) and the corresponding job classification(s), describe the mandated functions performed, and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Materials and Supplies

Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate.

3. Contracted Services

Give 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. Show the inclusive dates when services were performed and itemize all costs for those services.

4. Allowable Overhead Cost

- a. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
- b. County Offices of Education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

C. Cost Accounting Statistics

The State Controller is directed to include in its claiming instructions each year the requirement that claimants report to the State Controller the number of pupils verified to have been reported as a truant at least four times during the same school year. This information is being collected for the purpose of establishing a database for potential future reimbursement based on prospective rates. The claiming instructions shall request that claimants send a copy of the completed form HT-1 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. Providing this information is not a condition of payment; however, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

VII. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

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 claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

2 CCR s **1183.2**

Cal. Admin. Code tit. 2, s **1183.2**

BARCLAYS OFFICIAL CALIFORNIA CODE OF REGULATIONS
TITLE 2. ADMINISTRATION
DIVISION 2. FINANCIAL OPERATIONS
CHAPTER 2.5. COMMISSION ON STATE MANDATES
ARTICLE 3. TEST CLAIMS

This database is current through 12/27/2002, Register 2002, No. 52.

s **1183.2**. Amendments to Parameters and Guidelines.

- (a) All requests to amend, modify or supplement parameters and guidelines shall outline the specific sections of the existing parameters and guidelines that are to be changed, and include a narrative explaining why the amendment is required.
- (b) A parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines.
- (c) A parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.
- (d) Number of copies. An original and seven (7) copies of proposed amendments to parameters and guidelines shall be submitted to the commission by a claimant or state agency.
- (e) Within ten (10) days of receipt of a request to amend, modify or supplement parameters and guidelines, the commission shall send a copy to the Department of Finance, Office of the State Controller, affected state agencies and interested parties who are on the mailing list described in Section 1181.2 of these regulations.
- (f) The commission shall notify all recipients that they shall have the opportunity to review and provide written comments or recommendations concerning the proposed amendment of the parameters and guidelines within thirty (30) days of service.
- (g) State agencies and interested parties shall submit an original and two (2) copies of written responses to the commission and shall simultaneously serve a copy on the test claimant, other affected state agencies, and other interested parties who are on the mailing list described in Section 1181.1 of these regulations.

(h) Within thirty (30) days of service of the comments and recommendations prepared by state agencies and interested parties, the claimant and other interested parties may submit an original and two (2) copies of written rebuttals to the commission, and shall simultaneously serve a copy on the other parties and interested parties who are on the mailing list described in Section 1181.1 of these regulations.

(i) An amendment shall be made only after the commission has conducted at least one (1) informational hearing in accordance with Article 8 of these regulations.

(j) A request to amend parameters and guidelines may be withdrawn by written application any time before a decision is adopted or by oral application at the time of hearing.

NOTE: Authority cited: [Sections 17527\(g\)](#) and [17553\(a\), Government Code](#). Reference: [Sections 17557](#) and [17560, Government Code](#).

<[General Materials \(GM\)](#) - References, Annotations, or Tables>

HISTORY

1. Amendment of section and Notefiled 9-13-99; operative 9-13-99. Submitted to OAL for printing only pursuant to [Government Code section 17527](#) (Register 99, No. 38).

2 CA ADC s **1183 .2**

END OF DOCUMENT

OFFICE OF THE STATE CONTROLLER
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2010-20
HABITUAL TRUANT
REVISED JULY 1, 2011

In accordance with Government Code (GC) sections 17560 and 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state-mandated cost programs. This document contains claiming instructions and forms that eligible claimants must use for filing claims for the Habitual Truant program. The amended Parameters and Guidelines (P's and G's) are included as an integral part of these instructions.

On September 25, 1997 the Commission on State Mandates (CSM) determined that Education Code sections 48262 and 48264.5 subdivision (d) impose a reimbursable state-mandated program or higher level of service upon school districts within the meaning of section 6, Article XIII B of the California Constitution and GC section 17514.

Exception

There will be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

Eligible Claimants

Except for community colleges, any school district as defined in GC section 17519, that has incurred increased costs as a direct result of this mandate, is eligible to claim reimbursement of these costs.

Reimbursement Claim Deadline

Claims for the 2010-11 fiscal year may be filed by **February 15, 2012**, without a late penalty. **Claims filed more than one year after the deadline will not be accepted.**

Penalty

- **Initial Claims**

When filed within one year of the initial filing deadline, claims are assessed a late penalty of 10% of the total amount of the initial claim without limitation pursuant to GC section 17561, subdivision (d)(3).

- **Annual Reimbursement Claim**

When filed within one year of the annual filing deadline, claims are assessed a late penalty of 10% of the claim amount; \$10,000 maximum penalty, pursuant to GC section 17568.

Minimum Claim Cost

GC section 17564, subdivision (a), provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**\$1,000**), provided that a

county may submit a combined claim on behalf of direct service districts or special districts within their county if the combined claim exceeds **\$1,000**, even if the individual direct service district's or special district's claim does not each exceed **\$1,000**. The county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each direct service district or special district. These combined claims may be filed only when the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a direct service district or special district provides a written notice of its intent to file a separate claim to the county and to the SCO, at least 180 days prior to the deadline for filing the claim.

Reimbursement of Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating: "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

Audit of Costs

All claims submitted to the SCO are subject to review to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the CSM. If any adjustments are made to a claim, the claimant will be notified of the amount adjusted, and the reason for the adjustment.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit will commence to run from the date of initial payment of the claim.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the

retention period is extended until the ultimate resolution of any audit findings. Supporting documents must be made available to the SCO on request.

Record Retention

All documentation to support actual costs claimed must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or last amended regardless of the year of costs incurred. If no funds were appropriated for initial claims at the time the claim was filed, supporting documents must be retained for three years from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

Claim Submission

Submit a signed original FAM-27 and one copy with required documents. **Please sign the FAM-27 in blue ink and attach the copy to the top of the claim package.**

Mandated costs claiming instructions and forms are available online at the SCO’s website: **www.sco.ca.gov/ard_mancost.html**.

Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

If you have any questions, you may e-mail **LRS DAR@sco.ca.gov** or call the Local Reimbursements Section at (916) 324-5729.

Adopted: 1/29/98
Amended: 1/29/10

Amendment to Parameters and Guidelines

Education Code Sections 48262 and 48264.5

Statutes 1975, Chapter 1184
Statutes 1994, Chapter 1023

Habitual Truant

05-PGA-51 (CSM-4487 and 4487A)

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For each eligible school district, the direct and indirect costs of labor, supplies and services incurred for the following mandate components are reimbursable:

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Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by:

- 1 Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and
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C. Scheduling and Holding a Conference

If a conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

D. Reclassifying Pupils

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VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

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3. Contracted Services

Give 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. Show the inclusive dates when services were performed and itemize all costs for those services.

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- b. County Offices of Education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

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The State Controller is directed to include in its claiming instructions each year the requirement that claimants report to the State Controller the number of pupils verified to have been reported as a truant at least four times during the same school year. This information is being collected for the purpose of establishing a database for potential future reimbursement based on prospective rates. The claiming instructions shall request that claimants send a copy of the completed form HT-1 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. Providing this information is not a condition of payment; however, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

VII. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

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 claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

HABITUAL TRUANT CLAIM FOR PAYMENT	For State Controller Use Only	PROGRAM 166
	(19) Program Number 00166	
	(20) Date Filed	
	(21) LRS Input	

(01) Claimant Identification Number		Reimbursement Claim Data	
(02) Claimant Name		(22) FORM 1, (03)(a)	
County of Location		(23) FORM 1, (03)(b)	
Street Address or P.O. Box	Suite	(24) FORM 1, (04) 1. (d)	
City	State	Zip Code	(25) FORM 1, (04) 2. (d)
		Type of Claim	(26) FORM 1, (04) 3. (d)
	(03)	(09) Reimbursement <input type="checkbox"/>	(27) FORM 1, (04) 4. (d)
	(04)	(10) Combined <input type="checkbox"/>	(28) FORM 1, (06)
	(05)	(11) Amended <input type="checkbox"/>	(29) FORM 1, (07)
Fiscal Year of Cost	(06)	(12)	(30) FORM 1, (09)
Total Claimed Amount	(07)	(13)	(31) FORM 1, (10)
Less: 10% Late Penalty (refer to attached Instructions)		(14)	(32)
Less: Prior Claim Payment Received		(15)	(33)
Net Claimed Amount		(16)	(34)
Due from State	(08)	(17)	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the school district or county office of education to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 of the Government Code.

I further certify that there was no application other than from the claimant, nor any grant(s) or payment(s) received, for reimbursement of costs claimed herein; claimed costs are for a new program or increased level of services of an existing program; and claimed amounts do not include charter school costs, either directly or through a third party. All offsetting revenues and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer _____

Date Signed _____

Telephone Number _____

E-mail Address _____

Type or Print Name and Title of Authorized Signatory _____

(38) Name of Agency Contact Person for Claim _____ Telephone Number _____

E-mail Address _____

Name of Consulting Firm / Claim Preparer _____ Telephone Number _____

E-mail Address _____

**PROGRAM
166**

**HABITUAL TRUANT
CLAIM FOR PAYMENT
INSTRUCTIONS**

**FORM
FAM-27**

- (01) Enter the claimant identification number assigned by the State Controller's Office.
- (02) Enter claimant official name, county of location, street or postal office box address, city, State, and zip code.
- (03) to (08) Leave blank.
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim as shown in the attached Form 1 line (11). The total claimed amount must exceed \$1,000; minimum claim must \$1,001.
- (14) Initial claims must be filed as specified in the claiming instructions. Annual reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim was filed on time. Otherwise, enter the penalty amount as a result of the calculation formula as follows:
- Late Initial Claims: FAM-27 line(13) multiplied by 10%, without limitation; or
 - Late Annual Reimbursement Claims: FAM-27, line (13) multiplied by 10%, late penalty not to exceed \$10,000.
- (15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.
- (16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form 1, (03)(a), means the information is located on Form 1, line (03)(a). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the process.**
- (37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, date signed, telephone number and e-mail address. **Claims cannot be paid unless accompanied by an original signed certification. (Please sign the form FAM-27 in blue ink and attach the copy to the top of the claim package.)**
- (38) Enter the name, telephone number, and E-mail address of the agency contact person for the claim. If claim was prepared by a consultant, type or print the name of the consulting firm, the claim preparer, telephone number, and e-mail address.

SUBMIT A SIGNED ORIGINAL FAM-27 AND ONE COPY WITH ALL OTHER FORMS TO:

Address, if delivered by U.S. Postal Service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250**

Address, if delivered by other delivery service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816**

PROGRAM 166	HABITUAL TRUANT CLAIM SUMMARY	FORM 1
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(01) Claimant	(02)	Fiscal Year 20__ / 20__
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Claim Statistics

(03) (a) Number of pupils reported as truants at least four times during the year	
(b) Number of pupils in (03)(a) above for whom parent conferences were held	

Direct Costs	Object Accounts			
(04) Reimbursable Activities	(a)	(b)	(c)	(d)
	Salaries and Benefits	Materials and Supplies	Contract Services	Total
1. Verification of Prior Truancies				
2. Making a Conscientious Effort to Schedule a Parent Conference				
3. Holding a Parent Conference				
4. Reclassification of Pupil				
(05) Total Direct Costs				

Indirect Costs

(06) Indirect Cost Rate	[Refer to claiming instructions]	%
(07) Total Indirect Costs	[Line (05)(d) - \$ <input style="width: 50px;" type="text"/>] x line (06)	
(08) Total Direct and Indirect Costs	[Line (05)(d) + line (07)]	

Cost Reduction

(09) Less: Offsetting Revenues	
(10) Less: Other Reimbursements	
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]

PROGRAM 166	HABITUAL TRUANT CLAIM FOR PAYMENT INSTRUCTIONS	FORM 1
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year in which costs were incurred.
- (03) (a) Enter the number of pupils who were reported as truants at least four times during the fiscal year.
(b) Enter the number of pupils in (03(a)) for whom parent conferences were held.
- (04) Reimbursable Activities. For each reimbursable activity, enter the total from Form 2, line (05), columns (d), (e), and (f) to Form 1, block (04) columns (a), (b), and (c) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (d).
- (06) Enter the indirect cost rate from the Restricted Indirect Cost Rates for K-12 Local Educational Agencies (LEAs) Five Year Listing issued by the California Department of Education (CDE) School Fiscal Services Division, for the fiscal year of costs.
- (07) Total Indirect Costs. From the Total Direct Costs line (05)(d), deduct any other item excluded from indirect cost distribution base in accordance with CSAM Procedure 915. Enter zero if there are no exclusions.
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(d), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Revenues. If applicable, enter any revenue received by the claimant for this mandate from any state or federal source.
- (10) Less: Other Reimbursements, if applicable. Enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds that reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. Subtract the sum of Offsetting Revenues, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

PROGRAM 166	HABITUAL TRUANT ACTIVITY COST DETAIL	FORM 2
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(01) Claimant	(02) Fiscal Year 20__ / 20__
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(03) Reimbursable Activities: Check only **one** box per form to identify the activity being claimed

Verification of Prior Truancies
 Holding a Parent Conference

Making a Conscientious Effort to Schedule a Parent Conference
 Reclassification of Pupil

(04) Description of Expenses			Object Accounts		
(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hours Worked or Quantity	(c) Hourly Rate or Unit Cost	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services

(05) Total <input type="checkbox"/>	Subtotal <input type="checkbox"/>	Page: ___ of ___			
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PROGRAM 166	HABITUAL TRUANT ACTIVITY COST DETAIL INSTRUCTIONS	FORM 2
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- (01) Enter the name of the claimant.
- (02) No entry required.
- (03) Reimbursable Activities. Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 must be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box checked in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be three years from the date of initial payment of the claim. Such documents must be made available to the SCO on request.

Object/ Sub object Accounts	Columns							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Salaries	Employee Name and Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
and		Benefit Rate		Benefits = Benefit Rate x Salaries				
Benefits	Activities Performed							
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked		Copy of Contract and Invoices

- (05) Total line (04), columns (d), (e), and (f) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component costs, number each page. Enter totals from line (05), columns (d), (e), and (f) to Form 1, block (04), columns (a), (b), and (c) in the appropriate row.

OFFICE OF THE STATE CONTROLLER
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2012-04

HABITUAL TRUANT

FEBRUARY 6, 2012

REVISED JULY 1, 2012

In accordance with Government Code (GC) sections 17560 and 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state-mandated cost programs. This document contains claiming instructions and forms that eligible claimants must use for filing claims for the Habitual Truant program. The amended Parameters and Guidelines (P's and G's) are included as an integral part of these instructions.

On September 25, 1997 the Commission on State Mandates (CSM) determined that Education Code sections 48262 and 48264.5 subdivision (d) impose a reimbursable state-mandated program or higher level of service upon school districts within the meaning of section 6, Article XIII B of the California Constitution and GC section 17514.

On January 29, 2010, the CSM approved the amendments to the P's & G's to update the "boilerplate language" clarifying source documentation requirements and record retention language as requested by the SCO.

Exception

There will be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

Eligible Claimants

Except for community colleges, any school district, as defined in GC section 17519, that incurs increased costs as a result of this mandate is eligible to claim for reimbursement.

Reimbursement Claim Deadline

Claims for the **2011-2012** fiscal year may be filed by **February 15, 2013**, without a late penalty. **Claims filed more than one year after the filing date will not be accepted.**

Penalty

- **Initial Claims**

When filed within one year of the initial filing deadline, claims are assessed a late penalty of 10% of the total amount of the initial claim without limitation pursuant to GC section 17561, subdivision (d)(3).

- **Annual Reimbursement Claim**

When filed within one year of the annual filing deadline, claims are assessed a late penalty of 10% of the claim amount; \$10,000 maximum penalty, pursuant to GC section 17568.

Minimum Claim Cost

GC section 17564, subdivision (a), provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**\$1,000**), provided that a county superintendent of schools may submit a combined claim on behalf of school districts within their county if the combined claim exceeds **\$1,000**, even if the individual school district's claim does not each exceed **\$1,000**. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement will be allowed except as otherwise allowed by GC section 17564. The county superintendent of schools will determine if the submission of the combined claim is economically feasible and be responsible for disbursing the funds to each school district. These combined claims may be filed only when the county superintendent of schools is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate will only be filed in the combined form unless a school district provides a written notice of its intent to file a separate claim to the county superintendent of schools and to the SCO at least 180 days prior to the deadline for filing the claim.

Reimbursement of Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating: "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

Audit of Costs

All claims submitted to the SCO are subject to review to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the CSM. If any adjustments are made to a claim, the claimant will be notified of the amount adjusted, and the reason for the adjustment.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for

the Controller to initiate an audit will commence to run from the date of initial payment of the claim.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. Supporting documents must be made available to the SCO on request.

Record Retention

All documentation to support actual costs claimed must be retained for a period of three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

Claim Submission

Submit a signed original Form FAM-27 and one copy with required documents. **Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.**

Mandated costs claiming instructions and forms are available online at the SCO's website: **www.sco.ca.gov/ard_mancost.html**.

Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

If you have any questions, you may e-mail **LRS DAR@sco.ca.gov** or call the Local Reimbursements Section at (916) 324-5729.

Adopted: 1/29/98
Amended: 1/29/10

Amendment to Parameters and Guidelines

Education Code Sections 48262 and 48264.5

Statutes 1975, Chapter 1184
Statutes 1994, Chapter 1023

Habitual Truant

05-PGA-51 (CSM-4487 and 4487A)

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement

I. SUMMARY OF THE MANDATE SOURCE

Chapter 1184, Statutes of 1975, added former Education Code section 12403, and Chapter 1010, Statutes of 1976, recodified this section as Education Code Section 48262. Section 48262 defines *habitual truant* and states that, no pupil shall be deemed a *habitual truant*, unless school districts make a "conscientious effort" to hold at least one conference with the pupil's parent or guardian and the pupil.

Chapter 1023, Statutes of 1994, added Education Code section 48264.5. Subdivision (d) of this section requires school districts to classify a pupil as a habitual truant as defined in Education Code Section 48262 upon the pupil's fourth truancy within the same school year.

II. COMMISSION ON STATE MANDATES DECISION

The Commission on State Mandates, in the Statement of Decision adopted at the September 25, 1997 hearing, determined that Education Code sections 48262 and 48264.5 subdivision (d), impose a reimbursable state mandated new program or higher level of service upon school districts within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code.

III. 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.

IV. PERIOD OF REIMBURSEMENT

This amendment is effective beginning with claims filed for the July 1, 2005 through June 30, 2006 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 submitted on September 28, 1995 and was amended on December 16, 1996. Therefore, all mandated costs incurred on or after July 1, 1995, for compliance with Education Code sections 48262 and 48264.5, subdivision (d), are eligible for reimbursement.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Section 17561, subdivision (d)(1) 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.

V. REIMBURSABLE COSTS

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible school district, the direct and indirect costs of labor, supplies and services incurred for the following mandate components are reimbursable:

A. Verifying Prior Truancies

Review of school district records to verify that the pupil has been reported as a truant at least four times during the same school year.

B. Making a Conscientious Effort to Schedule a Parent Conference

Make a conscientious effort to schedule a conference with the pupil's parent or guardian, the pupil and an appropriate school district employee, by:

- 1 Sending notice (by certified mail, if necessary) to the pupil's parent or guardian inviting the parent or guardian and the pupil to attend a conference with an appropriate school district employee; and
- 2 Making a final effort to schedule a conference by placing a telephone call to the parent/guardian, and by placing return calls to the parent/guardian.

C. Scheduling and Holding a Conference

If a conscientious effort results in the parent's or guardian's agreement to confer, schedule and hold a conference.

D. Reclassifying Pupils

After the school district has made a conscientious effort to schedule a conference (whether or not this effort resulted in a conference), reclassify the pupil as a habitual truant.

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each item for which reimbursement is claimed under this mandate.

A. Reporting by Components

Claimed costs must be allocated according to the four components of reimbursable activity described in Section V.

B. Supporting Documentation

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s) and the corresponding job classification(s), describe the mandated functions performed, and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Materials and Supplies

Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate.

3. Contracted Services

Give 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. Show the inclusive dates when services were performed and itemize all costs for those services.

4. Allowable Overhead Cost

- a. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
- b. County Offices of Education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

C. Cost Accounting Statistics

The State Controller is directed to include in its claiming instructions each year the requirement that claimants report to the State Controller the number of pupils verified to have been reported as a truant at least four times during the same school year. This information is being collected for the purpose of establishing a database for potential future reimbursement based on prospective rates. The claiming instructions shall request that claimants send a copy of the completed form HT-1 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. Providing this information is not a condition of payment; however, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

VII. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

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 claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

HABITUAL TRUANT CLAIM FOR PAYMENT	For State Controller Use Only	PROGRAM 166
	(19) Program Number 00166	
	(20) Date Filed	
	(21) LRS Input	

(01) Claimant Identification Number			Reimbursement Claim Data	
(02) Claimant Name			(22) FORM 1, (03)(a)	
County of Location			(23) FORM 1, (03)(b)	
Street Address or P.O. Box		Suite	(24) FORM 1, (04) 1. (d)	
City	State	Zip Code	(25) FORM 1, (04) 2. (d)	
		Type of Claim	(26) FORM 1, (04) 3. (d)	
	(03)	(09) Reimbursement <input type="checkbox"/>	(27) FORM 1, (04) 4. (d)	
	(04)	(10) Combined <input type="checkbox"/>	(28) FORM 1, (06)	
	(05)	(11) Amended <input type="checkbox"/>	(29) FORM 1, (07)	
Fiscal Year of Cost			(06)	(12)
Total Claimed Amount			(07)	(13)
Less: 10% Late Penalty (refer to attached Instructions)			(14)	(32)
Less: Prior Claim Payment Received			(15)	(33)
Net Claimed Amount			(16)	(34)
Due from State			(08)	(17)
Due to State				(18)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the school district or county office of education to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 of the Government Code.

I further certify that there was no application other than from the claimant, nor any grant(s) or payment(s) received, for reimbursement of costs claimed herein; claimed costs are for a new program or increased level of services of an existing program; and claimed amounts do not include charter school costs, either directly or through a third party. All offsetting revenues and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amount for this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer

Date Signed _____

Telephone Number _____

E-mail Address _____

Type or Print Name and Title of Authorized Signatory

(38) Name of Agency Contact Person for Claim

Telephone Number _____

E-mail Address _____

Name of Consulting Firm / Claim Preparer

Telephone Number _____

E-mail Address _____

PROGRAM
166

**HABITUAL TRUANT
CLAIM FOR PAYMENT
INSTRUCTIONS**

**FORM
FAM-27**

- (01) Enter the claimant identification number assigned by the State Controller's Office.
- (02) Enter claimant official name, county of location, street or postal office box address, city, State, and zip code.
- (03) to (08) Leave blank.
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate Form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim as shown in the attached Form 1 line (11). The total claimed amount must exceed \$1,000; minimum claim must be \$1,001.
- (14) Initial claims must be filed as specified in the claiming instructions. Annual reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim was filed on time. Otherwise, enter the penalty amount as a result of the calculation formula as follows:
- Late Initial Claims: Form FAM-27 line (13) multiplied by 10%, without limitation; or
 - Late Annual Reimbursement Claims: Form FAM-27, line (13) multiplied by 10%, late penalty not to exceed \$10,000.
- (15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.
- (16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form 1, (03)(a), means the information is located on Form 1, line (03)(a). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the process.**
- (37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, date signed, telephone number and e-mail address. **Claims cannot be paid unless accompanied by an original signed certification. (Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.)**
- (38) Enter the name, telephone number, and E-mail address of the agency contact person for the claim. If claim was prepared by a consultant, type or print the name of the consulting firm, the claim preparer, telephone number, and e-mail address.

SUBMIT A SIGNED ORIGINAL FORM FAM-27 AND ONE COPY WITH ALL OTHER FORMS TO:

Address, if delivered by U.S. Postal Service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250**

Address, if delivered by other delivery service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816**

PROGRAM 166	HABITUAL TRUANT CLAIM SUMMARY			FORM 1	
(01) Claimant		(02)		Fiscal Year 20__ / 20__	
Claim Statistics					
(03) (a) Number of pupils reported as truants at least four times during the year					
(b) Number of pupils in (03)(a) above for whom parent conferences were held					
Direct Costs		Object Accounts			
(04) Reimbursable Activities		(a)	(b)	(c)	(d)
		Salaries and Benefits	Materials and Supplies	Contract Services	Total
1. Verification of Prior Truancies					
2. Making a Conscientious Effort to Schedule a Parent Conference					
3. Holding a Parent Conference					
4. Reclassification of Pupil					
(05) Total Direct Costs					
Indirect Costs					
(06) Indirect Cost Rate		[Refer to Claim Summary Instructions]		%	
(07) Total Indirect Costs		[Line (05)(d) - \$ <input style="width: 50px;" type="text"/>] x line (06)			
(08) Total Direct and Indirect Costs		[Line (05)(d) + line (07)]			
Cost Reduction					
(09) Less: Offsetting Revenues					
(10) Less: Other Reimbursements					
(11) Total Claimed Amount		[Line (08) - {line (09) + line (10)}			

PROGRAM 166	HABITUAL TRUANT CLAIM FOR PAYMENT INSTRUCTIONS	FORM 1
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year in which costs were incurred.
- (03) (a) Enter the number of pupils who were reported as truants at least four times during the fiscal year.
- (b) Enter the number of pupils in (03)(a) for whom parent conferences were held.
- (04) For each reimbursable activity, enter the total from Form 2, line (05), columns (d), (e), and (f) to Form 1, block (04) columns (a), (b), and (c) in the appropriate row. Total each row.
- (05) Total columns (a) through (d).
- (06) Enter the indirect cost rate from the California Department of Education approved indirect cost rate for the year that funds are expended.
- (07) From the Total Direct Costs line (05)(d), deduct any other item excluded from indirect cost distribution base in accordance with CSAM Procedure 915. Enter zero if there are no exclusions. Multiply the result by the Indirect Cost Rate, line (06).
- (08) Enter the sum of Total Direct Costs, line (05)(d), and Total Indirect Costs, line (07).
- (09) If applicable, enter any revenue received by the claimant for this mandate from any state or federal source.
- (10) If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds that reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Subtract the sum of Offsetting Revenues, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to Form FAM-27, line (13) for the Reimbursement Claim.

PROGRAM 166	HABITUAL TRUANT ACTIVITY COST DETAIL	FORM 2
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(01) Claimant	(02) Fiscal Year 20__ / 20__
---------------	---------------------------------

(03) Reimbursable Activities: Check only **one** box per form to identify the activity being claimed

Verification of Prior Truancies
 Holding a Parent Conference

Making a Conscientious Effort to Schedule a Parent Conference
 Reclassification of Pupil

(04) Description of Expenses	Object Accounts				
(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hours Worked or Quantity	(c) Hourly Rate or Unit Cost	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services

(05) Total <input type="checkbox"/>	Subtotal <input type="checkbox"/>	Page: ___ of ___			
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PROGRAM 166	HABITUAL TRUANT ACTIVITY COST DETAIL INSTRUCTIONS	FORM 2
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- (01) Enter the name of the claimant.
- (02) No entry required.
- (03) Check the box which indicates the activity being claimed. Check only one box per form. A separate Form 2 must be prepared for each applicable component.
- (04) The following table identifies the type of information required to support reimbursable costs. To detail costs for the activity box checked in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services and travel expenses. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be three years from the date of initial payment of the claim. Such documents must be made available to the SCO on request.

Object/ Sub object Accounts	Columns							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Salaries	Employee Name and Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
and								
Benefits	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries				
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked		Copy of Contract and Invoices

- (05) Total line (04), columns (d), (e), and (f) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the component costs, number each page. Enter totals from line (05), columns (d), (e), and (f) to Form 1, block (04), columns (a), (b), and (c) in the appropriate row.

**SUPERIOR COURT OF CALIFORNIA,
COUNTY OF SACRAMENTO
GORDON D SCHABER COURTHOUSE**

MINUTE ORDER

DATE: 02/15/2013

TIME: 09:00:00 AM

DEPT: 31

JUDICIAL OFFICER PRESIDING: Michael P. Kenny

CLERK: Susan Lee

REPORTER/ERM: E Varela CSR# 4977

BAILIFF/COURT ATTENDANT: Brian Moore

CASE NO: **34-2010-8000529-CU-WM-GDSC** CASE INIT.DATE: 04/30/2010

CASE TITLE: **Department of Finance vs. Commission on State Mandates**

CASE CATEGORY: Civil - Unlimited

EVENT ID/DOCUMENT ID: ,5046545

EVENT TYPE: Petition for Writ of Mandate - Writ of Mandate

MOVING PARTY: Department of Finance

CAUSAL DOCUMENT/DATE FILED: Petition for Writ of Mandate, 04/30/2010

APPEARANCES

Ross C. Moody, Deputy Attorney General, counsel present for Petitioner.
Camille Shelton, Chief Legal Counsel, counsel present for Respondent.

Diana D. Halpenny, counsel present for Real Parties in Interest Castro Valley Unified School District, Clovis Unified School District, Fullerton Joint Union High School District, Grossmont Union High School District, San Jose Unified School District, and Sweetwater Union High School District.

Marsha A. Bedwell, counsel present for Real Party in Interest Mountain View-Los Altos High School District.

The services of a certified court reporter is requested by the Petitioner.

NATURE OF PROCEEDINGS: PETITION FOR WRIT OF ADMINISTRATIVE MANDATE

TENTATIVE RULING

The following shall constitute the Court's tentative ruling on the petition for writ of administrative mandate, which is scheduled to be heard by the Court on Friday, February 15, 2013 at 9:00 a.m. in Department 31. The tentative ruling shall become the final ruling of the Court unless a party wishing to be heard so advises the Clerk of this Department no later than 4:00 p.m. on the court day preceding the hearing, and further advises the Clerk that such party has notified the other side of its intention to appear.

In the event that a hearing is requested, oral argument shall be limited to no more than 20 minutes per side.

Any party desiring an official record of this proceeding shall make arrangements for reporting services with the Clerk of the Department where the matter will be heard not later than 4:30 p.m. on the day before the hearing. The fee is \$30.00 for civil proceedings lasting under one hour, and \$239.00 per half day of proceedings lasting more than one hour. (Local Rule 9.06(B) and Government Code § 68086.) Payment is due at the time of the hearing.

Introduction

DATE: 02/15/2013

MINUTE ORDER

Page 1

DEPT: 31

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Calendar No.

In this administrative mandate proceeding under Code of Civil Procedure section 1094.5, petitioner Department of Finance ("DOF") seeks review of the 2008 amendments to the Parameters and Guidelines applicable to school district reimbursement claims for increased costs incurred as the result of 1983 legislation increasing the number of high school science classes required for graduation from one to two.[1] Respondent Commission on State Mandates ("the Commission") adopted the amendments after a lengthy administrative and judicial process that began when real party in interest San Diego Unified School District ("SDUSD") filed a request for amendments in 1996.[2]

DOF's challenge to the amendments in this proceeding focuses on the so-called Reasonable Reimbursement Methodology ("RRM") that the Commission adopted as part of the Parameters and Guidelines in the 2008 amendments. DOF contends that the RRM violates established law governing the reimbursement of costs incurred in compliance with state mandates because it operates in an inequitable manner and provides school districts with a windfall. Specifically, DOF contends that the RRM improperly fails to account for offsetting savings at least some school districts might be expected to experience in complying with the second science course requirement, and that the RRM is based on an inaccurate measure of school enrollments. DOF also contends that the RRM is based on an inadequate sample of school districts, fails to account for variability in costs among school districts, and fails to balance accuracy with simplicity as required by law. Finally, DOF contends that the Commission abused its discretion by making the amended Parameters and Guidelines retroactive to 1996, the date of SDUSD's initial request for amendments.

Applicable Law and Standard of Review

Whenever the Legislature mandates that a local government agency (including a school district) provide a new program or higher level of service, Article XIIB, Section 6 of the California Constitution requires the State to provide a subvention of funds to reimburse the local government agency for the costs of that program or increased level of service.

In 1984, the Legislature enacted a comprehensive statutory scheme to resolve issues relating to claims by local government agencies under Article XIIB, Section 6, including processes for determining whether a statute imposes state-mandated costs on a local government agency and for reimbursing such costs. (See, Government Code sections 17500-17630.)

Under these statutes, the Commission acts as a quasi-judicial agency with the sole authority to adjudicate all disputes over the existence and reimbursement of state-mandated programs. The Commission has the initial authority to determine whether a state-mandated program exists, though a process known as a "test claim" filed by a local agency or school district. (See, Government Code section 17551.) If the Commission finds that a mandate exists, it is required to adopt "parameters and guidelines for reimbursement of any claims relating to the statute or executive order" that created the state mandate. (See, Government Code section 17557(a).)

In adopting parameters and guidelines, the current version of the statutes provides that the Commission may adopt "a reasonable reimbursement methodology". (See, Government Code section 17557(b).) "Reasonable reimbursement methodology" means a formula for reimbursing local agencies and school districts for costs mandated by the state. Whenever possible, the reasonable reimbursement methodology shall be based on "general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual local costs." (See, Government Code section 17518.5, subdivisions (a), (d).)

A decision of the Commission, including a decision regarding adoption or amendment of parameters and guidelines, is subject to judicial review under Government Code section 17559(b), which provides:

"A claimant or the state may commence a proceeding in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure to set aside a decision of the commission on the ground that the commission's decision is not supported by substantial evidence. The court may order the commission to hold another hearing regarding the claim and may direct the commission on what basis the claim is to receive a rehearing."

Substantial evidence review also includes a duty to determine whether the agency committed errors of law in applying the facts before it. (See, *City and County of San Francisco v. Board of Permit Appeals* (1989) 207 Cal. App. 3rd 1099, 1111.) Issues of law are subject to the court's independent judgment review. (See, *City of Richmond v. Commission on State Mandates* (1998) 64 Cal. App. 4th 1190, 1195.)

Discussion

Provisions of the Challenged RRM:

In this case, the Commission simultaneously adopted three Parameters and Guidelines Amendments to cover three different reimbursement claim periods: July 1, 1995 – June 30, 2004; July 1, 2004 – December 31, 2004; and January 1, 2005 onwards.[3] The three amendments are substantially identical for the purposes of this proceeding, and DOF does not challenge them separately except insofar as it argues that the amendments should not have been given retroactive effect.

The amendments include a section setting forth the RRM for teacher salary costs, which is described as the "One-Quarter Class Load Formula for Claiming the Direct Cost of Teacher Salaries for Staffing the New Mandated Science Class." [4] The formula is set forth as follows:

"The increased teacher costs are calculated based on the number of teachers that teach the additional year of science as follows:

"1. Total regular secondary enrollment for grades 9-12 on the CBEDS Information Day for the claim year is divided by four representing the additional year of science.

"2. The number of additional classes is the enrollment in (1) divided by the average science class size.

"3. The additional teachers are determined by dividing the additional classes in (2) by the classes taught by a full-time equivalent teacher (5 class periods).

"4. The increased cost is determined by multiplying the number of teachers in (3) by the average annual salary and benefit cost for the school district for the claim year." [5]

DOF's Contention Regarding Cost Savings Offsets:

DOF claims that the formula set forth above violates the law because it does not require school districts applying for reimbursement for the costs of providing the second science class to account for savings that such districts can, and do, achieve by offsetting the cost of that second course. DOF argues that not all districts have to increase staff or instructional minutes in order to comply with the mandate, but that some comply by discontinuing elective courses and marshalling the freed-up teaching resources towards the second science class, with no overall increase in spending. DOF further argues that the offsetting savings are substantial, and must be accounted for in the RRM.[6]

The Commission, and the real parties in interest, do not dispute that a valid RRM should take into account the possibility of cost savings along the lines DOF argues. As they point out, however, each of the amended Parameters and Guidelines explicitly requires school districts to account for those potential

savings. For example, the amended Parameters and Guidelines for the period July 1, 1995 – June 30, 2004 states, in Paragraph IX, entitled "Offsetting Savings and Other Reimbursements":

"Any 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, e.g., reductions in non-science classes resulting from increase in required science classes." [7]

DOF acknowledges this provision of the amendments, but contends that it is not sufficient because it is not contained in the RRM itself. [8] This contention is not persuasive. The provision requiring school districts to account for cost savings by deducting those savings from their claims is displayed prominently in the Parameters and Guidelines, giving districts clear notice of their responsibilities.

Moreover, as the parties agree, the amended Parameters and Guidelines provide that reimbursement claims are subject to audit by the State Controller's Office, which presumably will address the issue of cost savings in such audits. DOF nevertheless argues that such audits are discretionary and will not take place in every case, thus rendering the claims process infirm because it is totally dependent upon school districts' voluntary compliance with the cost savings provisions. This argument is unpersuasive as well. Short of requiring the Controller's office or another independent agency to prepare or audit all school district claims for reimbursement, a requirement that would pose an immense burden on that agency, it is difficult to conceive of a system that would satisfy DOF's concerns. The Commission's approach of requiring school districts to deduct their cost savings from their claims, supported and enforced by the potential for an audit, is a reasonable approach. [9]

The Court accordingly finds that DOF has not established that the amended Parameters and Guidelines are invalid because they do not properly account for potential cost savings.

DOF's Contention Regarding Student Enrollment Numbers:

DOF also challenges the specifics of the RRM on another ground: that it is based on an improper measure of student enrollment. DOF contends that the CBEDS Information Day numbers, which are based on a count of student enrollment on a single day in October, overstates such enrollment by failing to account for drop-outs and students who take their second science class at a community college.

This contention is not persuasive. Although DOF cites estimates of the drop-out rate ranging from approximately 23% to 30%, it does not cite to any evidence in the record of actual enrollment figures for any school district claimants that would demonstrate that the Information Day numbers actually overstate enrollment. Indeed, it is not obviously the case that the Information Day numbers fail to account for drop-outs. Those numbers represent a simultaneous count of four successive grade levels (9-12). Since drop-outs presumably occur, and their numbers accumulate, over time, the Information Day numbers may tend to account for drop-outs by reflecting changed enrollment numbers in the higher classes. DOF's argument does not address this possibility. Instead, DOF suggests that Average Daily Attendance numbers would be a better measure of actual enrollment. However, as the Commission and real parties in interest persuasively argue, the Information Day numbers, which are reported not long after the beginning of the school year, represent a reasonable "base-line" number for determining staffing needs for the entire school year. DOF has not cited any evidence in the record that would tend to suggest that a sufficient number of students take their second science class at community colleges to render the Information Day numbers invalid.

The Court accordingly finds that DOF has not established that the Commission abused its discretion by using the Information Day enrollment reports as one of the bases for the formula set forth in the RRM.

DOF's Remaining Contentions Regarding Validity of the RRM:

DOF contends that the RRM is legally invalid because it is based on an inadequate sample of school districts. This contention is based on Government Code section 17518.5(b), which provides:

"A reasonable reimbursement methodology shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs."

DOF argues that the Commission violated this statutory requirement because only 22 school districts were involved in the proceedings leading up to the adoption of the challenged RRM, which DOF asserts represents only approximately 2% of the school districts in California.

This argument is not persuasive. DOF has demonstrated, at most, that the sample may be small, but not that it is necessarily unrepresentative of the types of school districts that would tend to file claims based on the second science class mandate. Moreover, the cited statute does not provide that the RRM is valid only if based on a "representative sample" of school districts. Instead, the statute gives the Commission discretion to develop the RRM based on a variety of information, including "other projections of local costs". In this case, the RRM is based on "other projections of local costs" because it consists of a formula into which school district claimants input individualized information regarding their costs of providing the second science class, such as their enrollment, their average science class size, and their average salary and benefit costs for teachers.

The Court accordingly finds that DOF has not demonstrated that the RRM violates legal requirements by virtue of the number of districts involved in the administrative proceedings in this case.

DOF further contends that the RRM is invalid because it fails to account for the variability in costs among school districts. The Court finds this contention to be unpersuasive because, as noted above, the RRM formula is based on individualized information from claimants. This adequately accounts for the variability among school districts.

DOF further contends that the RRM is invalid because it produces inaccurate results and thus gives school district claimants a "windfall". In essence, DOF argues that this "windfall" occurs because the amended Parameters and Guidelines do not provide for savings offsets and because the RRM calls for the use of inaccurate enrollment numbers. The Court has rejected these arguments for the reasons stated above. On the same basis, the Court finds that DOF has not established that the amended Parameters and Guidelines, and the RRM contained therein, produce inaccurate results that provide school district claimants with more reimbursement than they are legitimately entitled to receive.

DOF also contends that the RRM is invalid in that it does not adequately balance "accuracy with simplicity", as required by Government Code section 17557(f). Having reviewed the amended Parameters and Guidelines and the RRM, the Court concludes that they achieve the required goal of "simplicity" as reasonably as may be expected given the nature of the subject matter. As stated above, the Court finds that DOF has not established that the RRM is inaccurate. The Court therefore finds that DOF has not established that the amended Parameters and Guidelines and the RRM are invalid under Government Code section 17557(f).[10]

DOF's Contentions Regarding Retroactivity:

In the event that the Court rejects its challenge to the RRM, as it has, DOF contends that the Commission's decision to make the amendments and the RRM retroactive to the 1995-1996 fiscal year is invalid. This contention has both a legal and a factual aspect. The legal aspect is based on the argument that the law in effect prior to 2004 gave the Commission no authority to adopt a reasonable

reimbursement methodology. The factual aspect is based on the argument that the RRM the Commission adopted in 2008 is based on proposed amendments submitted in 2007, which were substantially different from the initial proposal SDUSD submitted in 1996.

With regard to the legal aspect of DOF's contention, prior to 2004 the statute governing the adoption of parameters and guidelines, Government Code section 17557, provided, in relevant part:

"In adopting parameters and guidelines, the commission may adopt an allocation formula or uniform allowance which would provide for reimbursement of each local agency or school district of a specified amount each year."

In 2004, the statute was amended to revise this language as follows:

"(b) In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology."

This revision was in effect when the Commission amended the Parameters and Guidelines and adopted the RRM at issue here, and remains in effect today.

DOF argues that the earlier version of the statute gave the Commission authority only to adopt an "allocation formula" or a "uniform allowance", and not a "reasonable reimbursement methodology", which is something entirely different.

This argument is not persuasive. The current RRM, in conjunction with the additional paragraph regarding cost savings, is a formula for calculating reimbursement claims. The earlier version of Government Code section 17557, upon which DOF relies, did not prohibit the Commission from adopting such a formula prior to 2004. Instead, it explicitly permitted the Commission to adopt an "allocation formula". DOF has not convincingly demonstrated how the formula set forth in the current RRM differs as a matter of law from an "allocation formula" as used in the earlier version of the statute, since the RRM provides a formula for allocation of reimbursement funds.[11] Finally, Government Code section 17557(d), as currently in effect, provides that "[w]henever possible, a reasonable reimbursement methodology shall be based on general allocation formulas...or other approximations of local costs mandated by the state...". This language indicates that the use of the term "reasonable reimbursement methodology" in the version of the statute in effect since 2004 was not intended to grant the Commission authority to do something entirely different from what it previously had been authorized to do.

The Court accordingly concludes that DOF has not demonstrated that the Commission lacked legal authority to make the current amendments to the Parameters and Guidelines, and the RRM contained therein, retroactive to the 1995-1996 fiscal year.

With regard to the factual aspect of DOF's challenge, the Court finds that the essential feature of the current RRM, which is the calculation of reimbursement claims through the use of the "One-Quarter Class Load Formula", was present in SDUSD's initial request for amendment of the Parameters and Guidelines in 1996.[12] Other districts presented a similar methodology in requests for amendments they proposed on February 28, 2007[13], and SDUSD submitted a modification of its 1996 proposal on April 12, 2007, "...without prejudice to the effective date of the 1996 request", which continued to use this methodology.[14] While these subsequent proposals were not absolutely identical to SDUSD's original proposal, they are similar enough in their essential nature that they serve as substantial evidence to support the Commission's decision to make the amended Parameters and Guidelines and the RRM effective retroactively to the 1995-1996 fiscal year. DOF's argument that SDUSD's 1996 proposed amendment and its 2007 proposed amendment were substantially different because the former proposal included a provision regarding cost savings offsets and the latter one did not is not persuasive in light of

the fact that a cost savings offset provision was included in the 2008 amended Parameters and Guidelines. In that critical respect as well, the final amendments were substantially identical to the amendments as originally proposed.

The Court accordingly concludes that DOF has not demonstrated that the Commission abused its discretion by making the current amendments to the Parameters and Guidelines, and the RRM contained therein, retroactive to the 1995-1996 fiscal year.

To the extent that DOF argues that making the amendments retroactive gives school districts an impermissible windfall, the Court rejects that argument. If retroactivity is appropriate here, as the Court has concluded that it is, any award of reimbursement to school districts for the retroactivity period cannot be described as a "windfall". In any case, the record demonstrates that the length of the retroactivity period in this case was an unavoidable by-product of the lengthy administrative and judicial proceedings that intervened before the Commission could take final action on the amendments. DOF has not shown any compelling reason why claimants should bear the burden of that delay.

Conclusion

DOF has not established that the Commission abused its discretion in any way in adopting the amendments to the Parameters and Guidelines, and the RRM contained therein, that are at issue in this case, or in making the amendments effective retroactively. The petition for writ of mandate is therefore denied.

In the event that this tentative ruling becomes the final ruling of the Court, in accordance with Local Rule 9.16, counsel for respondent Commission on State Mandates is directed to prepare a formal order denying the petition for writ of mandate, incorporating this Court's ruling as an exhibit, and a separate judgment; submit them to opposing counsel for approval as to form in accordance with Rule of Court 3.1312(a); and thereafter submit them to the Court for signature and entry of judgment in accordance with Rule of Court 3.1312(b).

[1] This requirement was codified in Education Code section 51225.3.

[2] The history of the proceedings from the initial 1996 request to the final adoption of the amendments in 2008 is well-summarized in DOF's opening memorandum of points and authorities. The other school districts that have been named as real parties in interest in this case joined in SDUSD's request for amendments in later stages of the administrative proceedings.

[3] The three amendments are found in the Administrative Record ("A.R."), beginning at pages 935, 943, and 951, respectively.

[4] See, A.R., pages 939, 947, 956

[5] See, A.R., page 947.

[6] See, DOF's Memorandum of Points and Authorities in Support of Petition, page 10:15-25.

[7] See, A.R., page 941. The parallel paragraphs for the subsequent claim periods are found at A.R., pages 949 and 958. There are some differences in the wording of the three paragraphs, but none of the parties have focused their argument on those differences, and the Court finds them to be inconsequential for the purposes of this proceeding.

[8] As DOF states in its reply brief, page 5:9-11: "But accounting for this substantial offset...by burying it in the parameters and guidelines fails to comply with the statute."

[9] The Court notes that it is similar to the approach the Internal Revenue Service takes concerning personal income taxes.

[10] In the petition, DOF also claims that the RRM is invalid because it does not provide for an offset of revenue limit apportionment funding received by school districts under Proposition 98. DOF's opening and reply memoranda contain no

argument or authorities to support this claim (although the Commission's opposition memorandum contains an extensive argument against it). The Court therefore deems this claim to have been abandoned, and makes no ruling on it here.

[11] Conversely, an "allocation formula" could be described as a "reasonable reimbursement methodology", since it provides a method for allocating reimbursement funds to claimants.

[12] See, A.R., pages 114-115.

[13] See, A.R., pages 158-159.

[14] See, A.R., pages 171-173.

COURT RULING

The matter is argued and submitted.

The Court informs counsel that Respondent's Request for Judicial Notice is GRANTED.

The Court takes the matter under submission.

COURT RULING ON SUBMITTED MATTER

The Court AFFIRMS the tentative ruling.

Certificate of Service by Mailing is attached.

I, the Clerk of the Superior Court of California, County of Sacramento, certify that I am not a party to this cause, and on the date shown below I served the foregoing MINUTE ORDER DATED FEBRUARY 15, 2013 by depositing true copies thereof, enclosed in separate, sealed envelopes with the postage fully prepaid, in the United States Mail at Sacramento, California, each which envelopes was addressed respectively to the persons and addresses show below:

ROSS C. MOODY
Deputy Attorney General
455 Golden Gate Avenue, Ste 11000
San Francisco, CA 94102-7004

CAMILLE SHELTON
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MARK BRESEE, General Counsel
ANDRA M. DONOVAN,

Deputy General Counsel
4100 Normal Street, Room 2234
San Diego, CA 92103

I, the undersigned Deputy Clerk, declare under penalty of perjury that the foregoing is true and correct.

Dated: February 15, 2013

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SACRAMENTO

/s/ S. Lee

By S. Lee, Deputy Clerk

COMMISSION ON STATE MANDATES

980 NINTH STREET, SUITE 300
SACRAMENTO, CA 95814
PHONE: (916) 323-3562
FAX: (916) 445-0278
E-mail: csminfo@csm.ca.gov



June 29, 2011

Mr. Keith Petersen
SixTen and Associates
P.O. Box 340430
Sacramento, CA 95834-0430

And Interested Parties and Affected State Agencies (See Enclosed Mailing List)

RE: Notice of Revised Comment Period and Hearing Date

Requests to Amend Parameters and Guidelines

Habitual Truants

09-PGA-01, 01-PGA-06 (4487)

Education Code Section 48262

Chapter 1184, Statutes of 1975; Chapter 1023, Statutes of 1994

Amended to Add Education Code Section 48264.5

Chapter 1023, Statutes of 1994

Clovis and San Jose Unified School Districts, Requestors

Dear Mr. Petersen:

The Commission on State Mandates (Commission) previously issued the draft staff analysis for these matters, set the deadline to comment on the draft staff analysis for June 30, 2011, and set the hearing for July 28, 2011.

The hearing date for these matters has been moved to September 29, 2011. Commission staff will be conducting an informal conference on these matters and other proposed reasonable reimbursement methodologies on Wednesday, July 27, 2011 at 1:00 p.m.

A deadline for submitting comments on the draft staff analysis will be set after the prehearing is concluded.

Please contact Nancy Patton or me at (916) 323-3562 if you have questions.

Sincerely,

A handwritten signature in black ink, appearing to be "Drew Bohan".

Drew Bohan
Executive Director



STEVE WESTLY
California State Controller

April 7, 2006

Ms. Nancy Patton
Assistant Executive Director
Commission on State Mandates
980 9th Street, Suite 300
Sacramento, CA 95814-2722

RE: REQUEST TO AMEND PARAMETERS AND GUIDELINES

Dear Ms. Patton:

We request that the Commission on State Mandates (COSM) amend *Parameters and Guidelines* to (1) clarify documentation requirements for mandated cost claims; (2) update record retention requirements and information on the statute of limitations for audits, based on statutory changes; and (3) replace outdated information regarding indirect cost reimbursement for one program. Attachment A shows the specific mandated cost programs and *Parameters and Guidelines* amendments proposed.

The proposed *Parameters and Guidelines* amendments would incorporate into all mandated cost programs the standardized language that specifies documentation requirements, which has been previously adopted by COSM. The proposed amendments would also correct differences between statutory language and guidelines presented in *Parameters and Guidelines*. Finally, the proposed amendments would eliminate reference to outdated SCO claiming instruction information for reimbursable indirect costs.

If you have any questions related to this request, please contact Ginny Brummels, Manager of the Local Reimbursements Section in the Division of Accounting and Reporting, at (916) 324-0256.

Sincerely,

MICHAEL CARTER

Chief Operating Officer

MC:JAK:glb

Habitual Truant

V. REIMBURSABLE COSTS

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible school district *(no change to remainder of section.)*

VII. ~~SUPPORTING DATA~~ RECORD RETENTION

~~For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim at the time the claim was filed, supporting documents must be retained for two years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.~~

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

<Addressee Name>

-2-

<Date>

¹This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.