

February 1, 2010

Overview of Education Mandates

LEGISLATIVE ANALYST'S OFFICE

Presented to:

Assembly Budget Subcommittee No. 2

On Education Finance

Hon. Susan Bonilla, Chair





Mandate Determination Process Overseen By Commission on State Mandates (CSM)



In 1979, voters passed Proposition 4. State must reimburse local governments if a law, regulations, or executive order requires local governments to:

- Implement a new program.
- Provide a higher level of service.



A few exceptions—an activity is not reimbursable if it:

- Is imposed by voters or the federal government.
- Is classified as a crime.
- Is implemented at the local agency's discretion.
- Is also required of nongovernmental entities.



The CSM was created to determine whether new requirements constitute a mandate.

Membership of Commission on State Mandates

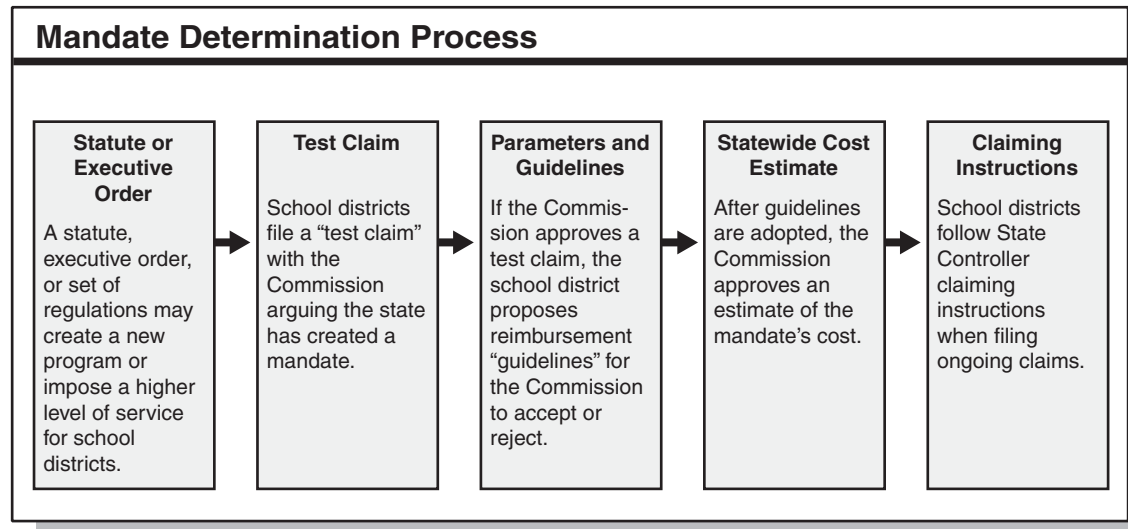
State Controller
 State Treasurer
 Director of the Department of Finance
 Director of the Office of Planning and Research
 Local government officials—gubernatorial appointees (2)
 Public member—gubernatorial appointee



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 43 Education Mandates, Hundreds of Associated Requirements

Comprehensive List of K-14 Mandates^a

Claimable Only by K-12 School Districts (30)

AIDS Prevention Instruction I-II	Juvenile Court Notices II
Annual Parent Notification	Law Enforcement Agency Notifications
Caregiver Affidavits	Missing Children
Charter Schools I-III	Notification of Truancy (reduced costs)
Comprehensive School Safety Plans	Notification to Teachers of Mandatory Expulsion
County Office of Education Fiscal Accountability Reporting	Physical Performance Tests
Criminal Background Checks	Pupil Health Screenings
Criminal Background Checks II	Pupil Promotion and Retention (partially suspended)
Differential Pay and Reemployment	Pupil Safety Notices
Expulsion Transcripts	Pupil Suspensions, Expulsions, and Expulsion Appeals
Financial and Compliance Audits	School Accountability Report Cards (partially suspended)
Habitual Truants (reduced costs)	School District Fiscal Accountability Reporting
High School Exit Examination	School District Reorganization
Immunization Records	Stall Act
Immunization Records—Hepatitis B	
Intradistrict Attendance	

Claimable Only by Community Colleges (5)

Enrollment Fee and Waiver	Sex Offenders: Disclosure by Law Enforcement
Health Fee/Services	Sexual Assault Response Procedures
Reporting Improper Governmental Activities	

Claimable by Both School Districts and Community Colleges (3)

Agency Fee Arrangements	Collective Bargaining (reduced costs)
California State Teachers' Retirement System Service Credit	

Claimable by Local Governments (5)

Absentee Ballots	Public Safety Officers Procedural Bill of Rights
Mandate Reimbursement Process	Threats Against Peace Officers
Open Meetings Act	

^a In addition to these 43 mandates, six mandates claimable only for school districts (School Bus Safety I-II, County Treasury Withdrawals, Physical Education Reports, Pupil Residency Verification and Appeals, Removal of Chemicals, and Scoliosis Screening), two mandates claimable only for community colleges (Law Enforcement College Jurisdiction Agreements and Integrated Waste Management), 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.









Virtually Every Aspect of K-14 Mandate Finance System Broken



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.



2010-11 Budget Act Reduced Mandate Costs, But Substantial Costs Remain

- ☑ For the first time in several years, the *2010-11 Budget Act* paid for the annual cost of K-14 mandates (rather than defer the cost to future years).
- ☑ The 2010-11 budget package included several actions that reduced annual K-12 mandate costs from over \$400 million to \$80 million:
 - Eliminated costs associated with two costliest mandates.
 - Suspended or partially suspended six mandates.
 - Took actions to reduce the local administrative burden of two mandates.
 - Requested that CSM re-determine one mandate.
- ☑ The state also created a work group to consider the remaining mandates and make recommendations for how to treat them going forward.
- ☑ Despite these actions, significant costs remain:
 - \$80 million annual cost is likely to grow given anticipated claims.
 - Due to many years of deferring mandate payments, the amount owed to school districts for prior-year claims now totals roughly \$3.4 billion.



Recommend Additional Mandate Reform

- ☒ Recommend funding 11 K-12 mandates, eliminating or reforming the rest.
- ☒ Use 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.

- ☒ Use a narrow definition of “statewide interest” already used to evaluate non-education mandates.
- ☒ Only fund mandates related to:
 - Health and public safety.
 - Oversight and accountability.