

ITEM 19
PROPOSED PARAMETERS AND GUIDELINES AMENDMENT

Education Code Section 51225.3

Statutes 1983, Chapter 498

Graduation Requirements (04-PGA-30)

EXECUTIVE SUMMARY

On January 22, 1987, the Commission on State Mandates (Commission) adopted a Statement of Decision finding that the *Graduation Requirements* test claim constitutes a reimbursable state-mandated program by requiring students, beginning with the 1986-1987 school year, to complete at least two courses in science before receiving a high school diploma. Under prior law, the Education Code only required the completion of one science course. The Commission adopted parameters and guidelines for the program on March 23, 1988.¹

This proposed amendment addresses Statutes 2004, chapter 895, section 17 (Assem. Bill No. 2855, effective January 1, 2005), which states the following:

Notwithstanding any other law, for purposes of calculating the amount of the state reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the state-mandated local program imposed by increasing the science course requirement for graduation from one science course to two science courses (Sec. 94, Ch. 498, Stats. 1983), if the school district or county office submits a valid reimbursement claim for a new science facility, the reimbursement shall be reduced by the amount of state bond funds, if any, received by the school district or county office to construct the new science facility.

Discussion

Non-substantive, technical changes were made to all sections for purposes of clarification, consistency with language in recently adopted parameters and guidelines, and conformity to the Statement of Decision and statutory language.

Substantive changes were made to the following sections of the parameters and guidelines:

Section III. Period of Reimbursement

Staff modified this section to include a new reimbursement period beginning January 1, 2005.

¹ The Parameters and Guidelines were amended on August 24, 1988 and January 24, 1991. The August 24, 1988 was a technical amendment and the January 24, 1991 amendment required documentation to demonstrate actual need for capital improvements.

Section IV. Reimbursable Activities

Staff moved former Section IX. Supporting Data for Claims in the preamble to the reimbursable activities section.

Section V. Claim Preparation and Submission

Under Section V.A.3., staff inserted language regarding the maximum reimbursable fee for contracted services from former Section VII. Professional and Consultant Services.

Section VII. Offsetting Savings and Reimbursements

As required by Statutes 2004, chapter 895, section 17 (Assem. Bill No. 2855, effective January 1, 2005), staff clarified that if the school district or county office submits a valid reimbursement claim for a new science facility, the reimbursement shall be reduced by the amount of state bond funds, if any, received by the school district or county office to construct the new science facility.

Staff Recommendation

Staff recommends the Commission adopt the proposed amendments to the parameters and guidelines for the *Graduation Requirements* program, beginning on page 3.

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

Proposed for amendment: December 9, 2005
Amended: 01/24/91
Amended: 08/24/88
Adopted: 03/23/88
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PROPOSED PARAMETERS AND GUIDELINES AMENDMENT

Education Code Section 51225.3

Statutes 1983, Chapter 498

Graduation Requirements (04-PGA-30)

I. SUMMARY OF THE MANDATE

~~Chapter 498, Statutes of 1983, added Section 51225.3 to the Education Code. This section requires that beginning with the 1986/87 school year, no pupil shall receive a high school diploma without completing an additional science course above that which was required prior to enactment of Chapter 498/83. One year of science was required prior to Chapter 498/83 and as a result of Chapter 498/83 two science courses are now required. Chapter 498/83 further specifies that the curriculum include one course each of biological and physical sciences.~~

II. COMMISSION ON STATE MANDATES DECISION

~~On November 20, 1986, the Commission on State Mandates determined that Education Code 51225.3 as added by Statutes of 1983, Chapter 498, constitutes a reimbursable state mandate by requiring school districts to provide an additional science course to students prior to their graduation from the twelfth grade.~~

~~On January 22, 1987, the Commission on State Mandates (Commission) adopted a Statement of Decision finding that the *Graduation Requirements* test claim constitutes a reimbursable state-mandated program by requiring students, beginning with the 1986-1987 school year, to complete at least two courses in science before receiving a high school diploma. Under prior law, the Education Code only required the completion of one science course.~~

III. ELIGIBLE CLAIMANTS

~~All school districts that incurred increased costs as a result of implementing Chapter 498, Statutes of 1983, Education Code Section 51225.3. Any "school district," as defined in Government Code section 17519, except for community colleges, that incurs increased costs as a result of this mandate is eligible to claim reimbursement.~~

IIIV. PERIOD OF REIMBURSEMENT

~~The graduation requirement provisions of Chapter 498, Statutes of 1983, which amended Education Code section 51225.3 became effective July 28, 1983. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30 following a given fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed November 19, 1985. Therefore, costs incurred on or after July 1, 1984 are reimbursable. If total costs for a given fiscal year total less than \$201.00, no reimbursement shall be allowed, except as provided for in Revenue and Taxation Code Section 2233, which allows County~~

~~Superintendents and County fiscal officers to consolidate claims of school districts and special districts that, taken individually are less than \$201.00.~~

The period of reimbursement for the activities in this parameters and guidelines amendment begins on January 1, 2005.

Pursuant to Government Code section 17560, reimbursement for state-mandated costs may be claimed as follows:

1. A school district may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).
2. A school district may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
3. In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of section 17558 between October 15 and January 15, a school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

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 the issuance of the State Controller's claiming instructions. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

IV. REIMBURSABLE COSTS ACTIVITIES

~~School Districts will be reimbursed for increased costs incurred in providing the additional science course mandated by Chapter 498/83, such as:~~

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 (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, corroborating documents cannot be substituted for source documents.

For this program, supporting documentation shall also include the following:

- A. Documentation of increased units of science course enrollments due to the enactment of Education Code Section 51225.3 necessitating such an increase.
- B. Documentation of lack of appropriately configured and equipped space in existing facilities for the new courses.
- C. Certification by the Board that an analysis of all appropriate science facilities within the district was conducted, and a determination made that no such facilities existed to reasonably accommodate increased enrollment for the additional science courses required by the enactment of Education Code Section 51225.3. To reasonably accommodate includes:
 - a. Adjusting attendance boundaries to balance attendance between under-utilized and over-utilized secondary school facilities within the district.
 - b. Taking advantage of other available secondary school science facilities that are within a secure walking distance of the school.
- D. Documentation that the additional space for conducting new science classes is required only when the space would not have otherwise been acquired due to an increase in high school enrollment.
- E. Documentation that remodeling existing facilities was not feasible or would have been more expensive than acquiring additional space.

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 claimant, the following activities are reimbursable:

- A1. Acquisition of additional space and equipment necessary for conducting new science classes, providing that space is lacking in existing facilities. However, the acquisition of additional space for conducting new science classes are reimbursable only to the extent that districts can document that this space would not have been otherwise acquired due to increases in the number of students enrolling in high school, and that it was not feasible, or would be more expensive, to acquire space by remodeling existing facilities.
- B2. Remodeling existing space to accommodate the new science class and lab including costs of design, renovation, and special lab equipment and outlets essential to maintaining a level of instruction sufficient to meet college admission requirements.
- C3. Increased cost to school district for staffing and supplying the new science classes mandated.

~~VI.— OFFSETTING SAVINGS AND OTHER REIMBURSEMENT~~

~~Any savings the claimant experiences as a direct result of this statute must be deducted from costs claimed, e.g., reductions in non-science classes resulting from increase in required science classes. In addition, reimbursement for this mandate received from any source, e.g., federal, state, block grants, etc., shall be identified and deducted from this claim.~~

~~VII.— PROFESSIONAL AND CONSULTANT SERVICES~~

~~Claimants shall separately show the name of professionals or consultants, specify the functions which the consultants performed relative to the mandate, length of appointment, and the itemized costs for such services. Invoices must be submitted as supporting documentation with the claim. The maximum reimbursable fee for contracted services is \$65 per hour, adjusted annually by the GNP Deflator. Those claims which are based on annual retainers shall contain a certification that the fee is no greater than the above maximum. Reasonable expenses will also be paid as identified on the monthly billings of consultants.~~

~~VIII.— ALLOWABLE OVERHEAD COSTS~~

~~The overhead cost for all of the above reimbursable costs shall be the Non-Restrictive Indirect Cost Rate from the J-141A.~~

~~IX.— SUPPORTING DATA FOR CLAIMS~~

- ~~A.— Documentation of increased units of science course enrollments due to the enactment of Education Code Section 51225.3 necessitating such an increase.~~
- ~~B.— Documentation of lack of appropriately configured and equipped space in existing facilities for the new courses.~~
- ~~C.— Certification by the Board that an analysis of all appropriate science facilities within the district was conducted, and a determination made that no such facilities existed to reasonably accommodate increased enrollment for the additional science courses required by the enactment of Education Code Section 51225.3. To reasonably accommodate includes:
 - ~~a.— Adjusting attendance boundaries to balance attendance between under-utilized and over-utilized secondary school facilities within the district.~~
 - ~~b.— Taking advantage of other available secondary school science facilities that are within a secure walking distance of the school.~~~~
- ~~D.— Documentation that the additional space for conducting new science classes is required only when the space would not have otherwise been acquired due to an increase in high school enrollment.~~
- ~~E.— Documentation that remodeling existing facilities was not feasible or would have been more expensive than acquiring additional space.~~

~~X.— REQUIRED CERTIFICATION~~

~~The following certification must accompany the claim:~~

~~I DO HEREBY CERTIFY:~~

~~THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of law have been complied with; and~~

~~THAT I am the person authorized by the local agency to file claims with the State of California.~~

Signature of Authorized Representative _____ Date _____

Title _____ Telephone Number _____

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

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.

Beginning in fiscal year 1984-1985, the maximum reimbursable fee for contracted services was \$65 per hour, adjusted annually by the GNP Deflator. Those claims which are based on annual retainers shall contain a certification that the fee is no greater than the maximum fee specified in the Controller's claiming instructions. Reasonable expenses will also be paid as identified on the monthly billings of consultants.

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.

B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

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

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.

VI. 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 IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

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 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.

If the school district or county office submits a valid reimbursement claim for a new science facility, the reimbursement shall be reduced by the amount of state bond funds, if any, received by the school district or county office to construct the new science facility.

VIII. STATE CONTROLLER'S REVISED CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (c), the Controller shall issue revised claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the revised parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The revised claiming instructions shall be derived from the test claim decision and the revised parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(2), issuance of the revised claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon the revised parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.