

BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE TEST CLAIM ON:

Education Code Sections 33126, 35256, 35256.1, 35258, 41409, and 41409.3

Statutes 2007, Chapter 530; Statutes 1997, Chapters 918, and 912; Statutes 1994, Chapter 824; Statutes 1993, Chapter 1031; Statutes 1992, Chapter 759; and Statutes 1989, Chapter 1463;

Filed on February 22, 2011, by

State Controller's Office, Requestor

No. 10-PGA-02 (97-TC-21)

*School Accountability Report Cards*

ADOPTION OF AMENDMENT TO  
PARAMETERS AND GUIDELINES  
PURSUANT TO GOVERNMENT CODE  
SECTION 17557 AND TITLE 2, CALIFORNIA  
CODE OF REGULATIONS, SECTION 1183.12

(Adopted on March 23, 2012)

**AMENDMENT TO PARAMETERS AND GUIDELINES**

On March 23, 2012, the Commission on State Mandates adopted amendments to the parameters and guidelines for the above-entitled matter.



Heather Halsey, Executive Director

Dated: March 27, 2012

Amended: March 23, 2012  
Adopted: August 20, 1998

## AMENDMENT TO PARAMETERS AND GUIDELINES

Education Code Sections 33126; 35256; 35256.1; 35258;  
41409; and 41409.3

Statutes 2007, Chapter 530; Statutes 1997, Chapters 918 and 912  
Statutes 1994, Chapter 824; Statutes 1993, Chapter 1031  
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### I. SUMMARY OF THE MANDATE

Proposition 98, an initiative measure approved by the California voters, required each school in each school district to develop and issue a school accountability report card. Proposition 98 set forth thirteen items that were to be included in the school accountability report cards. Statutes adopted after the approval of Proposition 98 added new subjects to be included in the school accountability report card. The Commission on State Mandates, in its Statement of Decision adopted at the April 23, 1998 hearing, determined that the requirements in these statutes impose a new program or higher level of service upon school districts, within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

Statutes 2007, chapter 530, which became effective on January 1, 2008, deleted the following requirements in Education Code section 33126 that were found to be reimbursable activities:

1. Reporting the average verbal and math Scholastic Aptitude Test scores of high school seniors, to the extent that those scores are provided, and the average percentage of seniors taking that exam for the most recent three-year period.
2. The degree to which pupils are prepared to enter the workforce.

On March 23, 2012, the Commission amended these parameters and guidelines to clarify that these two activities are no longer mandated or reimbursable effective January 1, 2008.

In addition, for costs incurred beginning July 1, 2010, the amended parameters and guidelines require school districts and county offices of education to use the California Department of Education approved indirect cost rate for the year that funds are expended.

Finally, the parameters and guidelines were amended to require claimants, beginning in fiscal year 2011-2012, to support the claims for reimbursement with contemporaneous source documentation created at or near the same time the actual cost for the activity or event was incurred.

## **II. 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.

## **III. PERIOD OF REIMBURSEMENT**

The amendments made to these parameters and guidelines become effective as follows:

1. Activities deleted by Statutes 2007, chapter 530 are not reimbursable beginning January 1, 2008.
2. The amendment made to Section IV, adding language requiring that claims be supported with contemporaneous source documents, is effective beginning July 1, 2011. Government Code section 17557(d)(2)(H) provides that "any amendment to the boilerplate language that does not increase or decrease reimbursable costs shall limit the eligible filing period commencing with the fiscal year in which the amended parameters and guidelines were adopted." The Commission amended the boilerplate language requiring contemporaneous source documentation in fiscal year 2011-2012.
3. The amendment made to Section V(B) of these parameters and guidelines addressing the indirect cost rate, is effective beginning July 1, 2010. Pursuant to Government Code section 17557(d)(1), "A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to section 17561, and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year. The State Controller's Office filed this request to amend the parameters and guidelines on February 22, 2011, making the amendments to Section V(B) of these parameters and guidelines effective for the 2010-2011 fiscal year.

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.
2. Pursuant to Government Code section 17561(d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.
3. Pursuant to Government Code section 17560(a), a school district may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
4. If revised claiming instructions are issued by the Controller pursuant to Government Code section 17558(c), between November 15 and February 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. (Gov. Code §17560(b).)
5. 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(a).

6. 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 ACTIVITIES**

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.

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 eligible for reimbursement:

##### **Component 1 - Compilation, Analysis, and Reporting of Data**

The collection and updating of data, preparation of analyses, and the preparation of the new mandated provisions added to the school accountability report cards (SARCs), as described below can be claimed, as specified below:

For the period beginning July 1, 1996 the required data and analyses includes the reporting of the following information:

1. The degree to which pupils are prepared to enter the workforce; (Effective January 1, 2008, this activity is no longer reimbursable.)
2. The total number of instructional minutes offered in the school year, separately stated for each grade level, as compared to the total number of the instructional minutes per school year required by state law, separately stated for each grade level;
3. The total number of minimum days, as specified in Education Code sections 46112, 46113, 46117, and 46141, in the school year;
4. The beginning, median, and highest salary paid to teachers in the district, as reflected in the district's salary scale;
5. The average salary for school site principals in the district;
6. The salary of the district superintendent;

7. Based upon the state summary information provided by the Superintendent of Public Instruction pursuant to subdivision (b) of Education Code section 41409, the statewide average salary for the appropriate size and type of district for the following:
  - a. beginning, mid-range, and highest salary paid to teachers;
  - b. school site principals; and
  - c. district superintendents;
8. The statewide average of the percentage of school district expenditures allocated for the salaries of administrative personnel for the appropriate size and type of district for the most recent fiscal year, provided by the Superintendent of Public Instruction pursuant to subdivision (a) of section 41409 of the Education Code;
9. The percentage allocated under the district's corresponding fiscal year expenditure for the salaries of administrative personnel, as defined in Education Code sections 1200, 1300, 1700, 1800, and 2200 of the California School Accounting Manual published by the State Department of Education;
10. The statewide average of the percentage of school district expenditures allocated for the salaries of teachers for the appropriate size and type of district for the most recent fiscal year, provided by the Superintendent of Public Instruction, pursuant to subdivision (a) of Section 41409 of the Education Code; and,
11. The percentage of the budget that is expended for the salaries of teachers, as defined in Section 1100 of the California School Accounting Manual published by the State Department of Education.

For the period beginning January 1, 1998, the required data and analyses includes the reporting of the eleven items above plus the following district-wide and site-specific information:

1. Results by grade level from the assessment tool used by the school district using percentiles when available for the most recent three-year period, including the pupil achievement by grade level as measured by the statewide assessment developed by the state pursuant to chapter 5 (commencing with section 60600) and chapter 6 (commencing with section 60800) of part 33 of the Education Code;
2. The average verbal and math Scholastic Assessment Test scores of high school seniors to the extent such scores are provided to the school and the average percentage of seniors taking that exam for the most recent three-year period; (Effective January 1, 2008, this activity is no longer reimbursable.)
3. The one-year dropout rate listed in the California Basic Education Data System for the school site over the most recent three-year period;
4. The distribution of class sizes at the school site by grade level, the average class size, and the percentage of pupils in kindergarten and grades 1 to 3, inclusive, participating in the Class Size Reduction Program established pursuant to chapter 6.10 (commencing with section 52120) of part 28 of the Education Code, using California Basic Education Data System information for the most recent three-year period;

5. The total number of the school's fully credentialed teachers, the number of teachers relying upon emergency credentials, and the number of teachers working without credentials for the most recent three-year period;
6. Any assignment of teachers outside of their subject area of competence for the first two years of the most recent three-year period;
7. The annual number of schooldays dedicated to staff development for the most recent three-year period; and,
8. The suspension and expulsion rates for the most recent three-year period.

**Component 2 - Annual posting of school accountability report cards on the Internet.**

A school district is connected to the Internet if one or more of its schools or the administrative office has a dedicated line or a dial-up account to the Internet. These school districts are eligible for reimbursement, as follows:

- A. School districts with district or individual school web sites are eligible to be reimbursed for the following activities in compliance with this mandate:
  1. One-time costs to add web pages for each school to the district's or individual schools' websites to post school accountability report card (SARC) information.
  2. Ongoing costs to annually convert the SARC information described in Component 1 to formats capable of being posted on the district's web site or on individual school web sites.
  3. Ongoing costs to annually post the SARC information on the district's web site or on individual school web sites.
  4. Ongoing costs to maintain electronic media storage space for the district's web site and individual school sites for posting the SARC information.
  5. Ongoing costs to purchase software specifically to convert the SARC to a file format capable of being posted on the Internet.
  6. One-time costs to purchase other software limited to a pro rata portion of newly purchased software used to prepare the SARC.
- B. School districts without web sites on January 1, 1998, are eligible to be reimbursed for the following activities in compliance with this mandate:
  1. One-time costs to establish one web site for the district to post the SARC information described in Component 1.
  2. One-time costs to develop and add web pages to post SARC information for each school.
  3. Ongoing costs to convert the SARC information to formats capable of being posted on the district's web site or on individual school web sites.
  4. Ongoing costs to annually post SARC information on the district's web site or on individual school web sites.

5. Ongoing costs to maintain electronic media storage space on the district's web site and individual school web sites for posting the SARC information.
6. Ongoing costs to purchase software specifically to convert the SARC to a file format capable of being posted on the Internet.
7. One-time costs to purchase other software, limited to a pro rata portion of newly purchased software used to prepare the SARC.

#### Non-Reimbursable Costs

School districts shall not be reimbursed for establishing an Internet connection nor for maintaining Internet access and shall not be reimbursed for the establishment of web sites for individual schools

### **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.

##### 4. Fixed Assets

Report the purchase price paid for fixed assets (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs,

and installation costs. If the fixed asset 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, 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 cost of consultants who conduct the training according to the rules of cost element A.3., Contracted Services.

### 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 may 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.

Beginning July 1, 2010, school districts and county offices of education must use the California Department of Education approved indirect cost rate for the year that funds are expended.

## **VI. RECORD RETENTION**

Pursuant to Government Code section 17558.5(a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>1</sup> 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

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

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.

## **VII. OFFSETTING REVENUES AND REIMBURSEMENTS**

Any offsetting revenues 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.

## **VIII. STATE CONTROLLER'S REVISED CLAIMING INSTRUCTIONS**

Pursuant to Government Code section 17558(c), the Controller shall issue revised claiming instructions for each mandate that requires state reimbursement not later than 90 days after receiving the amended 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(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(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.