

April 8, 2010

# Overview of the K-14 Mandate System And Recommendations for Reform

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LEGISLATIVE ANALYST'S OFFICE

Presented to:  
Senate Budget Subcommittee No. 1 on Education  
Hon. Carol Liu, Chair





## Mandate Determination Process Overseen By Commission on State Mandates

- ☒ In 1979, voters passed Proposition 4. State must reimburse local governments if a law, set of regulations, or executive order requires local governments to:
  - Implement a new program.
  - Provide a higher level of service.
  
- ☒ New programs or higher levels of service are not always reimbursable under Proposition 4. For example, an activity is not reimbursable if it:
  - Is imposed by voters or the federal government.
  - Defines a crime.
  - Is implemented at the local agency's discretion.
  - Is also required of nongovernmental entities.
  
- ☒ The Commission on State Mandates was created to determine whether new requirements constitute a mandate.

### Membership of Commission on State Mandates

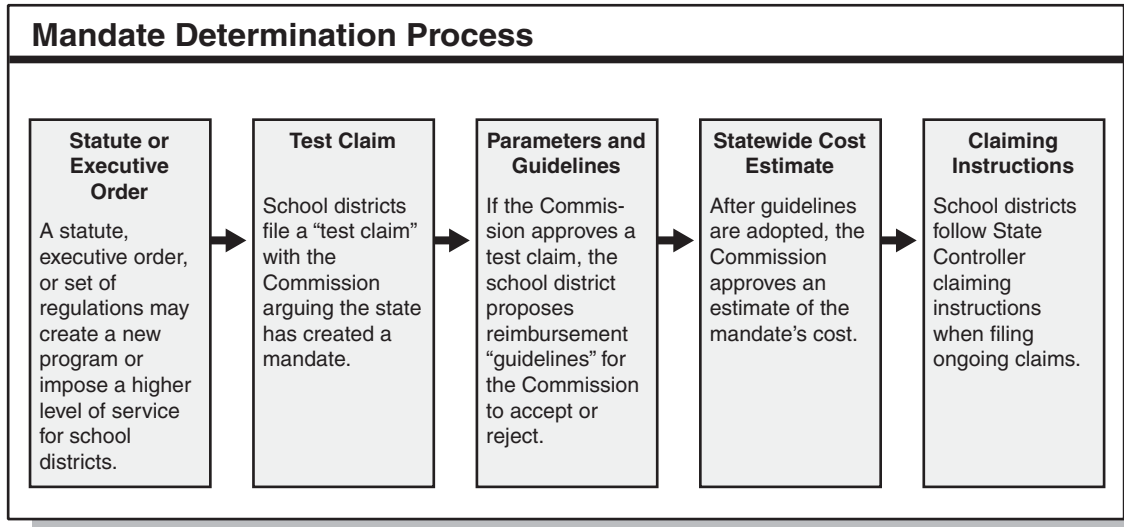
State Controller  
 State Treasurer  
 Director of the Department of Finance  
 Director of the Office of Planning and Research  
 Local government officials—gubernatorial appointees (2)  
 Public member—gubernatorial appointee



## California Has Elaborate Mandate Determination Process



Five major steps involved in mandate determination process.



Mandate process typically takes five years to complete.



Even mandates in an early stage of determination process can be generating costs for the state.



Determination process limits Legislature's role in the mandate process.



# State Imposes 51 Education Mandates, Hundreds of Associated Requirements

## Comprehensive List of K-14 Mandates<sup>a</sup>

### Claimable Only by K-12 School Districts (36)

#### Included in 2009-10 Budget Act

AIDS Prevention Instruction I-II  
 Annual Parent Notification  
 Caregiver Affidavits  
 Charter Schools I-III  
 Comprehensive School Safety Plans  
 County Office of Education Fiscal Accountability Reporting  
 Criminal Background Checks  
 Criminal Background Checks II  
 Differential Pay and Reemployment  
 Expulsion Transcripts  
 Financial and Compliance Audits  
 Graduation Requirements  
 Habitual Truants  
 Immunization Records  
 Immunization Records—Hepatitis B  
 Intradistrict Attendance  
 Juvenile Court Notices II  
 Law Enforcement Agency Notifications  
 Notification of Truancy

Notification to Teachers of Mandatory Expulsion  
 Physical Education Reports  
 Physical Performance Tests  
 Pupil Health Screenings  
 Pupil Promotion and Retention  
 Pupil Residency Verification and Appeals  
 Pupil Suspensions, Expulsions, and Expulsion Appeals  
 Removal of Chemicals  
 School District Fiscal Accountability Reporting  
 School District Reorganization  
 Scoliosis Screening  
 Teacher Incentive Program

#### Additional Claimable Mandates

High School Exit Examination  
 Missing Children  
 Pupil Safety Notices  
 School Accountability Report Cards  
 Stull Act

### Claimable Only by Community Colleges (7)

#### Included in 2009-10 Budget Act

Health Fee/Services  
 Law Enforcement College Jurisdiction Agreements  
 Sex Offenders: Disclosure by Law Enforcement

#### Additional Claimable Mandates

Enrollment Fee and Waiver  
 Integrated Waste Management  
 Reporting Improper Governmental Activities  
 Sexual Assault Response Procedures

### Claimable by Both School Districts and Community Colleges (3)

#### Included in 2009-10 Budget Act

Collective Bargaining

#### Additional Claimable Mandates

Agency Fee Arrangements  
 California State Teachers' Retirement System Service Credit

### Claimable by Local Governments (5)

#### Included in 2009-10 Budget Act

Mandate Reimbursement Process  
 Public Safety Officers Procedural Bill of Rights

#### Additional Claimable Mandates

Absentee Ballots  
 Open Meetings Act  
 Threats Against Peace Officers

<sup>a</sup> In addition to these 51 mandates, two mandates claimable only for school districts (School Bus Safety I-II and County Treasury Withdrawals) and three mandates claimable for both school districts and community colleges (Law Enforcement Sexual Harassment Training, Health Benefits for Survivors of Peace Officers and Firefighters, and Grand Jury Proceedings) have all been suspended in recent years.



## Substantial Costs Associated With K-14 Mandates

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- ☒ Annual K-14 claims growing and could almost double if administration loses appeal regarding the high school science graduation requirement mandate.
  - Excluding graduation requirement mandate, state anticipating \$233 million in 2009-10 mandate claims.
  - Including graduation requirement mandate, state anticipating \$416 million in 2009-10 mandate claims.
- ☒ Rather than pay these mandate claims on an annual basis, state typically defers payments until later years.
- ☒ This practice has resulted in significant outstanding mandate obligations owed to districts.
  - Excluding graduation requirements, the backlog is likely to reach \$1.3 billion as of the end of 2009-10.
  - Including graduation requirements, the backlog is likely to reach \$3.6 billion as of the end of 2009-10.



## Virtually Every Aspect of K-14 Mandate Finance System Broken

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Mandates have several major, long-recognized fiscal and policy shortcomings:

### Problems With Current K-14 Mandate System



Mandates often do not serve a compelling purpose.



Costs can be higher than anticipated.



Recent court ruling likely to make containing costs even more difficult.



Reimbursement rates can vary greatly without justification.



Reimbursement process can reward inefficiency.



Reimbursement process ignores effectiveness.



In addition, a Superior Court found the state's practice of deferring payments unconstitutional.



## Options for Improving Mandate System, Addressing Court Decision

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- ☒ For any particular mandate, state has four basic options:
  - Fund.
  - Eliminate.
  - Suspend.
  - Eliminate but preserve the underlying policy.
- ☒ Governor proposes to suspend all but three education mandates. Although better than the status quo, the proposal has two major shortcomings:
  - Treats most mandates alike, regardless of policy merits.
  - Creates confusion/uncertainty for districts.
- ☒ We recommend comprehensive mandate reform.



## LAO Recommends Assessing Merits of Each Mandate

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- ☒ Used longstanding LAO criteria for evaluating mandates.

### LAO Criteria for Funding Mandates

- ✓ Statute has resulted in a “true” mandate by requiring local governments to establish a new program or provide an increased level of service.
- ✓ The mandate serves a statewide interest.
- ✓ The mandate has produced results consistent with the Legislature’s intent and expectations.
- ✓ The benefits achieved by the mandate are worth the cost.
- ✓ The goal of the mandate cannot be achieved through a less-costly alternative.

- ☒ Used a narrow definition of “statewide interest” already used to evaluate non-education mandates.
- ☒ Only funded mandates related to:
  - Health and public safety.
  - Oversight and accountability.
- ☒ By evaluating mandates in this way, our proposal would:
  - Preserve a dozen mandates.
  - Eliminate majority of mandates, saving the state \$363 million annually.





## Specific K-14 Mandate Recommendations

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Recommend funding 12 mandates:

- Examples include mandates related to the high school exit exam, immunization records, and school district fiscal accountability.
- Funding for these mandates should be standardized and paid in arrears.



Recommend eliminating majority of mandates.

- Examples include mandates related to truancy, physical education reports, and removal of chemicals.
- Mandates in this category do not serve a compelling state-wide purpose and tend to be inefficient, ineffective, and costly.



Recommend eliminating some mandates while preserving underlying policy:

- Examples include mandates related to high school science graduation requirements, criminal background checks, and collective bargaining.



In a few cases, recommend combination of these approaches for a single mandate:

- Examples include mandates related to annual parent notification and school accountability for report cards.



Our complete package of recommendations is attached.