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Governor's K-12 Mandates Proposal

LEGISLATIVE ANALYST'S OFFICE

Presented to:
Senate Budget and Fiscal Review Committee
Hon. Mark Leno, Chair

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Background

- The state is required to reimburse school districts and county offices of education (COEs) for new programs or higher levels of service the state imposes on them. Charters schools must perform some state mandated activities but are not eligible for reimbursement.

- The state has about 40 active K-12 mandates. Another ten mandates have been suspended in recent years.

- The 2011-12 budget included $80 million for K-12 mandate claims. Due to years in which the state provided no mandate funding or less than needed to cover total mandate costs, the state has a $3.3 billion backlog in K-12 claims.

- The state performs a full audit on roughly 5 percent of K-12 dollars claimed. The state disallows about 75 percent of dollars claimed as a result of these audits.

- For most mandates, less than half of districts and COEs file claims.

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Problems With Current K-12 Mandate System

- ☑ System not responsive to changing needs.
- ☑ State costs can be higher than anticipated.
- ☑ Regulations can create mandates, increasing state costs without legislative input.
- ☑ High percentage of audited claims ultimately disallowed.
- ☑ Uncertainty regarding timing and amount of reimbursements.
- ☑ Reimbursement process ignores effectiveness.
- ☑ Reimbursement process can reward inefficiency.
- ☑ Reimbursement rate can vary greatly without justification.
- ☑ Claiming process creates significant administrative burden.

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Governor's Proposal

- ☑ Eliminates about half of K-12 mandates. Almost half of the mandates proposed for elimination already are suspended.
- ☑ Provides $178 million for a new optional block grant to fund the remaining mandated activities. Permits charters to apply for block grant.
- ☑ Sets a per pupil rate of: $30 for districts; $89 for COEs; and $26 for charters. These amounts are based on each local education agency's (LEA's) proportion of total state revenue limits funding.
- ☑ Allows LEAs to choose either to participate in the block grant or to submit mandate claims through the reimbursement process. Prohibits LEAs from doing both.
- ☑ Requires LEAs receiving block grant funds to undertake all associated activities. (Those LEAs selecting not to receive block grant funds would need to file separate reimbursement claims for all applicable mandates.)
- ☑ Subjects block grant funding to existing financial and compliance audits.

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Governor's Proposal *(Continued)*

Governor's K-12 Mandates Proposal

Mandates Eliminated

Active

Absentee Ballots
Agency Fee Arrangements
Caregiver Affidavits
Financial and Compliance Audits
Habitual Truants
Law Enforcement Agency Notifications
Mandate Reimbursement Process
Missing Children Reports
Notification of Truancy
Notification to Teachers: Pupil Discipline Records
Notification to Teachers: Pupil Suspension or Expulsion I and II
Physical Performance Tests
Pupil Suspensions, Expulsions, Expulsion Appeals
Threats Against Peace Officers

Suspended

County Treasury Withdrawals
Grand Jury Proceedings
Health Benefits for Survivors of Peace Officers and Firefighters
Law Enforcement Sexual Harassment Training
Physical Education Reports
Pupil Residency Verification
Removal of Chemicals
School Bus Safety I and II
Scoliosis Screening

Pending Cost Estimate/Under Litigation

Behavioral Intervention Plans
Graduation Requirements

Mandates in Block Grant

AIDS Instruction and AIDS Prevention Instruction
Annual Parent Notification
California High School Exit Exam
California State Teachers Retirement System Services Credit
Charter Schools I, II, and III
Collective Bargaining
Comprehensive School Safety Plans
County Office of Education Fiscal Accountability Reporting
Criminal Background Checks I and II
Differential Pay and Reemployment
Immunization Records I and II
Intradistrict Attendance
Juvenile Court Notices II
Open Meetings/Brown Act
Prevailing Wage
Pupil Health Screenings
Pupil Promotion and Retention
Pupil Safety Notices
School Accountability Report Cards II and III
School District Fiscal Accountability Reporting
School District Reorganization
The Stull Act

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Proposal Addresses Many Mandate Problems

- ☑ Many mandates proposed for elimination do not serve a compelling, statewide purpose, such as ensuring accountability or protecting public health and safety.
- ☑ Some mandates proposed for elimination are already required under federal law or likely would be performed even if not mandated.
- ☑ The LEAs participating in the block grant would be incentivized to perform activities more efficiently.
- ☑ Although fiscal incentives would vary by LEA, proposed funding level would encourage most, if not all, to choose the block grant.
- ☑ The state likely would have more information on compliance than under the current mandate reimbursement process.

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Proposal Raises Some Concerns

- ☑ Treatment of mandates reflects administration's priorities. While a reasonable starting point, the Legislature may have different priorities for eliminating or retaining mandated activities.

- ☑ Proposal still allows LEAs to file claims. This means the problems with the current claims system could continue and costs could increase if some LEAs receive more funding by filing claims than they otherwise would through the grant.

- ☑ Block grant formula provides about three times as much funding, on a per pupil basis, to COEs as compared to districts and charters. There is no apparent reason why it would be more costly for COEs to perform the activities.

- ☑ Proposal does not address certain out-year issues. For example, it is unclear how (1) block grant funding might change in the future, and (2) whether new mandates would be included in the block grant.

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Recommendations

☑ Adopt proposed block grant approach, but modify proposal so that (1) LEAs could not file mandate reimbursement claims and (2) all LEAs participating in the block grant receive the same per pupil rate.

☑ Establish a working group to (1) review the list of mandates proposed for elimination and (2) address remaining implementation details.