

Proposition 98 Mandates, Part III

LEGISLATIVE ANALYST'S OFFICE

Presented To:
Assembly Special Committee on State Mandates

March 22, 2004



Caregiver Affidavits

Summary:	Enroll students living with a caregiving adult using specific forms.
2004-05 Projected Cost:	\$950,000.
Reimbursement Basis:	Actual costs.
Specific Requirements:	<p>This mandate created a new way for students to demonstrate residency in a district. Generally, students are considered a resident if they live with a parent, guardian, or in a foster care home.</p> <p>This mandate establishes residency for students living with a related adult caregiver, such as grandparent, aunt, or uncle. The mandate requires districts to:</p> <ul style="list-style-type: none">▪ Process annually required caregiver affidavits.▪ Enroll students living with adult caregivers, obtaining prior education records and tracking the residential status of such students.▪ Develop district policies and procedures for the enrollment of students under this mandate.
Comments:	<p>Recommend the committee make optional the annual renewal of affidavits. This would reduce significantly the cost of this mandate.</p> <p>One district we contacted supports the annual requirement for the affidavits because it allows the district to review whether the student is able to return to living with a parent. The district reported that this review does result in some, although relatively few, students returning to live with their parents. (Note: this district accounted for more than half of all caregiver affidavits reported by districts in the state).</p> <p>This mandate was created to allow students to establish residency while living with a relative.</p>

Employee Benefits Disclosure

Summary:	Develop cost estimates of (1) current health and welfare benefits for retirees and (2) adopting a collective bargaining agreement.
2004-05 Projected Cost:	\$480,000.
Reimbursement Basis:	Actual costs.
Specific Requirements:	<p>Requires districts and county offices to produce every three years an actuarial report of the future costs of employee health benefits. The report must be completed by an actuary with membership in the American Academy of Actuaries.</p> <p>This mandate also pays for the requirement that districts report to county superintendents any budget revisions that occur during the school year as a result of adopting a collective bargaining agreement.</p>
Comments:	<p>Recommend the committee add language to the retiree health benefits mandate that would sunset the requirement at the time the Governmental Accounting Standards Board (GASB) requires the same or similar reports for all governmental agencies.</p> <p>We also recommend adding language directing the Department of Finance (DOF) to request the Commission on State Mandates (CSM) review this mandate's Parameters and Guidelines when GASB makes such a change.</p> <p>The GASB has proposed to implement this change during 2004. The proposed policy, which includes routine actuarial studies, would also include governmental agencies to set aside funds each year to cover the annual cost of these benefits.</p>

School District Fiscal Accountability Reporting

Summary:	Comply with district and county office of education budget process requirements.
2004-05 Projected Cost:	\$2.7 million.
Reimbursement Basis:	Actual costs incurred.
Specific Requirements:	<p>State law establishes a district and county office budget process to encourage good fiscal practices. Costs of these mandates stem from the following requirements:</p> <ul style="list-style-type: none">▪ Districts and county offices must certify their fiscal condition each year. Districts that are unable or may be unable to meet financial obligations are required to submit additional reports to the county superintendent.▪ Districts and county offices are held to specific timelines for approving local budgets and making the final budget available to the public.▪ County offices conduct oversight activities, such as verifying district financial statements, reporting to the state on district fiscal condition, and working with districts that are unable or may be unable to meet financial obligations.
Comments:	<p>Recommend the committee request DOF ask CSM to review its Statement of Decision to clarify the extent to which county costs should be offset by annual budget act appropriations.</p> <p>County office costs of this mandate are estimated at about \$330,000 annually, but the commission's ruling makes no specific acknowledgement of these offsetting revenues. The <i>2003-04 Budget Act</i> contains \$6.1 million for county office oversight and interim reporting activities.</p>

School Accountability Report Cards

Summary:	Make data available on district test scores, suspensions and expulsions, graduation rates, and class sizes.
2004-05 Projected Cost:	\$5 million.
Reimbursement Basis:	Actual costs.
Specific Requirements:	<p>Districts must make available to the public data on 50 school issues, including:</p> <ul style="list-style-type: none">▪ School safety.▪ Student achievement.▪ Teacher and staff characteristics.▪ Curriculum and instruction.▪ Postsecondary education.▪ Fiscal and expenditure data.
Comments:	<p>Recommend the committee amend state law to waive reimbursement for mandates when federal law is changed, requiring activities similar to the state mandate.</p> <p>The federal No Child Left Behind (NCLB) Act requires report cards similar to the one required by the state. Since the state requirement was enacted first, however, state law directs CSM to recognize as reimbursable all mandated costs of the report cards.</p> <p>This law unnecessarily disadvantages the state. The state could eliminate the mandate, for instance, and schools would still be required under federal law to issue school report cards.</p> <p>In addition, NCLB provided substantial increases in district funding to pay for the new requirements of the act. Districts, therefore, have received funding for the cost of mandates in the new law.</p>

Standardized Testing and Reporting (STAR)

Summary:	Test students in grades 2 through 11 in mathematics, English, history, and science.
2004-05 Projected Cost:	\$39 million.
Reimbursement Basis:	Actual costs incurred.
Specific Requirements:	<p>Local STAR activities include:</p> <ul style="list-style-type: none">▪ Purchasing tests from publishers (in the first two years of the program).▪ Processing parental waivers and identifying appropriate testing practices for special education students.▪ Administering tests, processing test materials, and reporting results to parents and school boards.
Comments:	<p>Recommend the committee request CSM to review its Statement of Decision to ensure that it reflects federal mandates in place at the time the STAR program was enacted. We also recommend the committee request the commission to review the reimbursement guidelines for this mandate to clarify issues relating to offsetting state appropriations.</p> <p>The commission's record does not reflect a discussion of federal assessment mandates in place at the time STAR was created. We have identified several federal requirements that should reduce the costs of this mandate. Requirements contained in NCLB mirror STAR mandates even more closely.</p> <p>The state provided funding to districts for STAR costs. Our review of district claims suggests the commission's Parameters and Guidelines inappropriately narrow activities state funds should be used to offset local costs.</p>

Pupil Residency Verification and Appeals

Summary:	Make a reasonable effort to determine residency if an employee has reason to believe that documentation was false or unreliable. Applies only to education agencies adjacent to the Mexican border.
2004-05 Projected Cost:	\$350,000.
Reimbursement Basis:	Actual cost.
Specific Requirements:	<p>Requires districts and county offices of education to review a student's residency determination if information becomes available that casts doubt on the initial determination.</p> <p>Education agencies also must establish an appeals process that includes specific notification and meeting requirements.</p>
Comments:	<p>This mandate essentially pays districts to enforce residency requirements for students. As a result, this mandate probably is most effective when districts have other incentives to do so.</p> <p>One district located in San Diego County we contacted strongly supports this requirement. This is a fast-growing district that believes it could not accommodate the additional students that would attend its schools if this mandate were not in place.</p> <p>This district also notes that other districts in its area do not implement this mandate with the same intensity.</p>

Financial and Compliance Audits

Summary:	Conduct annual audits and follow-up reviews of audit exceptions.
2004-05 Projected Cost:	\$1.2 million.
Reimbursement Basis:	Actual costs incurred.
Specific Requirements:	<p>Additional audit-related activities include:</p> <ul style="list-style-type: none">▪ Development and review of corrective action plans for audit exceptions.▪ Responding to inquiries from state or county office staff on audit exceptions that have not been corrected.▪ Requiring governing boards to review the annual audit and discuss audit exceptions in a public meeting.
Comments:	<p>Recommend the committee delete the requirement that districts respond to state and county office inquiries on audit exceptions. Most districts willingly work with these agencies to correct operational deficiencies.</p> <p>The committee may want to explore whether the corrective action plans in this mandate are necessary. It would seem likely that they are a standard feature of general audit requirements required under other state or federal laws. If so, repeating the requirement for corrective action plans in this mandate would not be necessary.</p>