



JOHN CHIANG  
California State Controller  
Division of Accounting and Reporting

February 22, 2011

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

Re: Request to Amend Parameters and Guidelines,  
School Accountability Report Cards, (SARC) 05-RL-9721-03  
Education Code Sections 33126, 35256, 35258, 41409, and 41409.3  
Chapter 530, Statutes 2007; Chapter 918, Statutes 1997; Chapter 912, Statutes 1997;  
Chapter 824, Statutes 1994; Chapter 1031, Statutes 1993; Chapter 759, Statutes 1992;  
Chapter 1463, Statutes 1992; Chapter 1463, Statutes 1989,

Dear Mr. Bohan:

The State Controller's Office is requesting an amendment to the Parameters and Guidelines (P's and G's) for the School Accountability Report Cards (SARC) mandate adopted on August 20, 1998. The SARC program was set aside effective January 1, 2005, and reinstated by the Commission on September 25, 2009 in accordance with the Peremptory Writ of Mandate.

As required by Chapter 724, Statutes of 2010, Section 46, the State Controller's Office (SCO) confirmed that school districts are still claiming costs for the two activities below:

- 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.

These activities were deleted from Education Code section 33126 pursuant to Chapter 530, Statutes of 2007, effective January 1, 2008. These activities are currently reimbursable under the SARC mandate.

Below are excerpts from the P's and G's indicating our proposed amendments. Additions are underlined and deletions are indicated by strikethrough.

Mr. Drew Bohan  
February 22, 2011  
Page 2

## I. SUMMARY OF THE MANDATE

### Page 1

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 cards. 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 programs or higher levels of service upon school districts, within the meaning of section 6, article XIII B of the California Constitution and Government Code section 17514.

Chapter 530, Statutes of 2007, deleted certain requirements in Education Code section 33126.

## II. ELIGIBLE CLAIMANTS

### Page 1

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

### Page 1

~~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 filed by the claimants on December 31, 1997. Therefore, all costs incurred on or after July 1, 1996, for Chapters 824 /1994, 1031/1993, 759/1992, and 1463/1989 are eligible for reimbursement, and, all costs incurred on or after January 1, 1998, for Chapters 912/1997 and 918/1997 are eligible for reimbursement, pursuant to these parameters and guidelines.~~

Section 17557(d)(1) of the Government Code states "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 17567, and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year. The request for amendment was filed February 22, 2011; therefore, the amended parameters and guidelines are effective beginning the 2010-11 fiscal year.

~~Actual costs for one fiscal year should be included in each reimbursement claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Section 17561 (d) (3) (1) (A) of the Government Code, all claims for reimbursement of initial years' fiscal year costs shall be submitted to the Controller within 120 days of the issuance of date for the claiming instructions by the State Controller. If the total costs for a given fiscal year do not~~

Mr. Drew Bohan  
February 22, 2011  
Page 3

exceed \$200 \$1,000, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

#### **IV. REIMBURSABLE ACTIVITIES COSTS**

##### **Page 2**

~~The direct and indirect costs of labor, materials and supplies, contracted services, fixed assets, equipment, travel, and training incurred for compliance with the following mandate components are eligible for reimbursement:~~

To be eligible for mandated cost reimbursement for any given 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, time sheets, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, calendars, 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 reported in compliance with local, state, and federal government requirements. However, corroborating documents cannot be submitted 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 work force; (Effective July 1, 2010, this activity is no longer reimbursable.)

Mr. Drew Bohan  
February 22, 2011  
Page 4

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, 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

Mr. Drew Bohan  
February 22, 2011  
Page 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 July 1, 2010, this activity is no longer reimbursable.)
3. The one-year dropout rate listed in the California Basic Educational 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 ~~the~~ individual schools's web sites 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 the individual school's web sites.
  3. Ongoing costs to annually post the SARC information on the district's web site or on the individual school's web sites.

Mr. Drew Bohan  
February 22, 2011  
Page 6

4. Ongoing costs to maintain electronic media storage space for the district's web site ~~and~~ or individual school's 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 the individual school's web sites.
4. Ongoing costs to annually post SARC information on the district's web site or on the individual school's web sites.
5. Ongoing costs to maintain electronic media storage space on the district's web site and individual school's web sites for posting the SARC information.
6. ~~On-going~~ 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 will ~~shall~~ not be reimbursed for establishing an Internet connection nor for maintaining Internet access and will ~~shall~~ not be reimbursed for the establishment of web sites for individual schools.

### **V. CLAIM PREPARATION AND SUBMISSION**

#### **Page 5**

~~Each reimbursement claim for costs incurred to comply with this mandate must be timely filed and set forth a listing of each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified according to the two components of reimbursable activity described in Section IV of this document.~~

Mr. Drew Bohan  
February 22, 2011  
Page 7

## Supporting Documentation

Claimed costs should be supported by the following information:

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 Costs-Reporting

Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions: those costs incurred specifically for the reimbursement activities. The following direct costs are eligible for reimbursement.

#### 1. Employee Salaries and Benefits

Identify the employee(s) and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee and specify the time devoted to each function by each employee, productive hourly rate and the related fringe benefits. The average number of hours devoted to each reimbursable activity in these Parameters and Guidelines can be claimed if supported by a documented time study.

Reimbursement for personal services includes compensation for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g. annual leave, sick leave) and employer's contribution for social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

#### 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

List cost of materials and supplies which have been consumed or expended specifically for the purpose of this mandate. The cost of materials and supplies, which is not used exclusively for the mandate is limited to the pro rata portion used to comply with this mandate.

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

Mr. Drew Bohan  
February 22, 2011  
Page 8

withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

### 3. Contracted Services

~~Provide 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, if applicable, show the inclusive dates when services were performed, and itemize all costs for those services. For fixed price contracts list only the activities performed, the dates services were performed, and the contract price.~~

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 Equipment

~~List the purchase price paid for equipment and other fixed assets acquired for this mandate. Purchase price includes taxes, delivery costs, and installation costs. If the equipment or other capital asset is used for purposes other than this mandate, only the pro-rata purchase price can be claimed.~~

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

~~Travel expenses for mileage, transportation, per diem, lodging, parking, and other employee entitlements are reimbursable in accordance with the rules of the local school district. Provide the name(s) of the person(s) traveling, purpose of the travel, inclusive dates and time of travel, destination(s), and travel expenses.~~

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

The cost of training for activities specified in Section IV can be claimed. Identify the employee(s) by name and job classification. Provide the name of the training session, the



Mr. Drew Bohan  
February 22, 2011  
Page 9

dates attended and the location. Reimbursement costs include, but are not limited to, salaries and benefits of personnel conducting or attending the training, registration fees, and travel expenses.

B. Indirect Costs

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

2. ~~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 RECORD RETENTION**

### **Page 6**

~~For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets to show evidence of the validity of costs. Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district is subject to the initiation of an audit by the Controller no later than three years after the date that 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. 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; these documents must be kept on file by the agency submitting the claim for a period of no less than two years after the later of (1) the end of the calendar year in which the reimbursement claim was filed or (2) if no funds are appropriated for the fiscal year for which the claim is made, the date of the of the initial payment of the claim. These documents must be made available to the State Controller's Office on request. 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.~~

## **VII. DATA FOR DEVELOPMENT OF THE STATEWIDE COST ESTIMATE**

### **Page 7**

~~The State Controller's claiming instructions shall include a request for claimants to send an additional copy of the completed test claim specific form 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 95824, Facsimile Number: (916) 445-0278. Although providing this information to the Commission on State Mandates is not a condition of reimbursement, claimants are encouraged to provide this information to enable the Commission to develop a statewide costs estimate.~~

Mr. Drew Bohan  
February 22, 2011  
Page 10

## VII. OFFSETTING SAVINGS REVENUES AND OTHER REIMBURSEMENTS

Page 7

~~Any offsetting offsets savings the claimant experiences in the same program as a direct result of this the same statutes or executive orders found to contain the mandate shall 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 or non-local source funds shall be identified and deducted from this claim.~~

## IXVIII. REQUIRED CERTIFICATION STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Page 7

~~An authorized representative of the claimant will 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.~~

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

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon 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 a 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.

Mr. Drew Bohan  
February 22, 2011  
Page 11

**X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINE**

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.

Should you have any questions regarding the above, please contact Johnny Wong at (916) 324-5732 or e-mail to [jawong@sco.ca.gov](mailto:jawong@sco.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "JAY LAL", with a long horizontal flourish extending to the right.

JAY LAL, Manager  
Local Reimbursements Section

Cc: Jim Spano, Bureau Chief, Division of Audits