

ARNOLD SCHWARZENEGGER  
GOVERNOR



# STATE OF CALIFORNIA COMMISSION ON STATE MANDATES

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## REPORT TO THE LEGISLATURE: APPROVED MANDATE CLAIMS

January 1, 2007 – December 31, 2007

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County Supervisor  
County of Tulare

Sarah Olsen  
Public Member

Paula Higashi  
Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, California 95814  
(916) 323-3562



## TABLE OF CONTENTS

	<u>Page</u>
<b>EXECUTIVE SUMMARY</b> .....	iii
<b>I. INTRODUCTION</b> .....	01
<b>II. NEW MANDATES</b> .....	03
1. <i>DNA Database</i> , 00-TC-27 .....	05
2. <i>The Stull Act</i> , 98-TC-25 .....	09
3. <i>High School Exit Exams</i> , 00-TC-06 .....	17
4. <i>Agency Fee Arrangements</i> , 00-TC-17 .....	27
<b>III. PENDING STATEWIDE COST ESTIMATES</b> .....	30



## EXECUTIVE SUMMARY

Existing law requires the Commission on State Mandates to report to the Legislature on the number of mandates it has found, the estimated statewide costs of these mandates, and the reasons for recommending reimbursement. This report fulfills that requirement.

### New Mandates

Between January 2007 and December 2007, the Commission adopted four statewide cost estimates. These estimates include four new programs totaling \$220,370,853.

### Pending Statewide Cost Estimates

There are currently 26 approved mandates for which statewide cost estimates are pending.

## INTRODUCTION

The Commission on State Mandates (Commission) is required to report to the Legislature at least twice each calendar year on the number of mandates it has found, the estimated statewide costs of each mandate, and the reasons for recommending reimbursement.<sup>1</sup>

After the Commission submits its semiannual report to the Legislature, the Legislative Analyst is required to submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the Commission's reports. The Legislative Analyst's report shall make recommendations as to whether the mandate should be repealed, funded, suspended, or modified.

Upon receipt of the report submitted by the commission pursuant to Section 17600, funding shall be provided in the subsequent Budget Act for costs incurred in prior years. No funding shall be provided for years in which a mandate is suspended.<sup>2</sup>

The Legislature may amend, modify, or supplement the parameters and guidelines, reasonable reimbursement methodology, and adopted statewide estimate of costs for the initial claiming period and budget year for mandates contained in the annual Budget Act. If the Legislature amends, modifies, or supplements the parameters and guidelines, reasonable reimbursement methodology, and adopted statewide estimate of costs for the initial claiming period and budget year, it shall make a declaration in separate legislation specifying the basis for the amendment, modification, or supplement.<sup>3</sup>

If the Legislature deletes from the annual Budget Act funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement for that fiscal year.<sup>4</sup>

If payment for an initial reimbursement claim is being made more than 365 days after adoption of the statewide cost estimate, the State Controller's Office (SCO) shall include accrued interest at the Pooled Money Investment Account rate.<sup>5</sup>

If the Legislature appropriates the amount of the statewide cost estimate and actual claims exceed this amount, the SCO will prorate the claims.<sup>6</sup> If the deficiency funds are not appropriated in the Budget Act, the SCO reports this information to the legislative budget committees and the Commission.

Under Proposition 1A, which amended article XIII B, section 6 of the California Constitution, city, county, city and county, or special district mandate claims for costs incurred prior to the

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<sup>1</sup> Government Code section 17600.

<sup>2</sup> Government Code section 17612, subdivision (a).

<sup>3</sup> Government Code section 17612, subdivision (b).

<sup>4</sup> Government Code section 17612, subdivision (c).

<sup>5</sup> Government Code section 17561.5, subdivision (a).

<sup>6</sup> Government Code section 17567.

2004-2005 fiscal year that have not been paid prior to the 2005-2006 fiscal year may be paid over a term of years, as prescribed by law. However, for the 2005-2006 fiscal year and every subsequent fiscal year, the Constitution now requires the Legislature to either appropriate in the annual Budget Act, the full payable amount that has not been previously paid or suspend the operation of the mandate for the fiscal year for which the annual Budget Act is applicable.

The following table shows the statewide cost estimates that have been adopted during the period of January 1, 2007, through December 31, 2007.

**Statewide Cost Estimates (SCE) Adopted  
During the Period of January 1, 2007 – December 31, 2007**

		<i>Estimated Costs</i>			
Date SCE Adopted <sup>7</sup>	Test Claim	Period of Reimbursement (Fiscal years)	Education	Non- Education	Totals
01/27/07	<i>DNA Database, 00-TC-27</i>	1999-2000 through 2007- 2008		\$168,541	\$168,541
05/31/07	<i>The Stull Act, 98-TC-25</i>	1997-1998 through 2007- 2008	\$182,828,898		\$182,828,898
05/31/07	<i>High School Exit Examination, 00-TC-06</i>	2000-2001 through 2007- 2008	\$37,363,071		\$37,363,071
05/31/07	<i>Agency Fee Arrangements, 00-TC-17 &amp; 01-TC-14</i>	2002-2003 through 2008- 2009	\$10,343		\$10,343
<b>TOTALS</b>					<b>\$220,370,853</b>

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<sup>7</sup> If payment for an initial reimbursement claim is made more than 365 days after adoption of the statewide cost estimate, the Controller shall include accrued interest at the Pooled Money Investment Account rate. (Gov. Code, § 17561.6, subd. (a).)

## **II. NEW MANDATES**





***DNA Database (00-TC-27)***

Penal Code Section 14250

Statutes 2000, Chapter 822

Statutes 2001, Chapter 467

Test Claim Filed: June 25, 2003

Reimbursement Period for this Estimate: January 1, 2001 through June 30, 2008

Initial Reimbursement Claims Filed: August 1, 2006

Eligible Claimants: Cities, Counties, a City and County, and Special Districts employing peace officers<sup>8</sup>

Statewide Cost Estimate: \$168,541

Adopted: January 25, 2007

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The statewide cost estimate includes seven fiscal years for a total of \$168,541. This averages to 24,077 annually in costs for the state. Following is a breakdown of estimated costs per fiscal year:

Fiscal Year	Number of Claims Filed with SCO	Claim Totals
2001-2002	1	\$ 1,693
2002-2003	2	86,938
2003-2004	2	30,022
2004-2005	2	11,773
2005-2006 (est.)	N/A	12,185
2006-2007 (est.)	N/A	12,563
2007-2008 (est.)	N/A	13,367
<b>TOTALS</b>	<b>7</b>	<b>\$ 168,541</b>

**Summary of the Mandate**

On September 30, 2004, the Commission on State Mandates (Commission) adopted its Statement of Decision that Penal Code section 14250 constitutes a reimbursable state-mandated program upon local governments within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 to perform the following activities:

- For coroners to collect samples for DNA testing from the remains of unidentified persons and send the samples to [the Department of Justice (DOJ)] in accordance with the DOJ-developed standards and guidelines [see DOJ Information Bulletins 01-BFS-04 and 02-BFS-03] for preservation and storage of DNA samples (Pen. Code, § 14250, subs. (b) & (c)(1)). This does not include storing DNA samples from remains of

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<sup>8</sup> Any city, county, city and county, or special district employing peace officers and incurring increased costs as a direct result of this mandate are eligible to claim reimbursement of these costs.

unidentified deceased persons either before sending to DOJ or upon return. It does include exhumation in circumstances where it is the only alternative available to meet the reporting needs under the test claim statute.

- For local law enforcement to: (1) inform parents or other appropriate relatives of those missing under high-risk circumstances (as defined) that they may give a voluntary sample of DNA within 30 days after making a report, and (2) take a DNA sample in a manner prescribed by DOJ, including using a model kit (Pen. Code, § 14250, subs. (c)(2) & (c)(4)).
- For local law enforcement to: (1) reverify the status of a missing person before submitting a DNA sample to DOJ, and (2) send the DNA sample and any supplemental information to DOJ with the crime report 30 days after the filing of a report (Pen. Code, § 14250, subd. (c)(5)).

The claimant filed the test claim on June 25, 2003. The Commission adopted the parameters and guidelines on June 26, 2006. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by August 1, 2006.

### **Reimbursable Activities**

#### **A. Coroners: One-Time Activities**

1. Develop internal policies and procedures to implement the activities listed under Sections IV.A. and IV.B. of these parameters and guidelines.
2. Train each staff person who may be required to initiate, prepare, or file some or all of the subject DOJ samples for complying with DOJ's reporting requirements. (*One-time activity per employee*).

#### **B. Coroners: Ongoing Activities**

1. Collecting samples for DNA testing from the remains of all unidentified persons. This includes exhumation in circumstances where it is the only alternative available to meet the reporting needs under the test claim statute (Pen. Code, § 14250, subs. (b) & (c)(1)). This also includes reburial of the remains to the extent the person remains unidentified or there is no family to which to return the remains.
2. Sending collected samples to DOJ in accordance with DOJ-developed standards and guidelines for preservation and storage of DNA samples (Pen. Code, § 14250, subs. (b) & (c)(1); DOJ Information Bulletin 01-BFS-04).

#### **C. Law Enforcement: One-Time Activities**

1. Develop internal policies and procedures to implement the activities listed under Sections IV.C. and IV.D. of these parameters and guidelines.
2. Training for each law enforcement personnel involved in collecting DNA samples, limited to 20 minutes. Agencies may choose to have employees view the 20-minute Missing Persons DNA training video developed by the Commission on Peace Officer Standards and Training and the Office of the Attorney General (DOJ Information Bulletin 02-BFS-03). (*One-time activity per employee*.)

D. Law Enforcement: Ongoing Activities

1. Within 30 days after making a report, informing the parents or other appropriate relatives of those missing under high-risk circumstances (as defined by Pen. Code, § 14250, subd. (a)(4)) that they may give a voluntary sample for DNA testing or may collect a DNA sample from a personal article belonging to the missing person, if available (Pen. Code, § 14250, subds. (c)(2) & (c)(4)). This includes explanation of the standard release form developed by DOJ.
2. Taking DNA samples in a manner prescribed by DOJ, including the use of model DNA sample kits (Pen. Code, § 14250, subds. (c)(2) & (c)(4); DOJ Information Bulletin 02-BFS-03).
3. Re-verifying the status of a missing person before submitting a DNA sample to DOJ (Pen. Code, § 14250, subd. (c)(5)).
4. After 30 days has elapsed from the date the report was filed, sending the DNA sample and any supplemental information to DOJ with a copy of the crime report (Pen. Code, § 14250, subd. (c)(5)).

**Statewide Cost Estimate**

Staff reviewed the claims data submitted by one city and one county and compiled by the SCO. The actual claims data showed that two local agencies filed seven claims between fiscal years 2001-2002 and 2004-2005, for a total of \$130,426.<sup>9</sup> A draft staff analysis and proposed statewide cost estimate were issued on December 7, 2006, and the Department of Finance (DOF) submitted comments on January 3, 2007. Based on the data and DOF's comments, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program. If the Commission adopts this proposed statewide cost estimate, it will be reported to the Legislature along with staff's assumptions and methodology.

Assumptions

Staff made the following assumptions:

1. *The actual amount claimed will increase if late or amended claims are filed.* The claims data includes seven claims filed by the City of Los Angeles and the County of Los Angeles. The data reports the number of unidentified bodies from which a DNA sample was collected, as shown in Table 1 below.

**TABLE 1. NUMBER OF BODIES FROM WHICH  
A DNA SAMPLE WAS COLLECTED**

<b>Fiscal Year</b>	<b>City of Los Angeles</b>	<b>County of Los Angeles</b>
2002-2003	4	106
2003-2004	6	31
2004-2005	4	9

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<sup>9</sup> Claims data reported as of November 13, 2006.

Late claims may be filed for this program until August 2007. One claimant representative indicates that additional claims are not expected because many of the local agencies will be unable to meet the \$1,000 minimum threshold for filing reimbursement claims.<sup>10</sup> In its comments dated January 3, 2007, DOF stated that it was aware of at least one additional local agency that intends to file reimbursement claims under this mandate, but was not able to provide an estimate of costs. Both statements support our assumption that the actual amounts claimed will increase if additional claims are filed.

2. *The actual amount claimed may decrease because the SCO may reduce any reimbursement claim for this program.* If the SCO audits this program and deems any reimbursement claim to be excessive or unreasonable, it may be reduced. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.
3. *The City of Los Angeles and Los Angeles County will continue to incur costs over \$1,000 and will continue to file reimbursement claims.*

### Methodology

#### *Fiscal Years 2001-2002 through 2004-2005*

The statewide cost estimate for fiscal years 2001-2002 through 2004-2005 is based on the seven actual reimbursement claims filed with the SCO for these years. However, staff notes that the claims are unaudited.

#### *Fiscal Years 2005-2006, 2006-2007, and 2007-2008*

Staff estimated fiscal year 2005-2006 costs by multiplying the 2004-2005 estimate by the implicit price deflator for 2004-2005 (3.5%), as forecast by DOF. Staff estimated fiscal year 2006-2007 costs by multiplying the 2005-2006 estimate by the implicit price deflator for 2005-2006 (3.1%). Finally, staff estimated fiscal year 2007-2008 costs by multiplying the 2006-2007 estimate by the implicit price deflator for 2006-2007 (6.4%).

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<sup>10</sup> Telephone conversation on November 16, 2006.

***The Stull Act (98-TC-25)***

Education Code Section 44660-44665  
(Former Ed. Code, §§ 13485-13490)

Statutes 1983, Chapter 498  
Statutes 1999, Chapter 4

Test Claim Filed: July 7, 1999

Reimbursement Period for this Estimate: July 1, 1997 through June 30, 2008

Initial Reimbursement Claims Filed April 11, 2006:

Eligible Claimants: All School Districts, except Community Colleges and Charter Schools

Statewide Cost Estimate: \$182,828,898

Adopted: May 31, 2007

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The statewide cost estimate includes eleven fiscal years for a total of \$182,828,898. This averages to \$16,620,809 annually in costs for the state. Following is a breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Claims Filed with SCO	Claim Totals
1997-1998	335	\$ 7,896,678
1998-1999	370	8,824,529
1999-2000	398	11,459,646
2000-2001	437	13,481,818
2001-2002	466	16,197,749
2002-2003	502	16,928,399
2003-2004	521	17,779,677
2004-2005	545	21,189,243
2005-2006	626	22,081,686
2006-2007 (est.)	N/A	22,766,218
2007-2008 (est.)	N/A	24,223,255
<b>TOTALS</b>	<b>4,200</b>	<b>\$182,828,898</b>

**Summary of the Mandate**

On May 27, 2004, the Commission on State Mandates (Commission) adopted the Statement of Decision for *The Stull Act* test claim, finding that Education Code sections 44660-44665 (formerly Ed. Code, §§ 13485-13490) constitute a new program or higher level of service and impose a state-mandated program upon school districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission

approved this test claim for specific reimbursable activities related to evaluation and assessment of the performance of “certificated personnel” within each school district, except for those employed in local, discretionary educational programs. On September 27, 2005, the Commission adopted the parameters and guidelines.

### **Reimbursable Activities**

The Commission approved the following reimbursable activities for this program:

#### **A. Certificated Instructional Employees**

1. Evaluate and assess the performance of certificated instructional employees that perform the requirements of educational programs mandated by state or federal law as it reasonably relates to the instructional techniques and strategies used by the employee and the employee's adherence to curricular objectives (Ed. Code, § 44662, subd. (b), as amended by Stats. 1983, ch. 498.). (*Reimbursement period begins July 1, 1997.*)

Reimbursement for this activity is limited to:

- a. reviewing the employee's instructional techniques and strategies and adherence to curricular objectives, and
- b. including in the written evaluation of the certificated instructional employees the assessment of these factors during the following evaluation periods:
  - once each year for probationary certificated employees;
  - every other year for permanent certificated employees; and
  - beginning January 1, 2004, every five years for certificated employees with permanent status who have been employed at least ten years with the school district, are highly qualified (as defined in 20 U.S.C. § 7801), and whose previous evaluation rated the employee as meeting or exceeding standards, if the evaluator and certificated employee being evaluated agree.

*Note: For purposes of claiming reimbursement, eligible claimants must identify the state or federal law mandating the educational program being performed by the certificated instructional employees.*

2. Evaluate and assess the performance of certificated instructional employees that teach reading, writing, mathematics, history/social science, and science in grades 2 to 11 as it reasonably relates to the progress of pupils towards the state adopted academic content standards as measured by state adopted assessment tests (Ed. Code, § 44662, subd. (b), as amended by Stats. 1999, ch. 4.). (*Reimbursement period begins March 15, 1999.*)

Reimbursement for this activity is limited to:

- a. reviewing the results of the Standardized Testing and Reporting test as it reasonably relates to the performance of those certificated employees that teach reading, writing, mathematics, history/social science, and science in grades 2 to 11, and
- b. including in the written evaluation of those certificated employees the assessment of the employee's performance based on the Standardized Testing and Reporting

results for the pupils they teach during the evaluation periods specified in Education Code section 44664, and described below:

- once each year for probationary certificated employees;
- every other year for permanent certificated employees; and
- beginning January 1, 2004, every five years for certificated employees with permanent status who have been employed at least ten years with the school district, are highly qualified (as defined in 20 U.S.C. § 7801), and whose previous evaluation rated the employee as meeting or exceeding standards, if the evaluator and certificated employee being evaluated agree.

#### B. Certificated (Instructional and Non-Instructional) Employees

1. Evaluate and assess permanent certificated, instructional and non-instructional, employees that perform the requirements of educational programs mandated by state or federal law and receive an unsatisfactory evaluation in the years in which the permanent certificated employee would not have otherwise been evaluated pursuant to Education Code section 44664 (i.e., every other year). The additional evaluations shall last until the employee achieves a positive evaluation, or is separated from the school district (Ed. Code, § 44664, as amended by Stats. 1983, ch. 498). (*Reimbursement period begins July 1, 1997.*)

This additional evaluation and assessment of the permanent certificated employee requires the school district to perform the following activities:

- a. evaluating and assessing the certificated employee performance as it reasonably relates to the following criteria: (1) the progress of pupils toward the standards established by the school district of expected pupil achievement at each grade level in each area of study, and, if applicable, the state adopted content standards as measured by state adopted criterion referenced assessments; (2) the instructional techniques and strategies used by the employee; (3) the employee's adherence to curricular objectives; (4) the establishment and maintenance of a suitable learning environment, within the scope of the employee's responsibilities; and, if applicable, (5) the fulfillment of other job responsibilities established by the school district for certificated non-instructional personnel (Ed. Code, § 44662, subds. (b) and (c));
- b. reducing the evaluation and assessment to writing (Ed. Code, § 44663, subd. (a)). The evaluation shall include recommendations, if necessary, as to areas of improvement in the performance of the employee. If the employee is not performing his or her duties in a satisfactory manner according to the standards prescribed by the governing board, the school district shall notify the employee in writing of that fact and describe the unsatisfactory performance (Ed. Code, § 44664, subd. (b));
- c. transmitting a copy of the written evaluation to the certificated employee (Ed. Code, § 44663, subd. (a));
- d. attaching any written reaction or response to the evaluation by the certificated employee to the employee's personnel file (Ed. Code, § 44663, subd. (a)); and



- e. conducting a meeting with the certificated employee to discuss the evaluation (Ed. Code, § 44553, subd. (a)).

Note: For purposes of claiming reimbursement, eligible claimants must identify the state or federal law mandating the educational program being performed by the certificated, instructional and non-instructional, employees.

### C. Training

1. Train staff on implementing the reimbursable activities listed in Section IV of these parameters and guidelines. (One-time activity for each employee.) (*Reimbursement period begins July 1, 1997.*)

### Statewide Cost Estimate

Staff reviewed the claims data submitted by the claimants and compiled by the State Controller's Office (SCO). On July 5, 2006, the actual claims data showed that approximately 489 school districts filed 3,243 claims between fiscal years 1997-1998 and 2004-2005, for a total of over \$104.3 million. As of May 9, 2007, the actual claims data showed that approximately 626 school districts filed 4,200 claims between fiscal years 1997-1998 and 2005-2006, for a total of over \$160 million. This data includes all initial years' claims, including late and amended claims. With late penalties assessed, the SCO's final approved amount to be paid for fiscal years 1997-1998 through 2005-2006 is over \$135.9 million.

A draft staff analysis and proposed statewide cost estimate were issued on August 3, 2006. On May 10, 2007, the Department of Finance (DOF) submitted comments, highlighting its concerns with the accuracy of the claims and proposing that the SCO audit the claims to: 1) determine whether the claims are appropriately limited to only the incremental costs of evaluations under the new criteria, and 2) determine whether the claims are consistent with all requirements of the parameters and guidelines. Staff agrees that an audit of this program may be warranted. Therefore, our assumptions note that the actual claiming data is unaudited and may be inaccurate, and that an SCO audit of these claims may reduce the costs of the program.

Based on the data available, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program. If the Commission adopts this proposed statewide cost estimate, it will be reported to the Legislature along with staff's assumptions and methodology.

#### Assumptions

Staff made the following assumptions:

1. *The actual claiming data is unaudited and may be inaccurate.* The 4,200 actual claims filed by approximately 626 school districts for 1997-1998 through 2005-2006 are unaudited, and therefore, may be inaccurate.<sup>11</sup>

Staff reviewed a random sample of claims that were filed by 10 school districts. This is not a statistical scientific sample. Based on total enrollment, staff reviewed claims filed by small, medium, and large school districts located in northern California (3), central California (3), and southern California (4). The districts and their claimed amounts are shown in Table 1.

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<sup>11</sup> Claims data reported as of May 9, 2007.

Staff notes the following:

- The costs claimed do not appear to have any relationship to the number of teachers evaluated, as shown in Table 2. Various claimant representatives have indicated that a number of other factors must be considered in addition to the number of teachers evaluated. Some of the other factors mentioned include time spent in evaluation, the position and salary of the evaluator, and the way each district conducts evaluations. Some representatives stated that there was a lot of work involved but not enough time to capture costs for other activities. Therefore, costs claimed in one fiscal year varied from a few thousand dollars to over \$1.5 million, regardless of the number of teachers evaluated. This amounts to a few dollars to hundreds of dollars per teacher evaluation.
- The Los Angeles Unified School District claimed equal amounts for the following activities under IV.A.1. of the parameters and guidelines: “a) reviewing the employee's instructional techniques and strategies and adherence to curricular objectives, and b) including in the written evaluation of the certificated instructional employees the assessment of these factors during the [certain] evaluation periods....” Staff notes that the performance of these activities should be concurrent.

Staff contacted a representative of the Los Angeles Unified School District to discuss the issue and the representative explained that the district used a conservative time estimate of 30 minutes to review the techniques and strategies, and another 30 minutes to include an assessment of the factors in the written evaluation. The district then multiplied the unit time by the salary of an assistant principal. The representative noted that the district was in the process of conducting a time study and that it intended to submit amended claims showing significantly higher costs. However, late and amended claims were due to the SCO in April 2007. The district did not amend its claims.

- The adopted parameters and guidelines for *The Stull Act* program noted the following in the Reimbursable Activities section:

*For purposes of claiming reimbursement, eligible claimants must identify the state or federal law mandating the educational program being performed by the certificated, instructional and non-instructional, employees.*

The claims reviewed did not identify the state or federal law(s) mandating the educational program(s) being performed, and thus, staff could not verify whether these programs were mandated.

- The Commission found that training staff on implementing the reimbursable activities listed in Section IV of the parameters and guidelines is reimbursable. However, staff notes that the claiming forms lack a reimbursable component box for training, making costs for training unclear. At least three claimant representatives indicated that training costs were minimal and were claimed under a different component.
- The Eligible Claimants section of the parameters and guidelines for this program specifically states that charter schools are not eligible claimants. Staff notes that the updated claims data included claims filed by one charter school, in which the SCO approved a total amount to be paid of \$64,126. Because charter schools are not

eligible claimants, staff did not include this amount in the proposed estimate.

Therefore, based on the foregoing observations, staff finds that the actual, unaudited claims only represent an estimated cost of the program for fiscal years 1997-1998 through 2005-2006.

2. *Costs will vary over time.* Under this program, probationary teachers are evaluated once a year while permanent teachers are evaluated once every two years. Therefore, costs may increase over time as experienced teachers retire and new teachers are hired. On the other hand, costs may also decrease over time because the number of teachers retained by school districts may decline as enrollment declines.
3. *The SCO may reduce any reimbursement claim for this program.* If the SCO audits this program and deems any reimbursement claim to be excessive or unreasonable, it may be reduced. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.
4. *At least 626 claimants will continue to claim costs in fiscal years 2006-2007 and 2007-2008.*
5. *These claimants will evaluate at least the same number of certificated employees in 2006-2007 and 2007-2008.*

### Methodology

#### *Fiscal Years 1997-1998 through 2005-2006*

The statewide cost estimate for fiscal years 1997-1998 through 2005-2006 is based on the 4,200 actual reimbursement claims filed with the SCO for these years, as reduced by the SCO for any late claim penalties. Staff notes that claims filed by one charter school for a total of \$64,126 was deducted from the total claims amount. Staff also notes that the claims are unaudited and may be inaccurate for the reasons stated above.

#### *Fiscal Years 2006-2007 and 2007-2008*

Staff estimated fiscal year 2006-2007 costs by multiplying the 2005-2006 amount by the implicit price deflator for 2005-2006 (3.1%), as forecast by DOF. Staff estimated fiscal year 2007-2008 costs by multiplying the 2006-2007 estimate by the implicit price deflator for 2006-2007 (6.4%).

**TABLE 1. SAMPLED SCHOOL DISTRICTS:  
CLAIMED AMOUNTS BY FISCAL YEAR**

District	# of Teachers <sup>12</sup>	Total Enrollment <sup>13</sup>	97/98	98/99	99/00	00/01	01/02	02/03	03/04	04/05	05/06	Totals
<b>Small Districts</b>												
Mt. Shasta Union Elementary (Siskiyou County)	50	887	-	-	-	-	-	4,272	2,198	3,351	2,710	\$ 12,531
Aromas/San Juan Unified (San Benito County)	73	1,286	3,471	10,808	10,612	13,784	10,202	20,955	23,346	16,331	18,326	\$ 127,835
Imperial Unified (Imperial County)	141	2,956	-	-	-	10,480	9,480	11,025	10,656	11,787	10,746	\$ 64,174
<b>Medium Districts</b>												
Grant Joint Union High (Sacramento County)	624	13,558	11,619	9,367	10,247	12,408	18,066	7,356	34,452	28,299	-	\$ 131,814
Alum Rock Union Elementary (Santa Clara County)	710	13,604	15,449	29,536	31,218	49,291	41,191	46,382	55,495	69,220	52,924	\$ 390,706
Panama Buena Vista Union Elementary (Kern County)	746	14,722	34,663	38,993	43,218	33,191	27,846	37,891	29,960	40,710	31,301	\$ 317,773
<b>Large Districts</b>												
Elk Grove Unified (Sacramento County)	2,923	58,670	228,136	399,222	517,207	410,120	354,049	495,341	453,142	411,801	139,177	\$3,408,195
Fresno Unified (Fresno County)	4,040	80,760	29,327	48,151	50,272	74,614	84,162	86,085	86,349	95,168	86,661	\$ 640,789
Los Angeles Unified (Los Angeles County)	35,807	741,367	694,381	773,788	852,553	804,351	957,129	1,028,494	984,087	1,136,269	1,268,307	\$8,499,359
San Diego Unified (San Diego County)	7,421	134,709	762,086	855,783	972,579	949,524	983,001	875,159	760,328	924,261	1,589,949	\$8,672,670

# of teachers in sample	50,191
Total # of teachers in California	306,548
% teachers represented in sample	16.4%

<sup>12</sup> For 2004-2005, based on data from the California Department of Education's DataQuest. < <http://data1.cde.ca.gov/dataquest/>>

<sup>13</sup> For 2004-2005, based on data from the California Department of Education's DataQuest. < <http://data1.cde.ca.gov/dataquest/>>

**TABLE 2. COST OF PER TEACHER EVALUATION**

District	97/98		98/99		99/00		00/01		01/02		02/03		03/04		04/05	
	# Eval	Cost/ Eval <sup>14</sup>	# Eval	Cost/ Eval	# Eval	Cost/ Eval	# Eval	Cost/ Eval	# Eval	Cost/ Eval	# Eval	Cost/ Eval	# Eval	Cost/ Eval	# Eval	Cost/ Eval
<b>Small Districts</b>																
Mt. Shasta Union Elementary (Siskiyou County)	-	-	-	-	-	-	-	-	-	-	18	\$237	9	\$244	13	\$258
Aromas/San Juan Unified (San Benito County)	9	\$386	27	\$400	24	\$442	23	\$599	16	\$638	35	\$599	36	\$649	24	\$680
Imperial Unified (Imperial County)	-	-	-	-	-	-	89	\$118	74	\$128	80	\$138	84	\$127	85	\$139
<b>Medium Districts</b>																
Grant Joint Union High (Sacramento County)	79	\$148	69	\$135	92	\$111	101	\$123	121	\$149	101	\$73	125	\$276	123	\$230
Alum Rock Union Elementary (Santa Clara County)	177	\$87	307	\$96	292	\$107	376	\$131	340	\$121	337	\$138	414	\$134	387	\$179
Panama Buena Vista Union Elementary (Kern County)	812	\$43	868	\$45	664	\$65	462	\$72	370	\$75	487	\$78	374	\$80	522	\$78
<b>Large Districts</b>																
Elk Grove Unified (Sacramento County)	809	\$282	995	\$401	882	\$586	877	\$468	899	\$394	1,069	\$471	1,030	\$448	896	\$467
Fresno Unified (Fresno County)	791	\$37	745	\$65	901	\$56	946	\$79	941	\$89	1,037	\$83	746	\$116	1,079	\$88
Los Angeles Unified (Los Angeles County)	13,646	\$51	14,896	\$52	15,881	\$54	15,453	\$52	16,166	\$59	17,904	\$57	16,167	\$61	18,346	\$62
San Diego Unified (San Diego County)	3,321	\$226	3,592	\$238	3,552	\$274	3,206	\$296	3,546	\$277	3,219	\$272	2,920	\$260	3,212	\$288

<sup>14</sup> Derived by dividing the total amount claimed (Table 1) by the number of teachers evaluated during the fiscal year.

***High School Exit Examination, (00-TC-06)***

Education Code Sections 60850, 60851, 60853, and 60855

Statutes 1999x, Chapter 1  
Statutes 1999, Chapter 135

California Code of Regulations, Title 5, Sections 1200-1225  
(regulations effective July 20, 2001 [Register 01, No. 25],  
regulations effective May 1, 2003 [Register 03, No. 18])

Test Claim Filed: January 25, 2001

Reimbursement Period for this Estimate: July 1, 2000 through June 30, 2008

Initial Reimbursement Claims Filed: January 16, 2007

Eligible Claimants: All School Districts except Community Colleges and Charter Schools

Statewide Cost Estimate: \$37,363,071  
Adopted: May 31, 2007

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The statewide cost estimate includes eight fiscal years for a total of \$37,363,071. This averages to 4,670,384 annually in costs for the state. Following is a breakdown of estimated total costs per fiscal year:

Fiscal Year	Number of Claims Filed with SCO	Claim Totals
2000-2001	96	\$ 784,338
2001-2002	138	2,782,182
2002-2003	147	3,816,681
2003-2004	157	4,060,414
2004-2005	181	4,720,308
2005-2006	302	6,777,256
2006-2007 (est.)	N/A	6,987,351
2007-2008 (est.)	N/A	7,434,541
<b>TOTALS</b>	<b>1021</b>	<b>\$ 37,363,071</b>

**Summary of the Mandate**

On March 25, 2004, the Commission on State Mandates (Commission) adopted the Statement of Decision for the *High School Exit Examination* (HSEE) program, finding that Education Code sections 60850, 60851, 60853, and 60855 as added in 1999, along with California Code of Regulations, title 5, sections 1200-1225 that became effective in 2001 and 2003, constitute a new program or higher level of service and impose a reimbursable state-mandated program upon school districts within the meaning of article XIII B, section 6, of the California Constitution and Government Code section 17514.

## Reimbursable Activities

The Commission approved the following reimbursable activities for this program:

- A. Adequate notice:** Notifying parents of *transfer* students who enroll after the first semester or quarter of the regular school term that, commencing with the 2003-04 school year, and each school year thereafter, each pupil completing 12<sup>th</sup> grade will be required to successfully pass the HSEE. The notification shall include, at a minimum, the date of the HSEE, the requirements for passing the HSEE, the consequences of not passing the HSEE, and that passing the HSEE is a condition of graduation (Ed. Code, § 60850, subs. (e)(1) & (f)(1)). Reimbursement is provided for notices delivered by the student or by U.S. Mail.
- B. Documentation of adequate notice:** Maintaining documentation that the parent or guardian of each pupil received written notification of the HSEE. (Cal. Code Regs., tit. 5, § 1208.) Documentation may include a written copy of the notice or a record of mailing the notice.
- C. Determining English language skills:** Determining whether English-learning pupils<sup>15</sup> possess sufficient English language skills at the time of the HSEE to be assessed<sup>16</sup> with the HSEE (Cal. Code Regs., tit. 5, § 1217.)
- D. HSEE administration:** Administration of the HSEE on SPI designated dates to all pupils in grade 10 beginning in the 2001-2002 school year, and subsequent administrations for students who do not pass until each section of the HSEE has been passed, and administration of the HSEE on SPI designated dates to pupils in grade 9 only in the 2000-2001 school year who wish to take the HSEE (Ed. Code, § 60851, subd. (a)).

A teacher's time administering the HSEE during the school day is not reimbursable for any of the following activities. Administration is limited to the following activities specified in the regulations:

1. Training a test examiner either by a test site or district coordinator as provided in the test publisher's manual (Cal. Code Regs., tit. 5, §§ 1200, subd. (g) and 1210, subd. (c)(3)).
2. Allowing pupils to have additional time to complete the HSEE within the test security limits provided in section 1211, but only if additional time is not specified in the pupil's Individual Education Program (IEP) (§ 1215, subd. (a)(1)).
3. Accurately identifying eligible pupils who take the HSEE by school personnel at the test site through the use of photo-identification, positive recognition by the test examiner, or some equivalent means of identification. (Cal. Code Regs., tit. 5, § 1203.)
4. Maintaining a record of all pupils who participate in each test cycle of the HSEE, including the date each section was offered, the name and grade level of each pupil who took each section, and whether each pupil passed or did not pass the section or sections of the HSEE taken. (Cal. Code Regs., tit. 5, § 1205.)

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<sup>15</sup> As defined in Education Code section 435, subdivision (a).

<sup>16</sup> Criteria are identified in Education Code section 313.

5. Maintaining in each pupil's permanent record and entering in it prior to the subsequent test cycle the following: the date the pupil took each section of the HSEE and whether or not the pupil passed each section of the HSEE. (Cal. Code Regs., tit. 5, § 1206.)
6. Designation by the district superintendent, on or before July 1 of each year, of a district employee as the HSEE district coordinator, and notifying the publisher of the HSEE of the identity and contact information of that individual. (Cal. Code Regs., tit. 5, § 1209.)
7. For the district coordinator and superintendent, within seven days of completion of the district testing, to certify to CDE that the district has maintained the security and integrity of the exam, collected all data and information as required, and returned all test materials, answer documents, and other materials included as part of the HSEE in the manner required by the publisher. (Cal. Code Regs., tit. 5, § 1209.)
8. Designation annually by the district superintendent a HSEE test site coordinator for each test site (as defined) from among the employees of the school district who is to be available to the HSEE district coordinator to resolve issues that arise as a result of administration of the HSEE. (Cal. Code Regs., tit. 5, § 1210.)
9. The HSEE district coordinator's duties listed in section 1209 and referenced below.

District Coordinator duties are: (1) responding to inquiries of the publisher, (2) determining district and school HSEE test material needs, (3) overseeing acquisition and distribution of the HSEE, (4) maintaining security over the HSEE using the procedures in section 1211, (5) overseeing administration of the HSEE in accordance with the manuals or other instructions provided by the test publisher for administering and returning the test, (6) overseeing collection and return of test material and test data to the publisher, (7) assisting the publisher in resolving discrepancies in the test information and materials, (8) ensuring all exams and materials are received from school test sites no later than the close of the school day on the school day following administration of the HSEE, (9) ensuring all exams and materials received from school test sites have been placed in a secure district location by the end of the day following administration of those tests, (10) ensuring that all exams and materials are inventoried, packaged, and labeled in accordance with instructions from the publisher and ensuring the materials are ready for pick-up by the publisher no more than five working days following administration of either section in the district, (11) ensuring that the HSEE and test materials are retained in a secure, locked location in the unopened boxes in which they were received from the publisher from the time they are received in the district until the time of delivery to the test sites; (12) within seven days of completion of the district testing, certifying with the Superintendent to CDE that the district has maintained the security and integrity of the exam, collected all data and information as required, and returned all test materials, answer documents, and other materials included as part of the HSEE in the manner required by the publisher.

10. The HSEE test site coordinator's duties listed in section 1210 and referenced below. This individual is to be available to the HSEE district coordinator to resolve issues that arise as a result of administration of the HSEE.

Test site coordinator's duties are: (1) determining site examination and test material needs; (2) arranging for test administration at the site; (3) training the test examiner(s) as provided in the test publisher's manual; (4) completing the Test Security Agreement and Test Security



Affidavit prior to the receipt of test materials; (5) overseeing test security requirements, including collecting and filing all Test Security Affidavit forms from the test examiners and other site personnel involved with testing; (6) maintaining security over the examination and test data as required by section 1211; (7) overseeing the acquisition of examinations from the school district and the distribution of examinations to the test examiner(s); (8) overseeing the administration of the HSEE to eligible pupils at the test site; (9) overseeing the collection and return of all testing materials to the HSEE district coordinator no later than the close of the school day on the school day following administration of the high school exit examination; (10) assisting the HSEE district coordinator and the test publisher in the resolution of any discrepancies between the number of examinations received from the HSEE district coordinator and the number of examinations collected for return to the HSEE district coordinator; (11) overseeing the collection of all pupil data as required to comply with sections 1205, 1206 and 1207 of the title 5 regulations; (12) within three (3) working days of completion of site testing, certifying with the principal to the HSEE district coordinator that the test site has maintained the security and integrity of the examination, collected all data and information as required, and returned all test materials, answer documents, and other materials included as part of the HSEE in the manner and as otherwise required by the publisher. The principal's activities may or may not be reimbursable, depending on whether the principal is acting as an HSEE district or test-site coordinator or test examiner.

11. Delivery of HSEE booklets to the school test site no more than two working days before the test is to be administered. (Cal. Code Regs., tit. 5, § 1212.) **This activity was repealed on May 19, 2004, therefore this activity is not reimbursable after May 18, 2004.**

**E. Test security/cheating:** Doing the following to maintain security:

1. For HSEE test site coordinators to ensure that strict supervision is maintained over each pupil being administered the HSEE, both while in the testing room and during any breaks (§ 1210, subd. (c)(7)(B)).
2. Limiting access to the HSEE to pupils taking it and employees responsible for its administration (§ 1211, subd. (a)).
3. Having all HSEE district and test site coordinators sign the HSEE Test Security Agreement set forth in subdivision (b) of section 1211.5 of the title 5 regulations. (Cal. Code Regs., tit. 5, § 1210, subd. (c)(5).)
4. Abiding by the Test Security Agreement by limiting access to persons in the district with a responsible, professional interest in the test's security. The Agreement also requires the coordinator to keep on file the names of persons having access to exam and test materials, and who are required to sign the HSEE Test Security Affidavit, and requires coordinators to keep the tests and test materials in a secure, locked location, limiting access to those responsible for test security, except on actual testing dates. (Cal. Code Regs., tit. 5, § 1210 (c)(5), § 1211, subd. (a), § 1211.5 (b)(4).)
5. HSEE test site coordinators deliver the exams and test materials only to those actually administering the exam on the date of testing and only on execution of the HSEE Test Security Affidavit (Cal. Code Regs., tit. 5, § 1210, subd. (c)(7)(A)).

6. For persons with access to the HSEE (including test site coordinators and test examiners) to acknowledge the limited purpose of their access to the test by signing the HSEE Test Security Affidavit set forth in subdivision (g). (Cal. Code Regs., tit. 5, § 1211.5, subd. (c).)
7. HSEE district and test site coordinators control of inventory and use of appropriate inventory control forms to monitor and track test inventory. (Cal. Code Regs., tit. 5, § 1211 subd. (b).)
8. Being responsible for the security of the test materials delivered to the district until the materials have been inventoried, accounted for, and delivered to the common or private carrier designated by the publisher. (Cal. Code Regs., tit. 5, § 1211, subd. (c).)
9. Providing secure transportation within the district for test materials once they have been delivered to the district. (Cal. Code Regs., tit. 5, § 1211, subd. (d).)
10. Not scoring the test for any pupil found to have cheated or assisted others in cheating, or who has compromised the security of the HSEE, and notifying each eligible pupil before administration of the HSEE of these consequences of cheating. (Cal. Code Regs., tit. 5, § 1220.)

**F. Reporting data to the SPI:** Providing HSEE data to the SPI or independent evaluators or the publisher is reimbursable. Specifically, providing the following information on each pupil tested: (1) date of birth, (2) grade level, (3) gender, (4) language fluency and home language, (5) special program participation, (6) participation in free or reduced priced meals, (7) enrolled in a school that qualifies for assistance under Title 1 of the Improving America's School Act of 1994, (8) testing accommodations, (9) handicapping condition or disability, (10) ethnicity, (11) district mobility, (12) parent education, (13) post-high school plans. (§ 1207); and reporting to the CDE the number of examinations for each test cycle within 10 working days of completion of each test cycle in the school district, and for the district superintendent to certify the accuracy of this information submitted to CDE (§ 1207).

The regulation (§1207) was amended in May 2004 and August 2005 to add the following data that must be submitted to the state (which are not reimbursable under these parameters and guidelines): (1) pupil's full name; (2) date of English proficiency reclassification; (3) if R-FEP pupil scored proficient or above on the California English-Language Arts Standards Test three (3) times since reclassification; (4) use of modifications during the exam [accommodations are reimbursed]; (5) participation in California Alternate Performance Assessment (CAPA); (6) school and district CBEDS enrollment; (7) district and county of residence for students with disabilities; (8) California School Information Services (CSIS) Student Number, once assigned.

### **Statewide Cost Estimate**

Staff reviewed the claims data submitted by the claimants and compiled by the State Controller's Office (SCO). The actual claims data showed that at least 300 school districts filed 1,047 reimbursement claims between fiscal years 2000-2001 and 2005-2006, for a total of nearly \$23.7 million. The high school enrollment figures for the school districts that filed reimbursement claims represent approximately 60 percent of total statewide enrollment.<sup>17</sup> Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost

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<sup>17</sup> Based on 10<sup>th</sup>, 11<sup>th</sup>, and 12<sup>th</sup> grade enrollment for fiscal year 2004-2005.

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

A draft staff analysis and proposed statewide cost estimate were issued on March 23, 2007, and the Department of Finance (DOF) submitted comments on April 17, 2007. The comments are addressed below.

### Assumptions

Staff made the following assumptions:

1. *The actual claiming data is unaudited and may be inaccurate.* The 1,047 actual claims filed by at least 300 school districts for 2000-2001 through 2005-2006 are unaudited, and therefore, may be inaccurate, based on the following findings:<sup>18</sup>

- a. *Ineligible claimants filed reimbursement claims for this program.*

The Eligible Claimants section of the parameters and guidelines for this program specifically states:

Any "school district" as defined in Government Code section 17519, except for community colleges, which incurs increased costs as a direct result of this reimbursable state-mandated program is eligible to claim reimbursement of those costs. **Charter schools are not eligible claimants.** (Emphasis added)

Staff notes that 26 of the 1,047 actual claims were filed by charter schools, for a total amount of \$195,509. Because charter schools are not eligible claimants, staff did not include this amount in the proposed estimate. Staff also notes that adult education schools are not eligible claimants because the Commission specifically denied reimbursement for administration of the exam to adult students.

- b. *Offsetting revenue and reimbursements were not fully deducted from the claims.*

Section VII of the parameters and guidelines for this program states:

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.

**Reimbursement shall be offset by funding provided in the State Budget for the HSEE Program.** (Emphasis added)

On February 27, 2007, the California Department of Education (CDE) provided its California High School Exit Exam apportionment payment history for fiscal years 2000-2001 through 2004-2005 (see Attachment A). Staff notes that during this time period, 555 districts (including charter schools) received funding totaling over \$8.4 million. Of the 555 districts, 363 districts, or 65 percent, did not file reimbursement claims for fiscal years 2000-2001 through 2004-2005.

The remaining 192 districts, plus seven other districts that did not receive funding from CDE, filed a reimbursement claim with the SCO for at least one fiscal year between 2000-2001

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<sup>18</sup> Claims data reported as of February 7, 2007.

through 2004-2005.<sup>19</sup> Staff reviewed all of the claims for offsetting savings, revenue, and other reimbursements deducted (see Attachment B), and determined that 144 claimants, or 72 percent of the total claimants, reported and deducted the full amounts received from CDE. However, 37 claimants, or 19 percent, did not deduct any or the full amount paid by CDE. The other 18 claimants, or 9 percent, reported offsets that exceeded that amount paid by CDE, a total of \$106,100.

Overall, staff found that the following amounts should have been deducted from the claims for fiscal years 2000-2001 through 2004-2005, and thus, did not include them in this statewide cost estimate.

**TABLE 1. TOTAL OFFSETS NOT REPORTED BUT DEDUCTED BY STAFF**

<b>Fiscal Year</b>	<b>Amount</b>
2000-2001	\$ 214,838
2001-2002	33,820
2002-2003	149,322
2003-2004	23,533
2004-2005	138,000
<b>TOTAL</b>	<b>\$ 559,513</b>

- c. *Claims for fiscal year 2005-2006 are higher because there are 121 more claimants, but these claims have not been reviewed for offset deductions.*

Staff notes that 121 more claimants filed claims in fiscal year 2005-2006 than in the previous year. However, staff was unable to review fiscal year 2005-2006 claims for offsets because the CDE did not have its apportionment payment history for this year available.

- d. *The same 302 claimants that filed claims for fiscal year 2005-2006 will also file claims in 2006-2007 and 2007-2008.*

The estimates for fiscal years 2006-2007 and 2007-2008 may also be high because they are based on claims filed for fiscal year 2005-2006. Staff did not base the estimates for fiscal years 2006-2007 and 2007-2008 on the 2004-2005 claims because there are 121 more claimants in 2005-2006 that would not have been taken into account. Thus, staff assumes that the 302 school districts that filed claims in fiscal year 2005-2006 will also file in 2006-2007 and 2007-2008.

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<sup>19</sup> Charter schools were not included.

2. *Costs are consultant-driven rather than test-driven.* Staff reviewed a sample of claims that were filed by 10 school districts for fiscal years 2000-2001 through 2004-2005. This is not a statistical scientific sample. Based on the number of high schools eligible for reimbursement under this program,<sup>20</sup> staff reviewed claims filed by small, medium, and large school districts located in northern California (3), central California (3), and southern California (4). The districts and their claimed amounts are shown in Table 2.

Staff contacted various claimant representatives to discuss the variations in costs claimed. In theory, the costs claimed for this program should be test-driven. In other words, the greater the number of tests administered, the greater the costs should be. However, as shown in Table 2 below, this is not the case here. Rather, there appears to be no real correlation between the amounts claimed and the number of tests administered in any given fiscal year because the amount claimed per test administered ranges from \$0.33 to over \$10.

Because the exam is administered more than once during the school year, one claimant representative indicated that costs will vary depending on the frequency of data collection and the expertise of consultant staff in assisting claimants with their reimbursement claims.<sup>21</sup> For instance, the accuracy of cost data may be sacrificed if data is collected yearly as opposed to monthly. As shown in Table 2, Antioch Unified and Fresno Unified did not file claims for at least two of the initial years. While one may assume that the offsets exceeded the cost of the program for those fiscal years, it is probably not likely considering the number of tests administered in comparison to other fiscal years. Another likely explanation may be the lack of sufficient documentation needed to file a claim. Thus, the variation of costs for this program depends on a number of factors relating to data collection and consultant expertise rather than student or test data.

3. *The actual amount claimed will increase when late or amended claims are filed.* Only about 300 eligible school districts in California have filed reimbursement claims for this program. At least three of the top fifteen school districts have not filed any claims, including Sacramento City Unified, Capistrano Unified, and Riverside Unified. Thus, if reimbursement claims are filed by any of the remaining districts, the amount claimed may exceed the statewide cost estimate. For this program, late claims may be filed until November 2007 for fiscal years 2000-2001 through 2004-2005, and until January 2008 for fiscal year 2005-2006.

Moreover, staff notes that 121 more claims were filed for fiscal year 2005-2006 than 2004-2005. This spike in the number of claimants may indicate that many school districts lacked sufficient documentation to file claims for the earlier years.

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<sup>20</sup> Charter schools and adult education schools were not included.

<sup>21</sup> Telephone conversation on February 15, 2007.

**TABLE 2. SAMPLED SCHOOL DISTRICTS: CLAIMED AMOUNTS BY FISCAL YEAR**

District	# of Eligible High Schools	00/01	01/02	02/03	03/04	04/05	Totals	Amt/ Test
<i>Small Districts</i>								
Woodland Joint Unified (Yolo County)	3	\$ 10,567	\$ 12,525	\$ 10,580	\$ 12,504	\$ 9,955	\$ 56,131	\$6.58
	# Tested	1,424	654	2,606	1,615	2,237	8,536	
Milpitas Unified (Santa Clara County)	3	\$ 5,402	\$ 10,746	\$ 23,942	\$ 10,501	\$ 27,078	\$ 77,669	\$10.68
	# Tested	1,328	425	2,005	1,523	1,992	7,273	
Imperial Unified (Imperial County)	2	\$ 1,321	\$ 2,390	\$ 4,132	\$ 3,956	\$ 4,184	\$ 15,983	\$8.24
	# Tested	370	173	523	393	480	1,939	
<i>Medium Districts</i>								
Grant Joint Union High (Sacramento County)	9	\$ 7,504	\$ 25,881	\$ 33,769	\$ 42,579	\$ 57,326	\$ 167,059	\$8.53
	# Tested	3,712	2,037	5,027	3,385	5,434	19,595	
Antioch Unified (Contra Costa County)	6	\$ 0	\$ 2,975	\$ 6,153	\$ 0	\$ 1,094	\$ 10,222	\$0.64
	# Tested	2,766	1,227	4,659	3,191	4,253	16,096	
Newport-Mesa Unified (Orange County)	8	\$ 0	\$ 14,717	\$ 12,263	\$ 3,288	\$ 35,379	\$ 65,647	\$4.00
	# Tested	3,076	1,155	4,589	3,356	4,250	16,426	
<i>Large Districts</i>								
Elk Grove Unified (Sacramento County)	16	\$ 13,312	\$ 24,592	\$ 79,295	\$ 81,457	\$ 107,024	\$ 305,680	\$7.86
	# Tested	6,786	2,541	10,459	7,870	11,256	38,912	
Fresno Unified (Fresno County)	20	\$ 0	\$ 10,164	\$ 0	\$ 6,203	\$ 2,864	\$ 19,231	\$0.33
	# Tested	10,166	5,321	15,405	10,345	16,752	57,989	
Los Angeles Unified (Los Angeles County)	135	\$ 6,418	\$ 798,466	\$1,053,244	\$1,206,927	\$1,113,287	\$ 4,178,342	\$8.64
	# Tested	91,411	47,503	131,884	84,688	128,016	483,502	
San Diego Unified (San Diego County)	38	\$ 83,062	\$ 117,653	\$ 183,122	\$ 78,013	\$ 154,647	\$ 616,497	\$6.73
	# Tested	17,027	7,618	25,676	17,266	23,952	91,539	

4. *The SCO may reduce any reimbursement claim if it is deemed excessive or unreasonable.*  
If the SCO audits this program and deems any reimbursement claim to be excessive or unreasonable, it may be reduced. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.

#### Methodology

##### *Fiscal Years 2000-2001 through 2005-2006*

The statewide cost estimate for fiscal years 2000-2001 through 2005-2006 is based on the 1,021 actual reimbursement claims filed by eligible claimants with the SCO for these years. Staff notes that 26 actual claims filed by charter schools for a total of \$195,509 was deducted from the total claims amount, as well as a total of \$559,513 of offsets not reported for fiscal years 2000-2001 through 2004-2005. Staff also notes that the claims are unaudited and may be inaccurate for the reasons stated in this analysis.

##### *Fiscal Years 2006-2007 and 2007-2008*

Staff estimated fiscal year 2006-2007 costs by multiplying the 2005-2006 estimate by the implicit price deflator for 2005-2006 (3.1%), as forecast by the Department of Finance. Staff estimated fiscal year 2007-2008 costs by multiplying the 2006-2007 estimate by the implicit price deflator for 2006-2007 (6.4%).

**Agency Fee Arrangements (00-TC-17, 01-TC-14)**

Government Code Sections 3543, 3546, and 3546.3

Statutes 1980, Chapter 816

Statutes 2000, Chapter 893

Statutes 2001, Chapter 805

California Code of Regulations, Title 8, Sections 34030 and 34055

Test Claim Filed: June 27, 2001 and amended on May 15, 2002

Reimbursement Period for this Estimate: January 1, 2001 through 30,S2009

Initial Reimbursement Claims Filed: February 5, 2007

Eligible Claimants: All School Districts, County Offices of Education, and Community Colleges except for Charter Schools

Statewide Cost Estimate: \$10,343

Adopted: May 31, 2007

The statewide cost estimate includes seven fiscal years for a total of \$10,343. This averages to 1,478 annually in costs for the state. Following is a breakdown of estimated costs per fiscal year:

Fiscal Year	Number of Claims Filed with SCO	Claim Totals
2002-2003	1	\$ 1,578
2003-2004	1	1,388
2004-2005	1	1,310
2005-2006	1	1,640
2006-2007 (est.)	N/A	1,398
2007-2008 (est.)	N/A	1,487
2008-2009 (est.)	N/A	1,542
<b>TOTALS</b>	<b>4</b>	<b>\$ 10,343</b>

**Summary of the Mandate**

On December 9, 2005, the Commission on State Mandates (Commission) adopted its Statement of Decision finding that Government Code section 3546, subdivisions (a) and (f), and California Code of Regulations, title 8, sections 34030, subdivision (a), and 34055, subdivision (a), impose new programs or higher levels of service for school districts, county offices of education, and community college districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 to perform the following activities:

- Upon receiving notice from the exclusive representative of a classified public school employee who is in a unit for which an exclusive representative has been selected, the employer shall deduct the amount of the fair share service fee authorized by this section from the wages and salary of the employee and pay that amount to the employee organization. (Gov. Code, § 3546, subd. (a).)



- School district employers of a public school employee shall provide the exclusive representative of a public employee with the home address of each member of a bargaining unit. (Gov. Code, § 3546, subd. (f).)
- Within 20 days following the filing of the petition to rescind or reinstate an organizational security arrangement, the school district employer shall file with the regional office of PERB an alphabetical list containing the names and job titles or classifications of the persons employed in the unit described in the petition as of the last date of the payroll period immediately preceding the date the petition was filed. (Cal. Code Regs., tit. 8, §§ 34030, subd. (a), and 34055, subd. (a).)

The Commission adopted the parameters and guidelines on July 28, 2006 approving the reimbursable activities as listed below. Eligible claimants were required to file initial reimbursement claims with the State Controller's Office (SCO) by February 5, 2007.

### **Reimbursable Activities**

The Commission approved the following reimbursable activities for this program:

1. Upon receiving notice from the exclusive representative of a classified public school employee who is in a unit for which an exclusive representative has been selected, the employer shall deduct the amount of the fair share service fee authorized by this section from the wages and salary of the employee and pay that amount to the employee organization. (Gov. Code, § 3546, subd. (a).) (*Reimbursement period begins January 1, 2001.*)
  - a. Deduction of the fair share service fee from the wages and salary of the employee who is in the bargaining unit upon receiving notice from the exclusive representative.
  - b. Payment of the collected amount of the fair share service fee to the employee organization.
2. School district employers of a public school employee shall provide the exclusive representative of a public employee with the home address of each member of a bargaining unit. (Gov. Code, § 3546, subd. (f).) (*Reimbursement period begins January 1, 2002.*)
  - a. Provision of the bargaining unit member's home address by the school district employer to the exclusive representative of a public school employee.
3. Within 20 days following the filing of the petition to rescind or reinstate an organizational security arrangement, the school district employer shall file with the regional office of PERB an alphabetical list containing the names and job titles or classifications of the persons employed in the unit described in the petition as of the last date of the payroll period immediately preceding the date the petition was filed. (Cal. Code Regs., tit. 8, §§ 34030, subd. (a), and 34055, subd. (a).) (*Reimbursement period begins January 1, 2001.*)
  - a. Providing a list of the names of employees and their job titles or classifications within 20 days following the filing of the petition to rescind or reinstate an organizational security arrangement.

## Statewide Cost Estimate

Staff reviewed the claims data submitted by one community college district and compiled by the SCO. The actual claims data shows that one community college district filed four claims between fiscal years 2002-2003 and 2005-2006, for a total of \$5,916.<sup>22</sup> A draft staff analysis and proposed statewide cost estimate were issued on April 23, 2007. No comments were received on the draft. Based on this data, staff made the following assumptions and used the following methodology to develop a statewide cost estimate for this program. If the Commission adopts this proposed statewide cost estimate, it will be reported to the Legislature along with staff's assumptions and methodology.

### Assumptions

Staff made the following assumptions:

1. *The actual claiming data is unaudited and may be inaccurate.* The four actual claims filed by one community college district for fiscal years 2002-2003 through 2005-2006 are unaudited. Staff notes that the total costs only represent an estimated cost of the program for fiscal years 2002-2003 through 2005-2006.
2. *The actual amount claimed will increase if late or amended claims are filed.* Only one community college district in California has filed reimbursement claims. Thus, if reimbursement claims are filed by any of the remaining school entities, the amount of reimbursement claims may exceed the statewide cost estimate. While late claims may be filed for this program until February 2008, additional claims are not expected because according to three claimant's representatives, many of the school districts will be unable to meet the \$1,000 minimum threshold for filing reimbursement claims.
3. *The actual amount claimed may decrease because the SCO may reduce any reimbursement claim for this program.* If the SCO audits this program and deems any reimbursement claim to be excessive or unreasonable, it may be reduced. Therefore, the total amount of reimbursement for this program may be lower than the statewide cost estimate.
4. *Citrus Community College District will file reimbursement claims in 2006-2007, 2007-2008, and 2008-2009.*

### Methodology

#### *Fiscal Years 2002-2003 through 2005-2006*

The statewide cost estimate for fiscal years 2002-2003 through 2005-2006 is based on the four actual reimbursement claims filed with the SCO for these years.

#### *Fiscal Years 2006-2007, 2007-2008, and 2008-2009*

Staff estimated fiscal year 2006-2007 costs by multiplying the 2005-2006 estimate by the implicit price deflator for 2005-2006 (3.1%). Staff estimated fiscal year 2007-2008 costs by multiplying the 2006-2007 estimate by the implicit price deflator for 2006-2007 (6.4%). Finally, staff estimated fiscal year 2008-2009 costs by multiplying the 2007-2008 estimate by the implicit price deflator for 2007-2008 (3.7%).

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<sup>22</sup> Claims data reported as of March 6, 2007.

### III. PENDING STATEWIDE COST ESTIMATES

Local Agencies	School Districts
<i>California Fire Incident Reporting System (CFIRS) Manual, 4419, 00-TC-02*</i>	<i>Behavioral Intervention Plans, 4464*</i>
<i>Domestic Violence Arrests and Victim Assistance, 98-TC-14</i>	<i>Charter Schools III, 99-TC-14</i>
<i>Post Conviction: DNA Court Proceedings, 00-TC-21, 01-TC-08</i>	<i>Pupil Discipline Records &amp; Notification to Teachers: Pupils Subject to Suspension or Expulsion, 00-TC-10; 00-TC-11*</i>
<i>Interagency Child Abuse and Neglect (ICAN) Investigation Reports, 00-TC-22*</i>	<i>CalSTRS Creditable Compensation, 01-TC-02; 02-TC-19</i>
<i>In-Home Supportive Services II, 00-TC-23*</i>	<i>Missing Children Reports, 01-TC-09</i>
<i>Mentally Disordered Offenders: Treatment as a Condition of Parole, 00-TC-28, 05-TC-06</i>	<i>Pupil Safety Notices, 02-TC-13</i>
<i>Racial Profiling: Law Enforcement Training, 01-TC-01*</i>	<i>Reporting Improper Governmental Activities, 02-TC-24*</i>
<i>Local Recreational Areas: Background Screenings, 01-TC-11*</i>	<i>Comprehensive School Safety Plans II, 02-TC-33*</i>
<i>Modified Primary Election, 01-TC-13*</i>	
<i>Fifteen Day Close of Voter Registration, 01-TC-15*</i>	
<i>Fire Safety Inspections of Care Facilities, 01-TC-16</i>	
<i>Domestic Violence Background Checks, 01-TC-29*</i>	
<i>Local Government Employment Relations, 01-TC-30*</i>	
<i>Crime Statistic Reports for the Department of Justice, 02-TC-04, 02-TC-11*</i>	
<i>Crime Victims' Domestic Violence Incident Reports II, 02-TC-18*</i>	
<i>Local Agency Formation Commissions, 02-TC-23*</i>	
<i>Permanent Absent Voter II, 03-TC-11*</i>	
<i>Voter Identification Procedures, 03-TC-23*</i>	
<i>*Parameters and Guidelines Phase</i>	