

ITEM 7
FINAL STAFF ANALYSIS
PROPOSED AMENDMENT TO PARAMETERS AND GUIDELINES

Education Code Section 33126, Education Code Section 35256
Education Code Section 35256.1, Education Code Section 35258
Education Code Section 41409, Education Code Section 41409.3
Statutes 2007, Chapter 530; Statutes 1997, Chapters 918, and 912;
Statutes 1994, Chapter 824; Statutes 1993, Chapter 1031;
Statutes 1992, Chapter 759; Statutes 1989, Chapter 1463

School Accountability Report Cards
10-PGA-02 (97-TC-21)

State Controller's Office, Requestor

EXECUTIVE SUMMARY

This is a request to amend the parameters and guidelines for the *School Accountability Report Cards (SARC)* program filed by the State Controller's Office to delete two reimbursable activities that were repealed by Statutes 2007, chapter 530 (AB 1061), and to update the boilerplate language. This matter is proposed for the consent calendar.

Background

Proposition 98, an initiative measure approved by the California voters, required each school in each school district to develop and issue a school accountability report card. Proposition 98 set forth thirteen items that were to be included in the school accountability report cards. Statutes adopted after the approval of Proposition 98 added new subjects to be included in the school accountability report card.

On April 23, 1998, the Commission on State Mandates (Commission), adopted a statement of decision for the *SARC* program (97-TC-21) determining that inclusion of new subjects in the *SARC* imposed a new program or higher level of service upon school districts, within the meaning of section 6, article XIII B of the California Constitution and Government Code section 17514.

On August 20, 1998, the Commission adopted the parameters and guidelines for this program.

In 2004 and 2005, the Legislature directed the Commission to reconsider this program. On July 28, 2005 and January 26, 2006, the Commission reconsidered the *SARC* program, and determined that it was not a state-mandated local program pursuant to Government Code section 17556(f) as amended in 2005. The Commission set aside the statement of decision and parameters and guidelines. On March 9, 2009, the Third District Court of Appeal in *California School Boards Assoc. v. State of California* (2009) 171 Cal.App.4th 1183, 1198-1203, held that the Legislature's direction to set aside or reconsider prior Commission decisions goes beyond the power of the Legislature and violates the separation of powers doctrine set forth in article III,

section 3 of the California Constitution. The court directed that the Commission reinstate the *SARC* statement of decision and parameters and guidelines.

The Legislature enacted Statutes 2007, chapter 530 (AB 1061) to streamline completion of the *SARC*, and make it more understandable by deleting provisions that were obsolete or reported elsewhere. AB 1061 deleted two of the activities the Commission determined were reimbursable activities:

1. Reporting the average verbal and math Scholastic Aptitude Test scores of high school seniors, to the extent that those scores are provided, and the average percentage of seniors taking that exam for the most recent three-year period.
2. The degree to which pupils are prepared to enter the workforce.

Thus, beginning January 1, 2008, these activities are no longer mandated by the state.

In 2010, the Legislature enacted Statutes 2010, chapter 724 (AB 1610) that directed the State Controller's Office to confirm whether or not school districts were no longer filing reimbursement claims for the above activities that were repealed, and if the Controller found that claims were still being filed, to file a request to amend the parameters and guidelines with the Commission to delete the repealed activities.

On February 2, 2011, the State Controller's Office requested amendments to the parameters and guidelines to clarify that the above two activities are no longer reimbursable.¹ The State Controller's Office is also requesting several amendments to the boilerplate language included in the parameters and guidelines.

On February 9, 2012, Commission staff issued the draft staff analysis and proposed amendments to parameters and guidelines, as modified by staff.² No comments were filed.

Discussion

Staff reviewed the statutes and the State Controller's request. Non-substantive changes were made to the parameters and guidelines to bring them into conformity with the other parameters and guidelines adopted by the Commission. Staff modified all other sections of the parameters and guidelines as discussed below.

Section I. Summary of the Mandate

The State Controller's Office requested that this section include language that states Statutes 2007, chapter 520 repealed specified activities in *SARC*.

Staff revised this section to list the specific activities that were repealed, and to clarify that these activities are no longer mandated or reimbursable as of January 1, 2008.

Section III. Period of Reimbursement

The State Controller's Office requested that this section clarify that the amendments to the parameters and guidelines are effective beginning with the 2010-2011 fiscal year.

¹ Exhibit A.

² Exhibit B.

Deletion of Reimbursable Activities

Government Code section 17557 provides that a request for amendment of parameters and guidelines filed on or before February 15 following a fiscal year, shall establish reimbursement eligibility for that fiscal year. On February 22, 2011, the State Controller requested that these parameters and guidelines be amended. This filing date would make the proposed budget changes to activities in the parameters and guidelines effective July 1 2010. However, Statutes 2007, chapter 530 repealed the two reimbursable activities effective January 1, 2008. Therefore, staff revised this section to clarify that reimbursement for the repealed activities ends on January 1, 2008.

Effective Date of Boilerplate Language

Each set of parameters and guidelines includes language that is common to all parameters and guidelines, and provides guidance to claimants on the procedures for filing reimbursement claims, the documentation required to support the reimbursement claims, records retention requirements and the legal and factual basis for the parameters and guidelines. This language is known as “boilerplate language.” When the boilerplate language is amended, certain sections will have different effective dates, depending on different statutes.

Staff added the effective dates for the boilerplate language as further discussed in the analysis. As proposed, Section III, Period of Reimbursement, states the following:

The amendments made to these parameters and guidelines become effective as follows:

1. Activities deleted by Statutes 2007, chapter 530 are not reimbursable beginning January 1, 2008.
2. The amendment made to Section IV, adding language requiring that claims be supported with contemporaneous source documents, is effective beginning July 1, 2011. Government Code section 17557(d)(2)(H) provides that “any amendment to the boilerplate language that does not increase or decrease reimbursable costs shall limit the eligible filing period commencing with the fiscal year in which the amended parameters and guidelines were adopted.” The Commission amended the boilerplate language requiring contemporaneous source documentation in fiscal year 2011-2012.
3. The amendment made to Section V(B) of these parameters and guidelines addressing the indirect cost rate, is effective beginning July 1, 2010. Pursuant to Government Code section 17557(d)(1), “A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to section 17561, and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year. The State Controller’s Office filed this request to amend the parameters and guidelines on February 22, 2011, making the amendments to Section V(B) of these parameters and guidelines effective for the 2010-2011 fiscal year.

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.
2. Pursuant to Government Code section 17561(d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.

3. Pursuant to Government Code section 17560(a), a school district may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
4. If revised claiming instructions are issued by the Controller pursuant to Government Code section 17558(c), between November 15 and February 15, a school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim. (Gov. Code §17560(b).)
5. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564(a).
6. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

Section IV. Reimbursable Activities and Section V. Claim Preparation and Submission

A. Deletion of Reimbursable Activities

The State Controller's Office requested that Section IV be amended to clarify that the activities repealed by Statutes 2007, chapter 520 be deleted from the parameters and guidelines.

Staff made the amendments proposed by the State Controller's Office and clarified that beginning January 1, 2008 (the effective date of the statute), the repealed activities are no longer reimbursable.

B. Source Documentation Language

The State Controller's Office requested that the standard boilerplate language requiring claimants to support their claims with contemporaneous source documentation (documents created at or near the same time the actual cost was incurred for an activity or event) be included in the parameters and guidelines.

Staff added the language proposed by the State Controller's Office. Pursuant to Government Code section 17557(d)(2)(H), and as described below in section D of this analysis, this amendment affects reimbursement claims for costs incurred in fiscal year 2011-2012.

C. Amendments Proposed to Indirect Cost Rate Language.

The Controller proposed revising the boilerplate language for the indirect cost rate. Currently, the language allows school districts to use the J-380 *non-restrictive* indirect cost rate approved by the Department of Education. The Controller's Office proposes that the method now be a "*restricted* indirect cost rate for K-12 Local Educational Agencies (LEAs) Five Year Listing issued by the California Department of Education (CDE) School Fiscal Services Division, for the fiscal year costs." (Emphasis added.)

After this language was proposed, staff was informed that in 2003-2004, when all districts converted to SACS (Standardized Account Code Structure), the California Department of Education discontinued the software for the J-380 and J-580, and approved restricted indirect cost rates for school districts.

As a result, at the January 2012 hearing, the Commission adopted new indirect cost rate language for school districts as follows:³

School districts must use the California Department of Education approved indirect cost rate for the year that funds are expended.

Staff revised the *SARC* parameters and guidelines to include this language. This will ensure that the parameters and guidelines are consistent with the practices of the State Controller and California Department of Education (CDE). Pursuant to Government Code section 17557(d)(1), and as described below in Section D of this analysis, this amendment is effective beginning July 1, 2010.

D. Effective Date of Amendments to Boilerplate Language

The general rule for the effective date of a parameters and guidelines amendment is governed by Government Code section 17557(d)(1) and provides that an amendment resulting from a request filed on or before February 15 following a fiscal year, “shall establish reimbursement eligibility for that fiscal year.” Applying the general rule to the proposed amendments here results in an effective date of July 1, 2010.

In 2011, the Legislature enacted SB 112 (Statutes 2011, chapter 144) to revise the effective date of amendments to boilerplate language in parameters and guidelines. SB 112 amended Government Code section 17557(d)(2)(H) to provide that a request for amendment of the boilerplate language in parameters and guidelines “that *does not increase or decrease reimbursable costs* shall limit the eligible filing period commencing with the fiscal year in which the amended parameters and guidelines were adopted.” If section 17557(d)(2)(H) applies, then the amendments to boilerplate would take effect on July 1, 2011.

1) Effective date of contemporaneous source documentation requirement

Staff finds that the contemporaneous source documentation requirements do not increase or decrease reimbursable costs for the state mandated program and only impose procedural requirements for claiming those costs. Thus, pursuant to Government Code section 17557(d)(2)(H), the amendment requiring claimants to support reimbursement claims with contemporaneous source documentation is effective beginning July 1, 2011, and will apply to the reimbursement claims filed for the 2011-2012 fiscal year.

Therefore, staff recommends that the Commission delete the July 1, 2010 effective date for this change as requested by the SCO, since the appropriate effective date is July 1, 2011.

2) Effective date of the amendment to the indirect cost rate

Staff finds that the amendment to the indirect cost rate, and the change to the restricted rate currently approved by the CDE, affects reimbursable costs and, thus, the correct period of reimbursement for the change, if adopted, is governed by the general rule provided in Government Code section 17557(d)(1), and becomes effective beginning July 1, 2010.

An indirect cost rate is the percentage of an organization’s indirect costs to its direct costs and is a standardized method of charging individual programs for their share of indirect costs. The

³ Amendment to Parameters and Guidelines for the *Pupil Promotion and Retention* program, (10-PGA-03, 98-TC-19).

United States Department of Education provides the following guidance on the differences between restricted and unrestricted indirect cost rates:

Unrestricted indirect cost rates are those calculated for use on programs without limitations on indirect costs. Certain ED grant programs have a statutory requirement prohibiting the use of federal funds to supplant non-federal funds. These programs require the use of a restricted indirect cost rate, computed in accordance with 34 CFR 76.564-76.569. Generally, adjustments to the unrestricted rate calculation are made and *result in a lower rate* to claim indirect cost reimbursement on restricted rate programs.⁴

The CDE cost rates are negotiated rates between CDE and the United States Department of Education. The United States Department of Education has approved the fixed with carry-forward restricted rate methodology for calculating indirect cost rates for California LEAs. CDE has been delegated authority to calculate and approve indirect cost rates annually for LEAs.⁵ According to the California School Accounting Manual:

Approved indirect cost rates for K–12 LEAs, including charter schools, are posted online annually at <http://www.cde.ca.gov/fg/ac/ic>, usually in early spring. The rates may be used, as appropriate, to budget, allocate, and recover indirect costs for federal programs, grants, and other assistance governed by the Office of Management and Budget (OMB) Circular A-87, the *Education Department General Administrative Regulations* (EDGAR), and the *Code of Federal Regulations (CFR)*, Title 34. The rates may also be used for state programs, subject to any restrictions that may govern the individual programs.⁶

Here, the proposed change to the boilerplate language changes the indirect cost rate from a “nonrestrictive indirect cost rate” to the current restricted indirect cost rates adopted by the CDE. This change will generally decrease the reimbursable costs.⁷ Thus, the general rule for the effective date for an amendment of the parameters and guidelines applies. Therefore, staff finds that the appropriate effective date for the amendment to the indirect cost rate is July 1, 2010.

E. Amendments Proposed to Clarify and Provide Notice of Existing Law Regarding Direct Cost Reporting, Records Retention, Offsetting Revenues, Revised Claiming Instructions, Remedies Before the Commission, and the Legal and Factual Basis for Parameters And Guidelines.

The following proposed amendments to the parameters and guidelines have no effective date since they are statements of existing law and do not change any requirements. The California Supreme Court has found that “a statute that merely clarifies, rather than changes, existing law does not operate retrospectively even if applied to transactions predating its enactment” “because

⁴ United States Department of Education, Cost Allocation Guide for State and Local Governments, p. 9 (emphasis added).

⁵ California School Accounting Manual, 2011 Edition, p 915-1.

⁶ *Id.*, p. 915-7, underlining added (italics in original).

⁷ See United States Department of Education, Cost Allocation Guide for State and Local Governments, p. 9.

the true meaning of the statute remains the same.”⁸ The following amendments are proposed for purpose of clarification and to provide notice of the law to the claimants:

V.A. Direct Cost Reporting

Revise this section to include updated boilerplate language that conforms to other parameters and guidelines recently adopted by the Commission.

This section provides guidance to claimants regarding how to file their reimbursement claims for the direct costs incurred to comply with the mandated program.

VI. Records Retention

Add a new section VI that states the following:

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter⁹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

This section notifies the claimant that its reimbursement claims are subject to audit by the State Controller, clarifies the audit period, and that supporting documentation must be retained during the period subject to audit.

VII. Offsetting Savings and Reimbursements

Revise title of this section for the sake of clarity, to delete “savings” (since there are no offsetting savings for this mandate) and replace it with “revenues” (since there may be offsetting revenues for this mandate) and make changes to the text of this section to make it consistent with the changes to the title.

The proposed amendment to Section VII simply updates the language regarding offsetting revenue to conform to current boilerplate changes and to make the provision in this set consistent with section 1183.1(a)(7) of the Commission’s regulations. Section 1183.1(a)(7) requires that the parameters and guidelines contain a section on offsetting revenues and reimbursements to the extent applicable.

⁸ *Western Security Bank v. Superior Court* (1997) 15 Cal.4th 232, 243.

⁹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

VIII. State Controller's Revised Claiming Instructions

Add a new section VIII, which states the following:

Pursuant to Government Code section 17558(c), the Controller shall issue revised claiming instructions for each mandate that requires state reimbursement not later than 90 days after receiving the revised parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The revised claiming instructions shall be derived from the test claim decision and the revised parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561(d)(2), issuance of the revised claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon the revised parameters and guidelines adopted by the Commission.

This section provides the claimants with notice of when the State Controller's Office is required to issue revised instructions, and notice of the right of local governments to file reimbursement claims once the claiming instructions are issued.

IX. Remedies Before the Commission

Add a new section IX, which states the following:

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557(d), and California Code of Regulations, title 2, section 1183.2.

This section notifies the claimants of the process for reviewing and revising claiming instructions if they do not conform with the parameters and guidelines. It also notifies parties that requests may be made to amend parameters and guidelines.

X. Legal and Factual Basis for the Parameters and Guidelines

Add a new section X, which states the following:

The statement of decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the statement of decision, is on file with the Commission.

The proposed addition of Section X to the parameters and guidelines updates the document consistent with existing law. Section 1183.1(a)(11) of the Commission's regulations requires that the parameters and guidelines contain ". . .notice that the legal and factual basis for the parameters and guidelines are found in the administrative record

for the test claim, which is on file with the commission.” Therefore, these changes are merely statements of existing law that clarify the parameters and guidelines and have no effect on the costs claimed.

Staff recommends that the Commission amend these sections of the parameters and guidelines as requested by the Controller and discussed above.

Staff Recommendation

Staff recommends the Commission adopt staff’s proposed amendments to the parameters and guidelines, beginning on page 10.

Staff also recommends that the Commission authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

Proposed for Amendment: March 23, 2012

Adopted: August 20, 1998

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PROPOSED AMENDMENT TO PARAMETERS AND GUIDELINES

Education Code Section 33126; Education Code Section 35256
Education Code Section 35256.1; Education Code Section 35258
Education Code Section 41409; Education Code Section 41409.3

Statutes 2007, Chapter 530; Statutes 1997, Chapters 918 and 912
Statutes 1994, Chapter 824; Statutes 1993, Chapter 1031
Statutes 1992, Chapter 759; Statutes 1989, Chapter 1463

School Accountability Report Cards

10-PGA-02 (97-TC-21)

I. SUMMARY OF THE MANDATE

Proposition 98, an initiative measure approved by the California voters, required each school in each school district to develop and issue a school accountability report card. Proposition 98 set forth thirteen items that were to be included in the school accountability report cards. Statutes adopted after the approval of Proposition 98 added new subjects to be included in the school accountability report card. The Commission on State Mandates, in its Statement of Decision adopted at the April 23, 1998 hearing, determined that the requirements in these statutes impose a new program or higher level of service upon school districts, within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

Statutes 2007, chapter 530, which became effective on January 1, 2008, deleted the following requirements in Education Code section 33126 that were found to be reimbursable activities:

3. Reporting the average verbal and math Scholastic Aptitude Test scores of high school seniors, to the extent that those scores are provided, and the average percentage of seniors taking that exam for the most recent three-year period.
4. The degree to which pupils are prepared to enter the workforce.

On March 23, 2012, the Commission amended these parameters and guidelines to clarify that these two activities are no longer mandated or reimbursable effective January 1, 2008.

In addition, for costs incurred beginning July 1, 2010, the amended parameters and guidelines require school districts and county offices of education to use the California Department of Education approved indirect cost rate for the year that funds are expended.

Finally, the parameters and guidelines were amended to require claimants, beginning in fiscal year 2011-2012, to support the claims for reimbursement with contemporaneous source documentation created at or near the same time the actual cost for the activity or event was incurred.

II. ELIGIBLE CLAIMANTS

Any "school district" as defined in Government Code section 17519, except for community colleges, which incurs increased costs as a result of this mandate is eligible to claim reimbursement.

III. PERIOD OF REIMBURSEMENT

~~Section 17557 of the Government Code states that a test claim must be submitted on or before December 31 following a fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed by the claimants on December 31, 1997. Therefore, all costs incurred on or after July 1, 1996, for Chapters 824 /1994, 1031/1993, 759/1992, and 1463/1989 are eligible for reimbursement, and, all costs incurred on or after January 1, 1998, for Chapters 912/1997 and 918/1997 are eligible for reimbursement, pursuant to these parameters and guidelines.~~

~~Actual costs for one fiscal year should be included in each reimbursement claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Section 17561 (d) (3) of the Government Code, all claims for reimbursement of initial years' costs shall be submitted within 120 days of issuance of the claiming instructions by the State Controller.~~

~~If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.~~

The amendments made to these parameters and guidelines become effective as follows:

1. Activities deleted by Statutes 2007, chapter 530 are not reimbursable beginning January 1, 2008.
2. The amendment made to Section IV, adding language requiring that claims be supported with contemporaneous source documents, is effective beginning July 1, 2011. Government Code section 17557(d)(2)(H) provides that "any amendment to the boilerplate language that does not increase or decrease reimbursable costs shall limit the eligible filing period commencing with the fiscal year in which the amended parameters and guidelines were adopted." The Commission amended the boilerplate language requiring contemporaneous source documentation in fiscal year 2011-2012.
3. The amendment made to Section V(B) of these parameters and guidelines addressing the indirect cost rate, is effective beginning July 1, 2010. Pursuant to Government Code section 17557(d)(1), "A parameters and guidelines amendment filed more than 90 days after the claiming deadline for initial claims, as specified in the claiming instructions pursuant to section 17561, and on or before the claiming deadline following a fiscal year, shall establish reimbursement eligibility for that fiscal year. The State Controller's Office filed this request to amend the parameters and guidelines on February 22, 2011, making the amendments to Section V(B) of these parameters and guidelines effective for the 2010-2011 fiscal year.

Reimbursement for state-mandated costs may be claimed as follows:

7. Actual costs for one fiscal year shall be included in each claim.
8. Pursuant to Government Code section 17561(d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.

9. Pursuant to Government Code section 17560(a), a school district may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
10. If revised claiming instructions are issued by the Controller pursuant to Government Code section 17558(c), between November 15 and February 15, a school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim. (Gov. Code §17560(b).)
11. If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564(a).
12. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

IV. REIMBURSABLE ACTIVITIES

~~The direct and indirect costs of labor, materials and supplies, contracted services, fixed assets, equipment, travel, and training incurred for compliance with the following mandate components are eligible for reimbursement:~~

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are eligible for reimbursement:

Component 1 - Compilation, Analysis, and Reporting of Data

The collection and updating of data, preparation of analyses, and the preparation of the new mandated provisions added to the school accountability report cards (SARCs), as described below can be claimed, as specified below:

For the period beginning July 1, 1996 the required data and analyses includes the reporting of the following information:

1. The degree to which pupils are prepared to enter the workforce; ([Effective January 1, 2008, this activity is no longer reimbursable.](#))
2. The total number of instructional minutes offered in the school year, separately stated for each grade level, as compared to the total number of the instructional minutes per school year required by state law, separately stated for each grade level;
3. The total number of minimum days, as specified in Education Code sections 46112, 46113, 46117, and 46141, in the school year;
4. The beginning, median, and highest salary paid to teachers in the district, as reflected in the district's salary scale;
5. The average salary for school site principals in the district;
6. The salary of the district superintendent;
7. Based upon the state summary information provided by the Superintendent of Public Instruction pursuant to subdivision (b) of Education Code section 41409, the statewide average salary for the appropriate size and type of district for the following:
 - a. beginning, mid-range, and highest salary paid to teachers;
 - b. school site principals; and
 - c. district superintendents;
8. The statewide average of the percentage of school district expenditures allocated for the salaries of administrative personnel for the appropriate size and type of district for the most recent fiscal year, provided by the Superintendent of Public Instruction pursuant to subdivision (a) of section 41409 of the Education Code;
9. The percentage allocated under the district's corresponding fiscal year expenditure for the salaries of administrative personnel, as defined in Education Code sections 1200, 1300, 1700, 1800, and 2200 of the California School Accounting Manual published by the State Department of Education;
10. The statewide average of the percentage of school district expenditures allocated for the salaries of teachers for the appropriate size and type of district for the most recent fiscal year, provided by the Superintendent of Public Instruction, pursuant to subdivision (a) of Section 41409 of the Education Code; and,
11. The percentage of the budget that is expended for the salaries of teachers, as defined in Section 1100 of the California School Accounting Manual published by the State Department of Education.

For the period beginning January 1, 1998, the required data and analyses includes the reporting of the eleven items above plus the following district-wide and site-specific information:

1. Results by grade level from the assessment tool used by the school district using percentiles when available for the most recent three-year period, including the pupil achievement by grade level as measured by the statewide assessment developed by the state pursuant to chapter 5 (commencing with section 60600) and chapter 6 (commencing with section 60800) of part 33 of the Education Code;

2. The average verbal and math Scholastic Assessment Test scores of high school seniors to the extent such scores are provided to the school and the average percentage of seniors taking that exam for the most recent three-year period; ([Effective January 1, 2008, this activity is no longer reimbursable.](#))
3. The one-year dropout rate listed in the California Basic Education Data System for the school site over the most recent three-year period;
4. The distribution of class sizes at the school site by grade level, the average class size, and the percentage of pupils in kindergarten and grades 1 to 3, inclusive, participating in the Class Size Reduction Program established pursuant to chapter 6.10 (commencing with section 52120) of part 28 of the Education Code, using California Basic Education Data System information for the most recent three-year period;
5. The total number of the school's fully credentialed teachers, the number of teachers relying upon emergency credentials, and the number of teachers working without credentials for the most recent three-year period;
6. Any assignment of teachers outside of their subject area of competence for the first two years of the most recent three-year period;
7. The annual number of schooldays dedicated to staff development for the most recent three-year period; and,
8. The suspension and expulsion rates for the most recent three-year period.

Component 2 - Annual posting of school accountability report cards on the Internet.

A school district is connected to the Internet if one or more of its schools or the administrative office has a dedicated line or a dial-up account to the Internet. These school districts are eligible for reimbursement, as follows:

- A. School districts with district or individual school web sites are eligible to be reimbursed for the following activities in compliance with this mandate:
 1. One-time costs to add web pages for each school to the district's or individual schools' websites to post school accountability report card (SARC) information.
 2. Ongoing costs to annually convert the SARC information described in Component 1 to formats capable of being posted on the district's web site or on individual school web sites.
 3. Ongoing costs to annually post the SARC information on the district's web site or on individual school web sites.
 4. Ongoing costs to maintain electronic media storage space for the district's web site and individual school sites for posting the SARC information.
 5. Ongoing costs to purchase software specifically to convert the SARC to a file format capable of being posted on the Internet.
 6. One-time costs to purchase other software limited to a pro rata portion of newly purchased software used to prepare the SARC.

- B. School districts without web sites on January 1, 1998, are eligible to be reimbursed for the following activities in compliance with this mandate:
1. One-time costs to establish one web site for the district to post the SARC information described in Component 1.
 2. One-time costs to develop and add web pages to post SARC information for each school.
 3. Ongoing costs to convert the SARC information to formats capable of being posted on the district's web site or on individual school web sites.
 4. Ongoing costs to annually post SARC information on the district's web site or on individual school web sites.
 5. Ongoing costs to maintain electronic media storage space on the district's web site and individual school web sites for posting the SARC information.
 6. Ongoing costs to purchase software specifically to convert the SARC to a file format capable of being posted on the Internet.
 7. One-time costs to purchase other software, limited to a pro rata portion of newly purchased software used to prepare the SARC.

Non-Reimbursable Costs

School districts shall not be reimbursed for establishing an Internet connection nor for maintaining Internet access and shall not be reimbursed for the establishment of web sites for individual schools

V. CLAIM PREPARATION AND SUBMISSION

~~Each reimbursement claim for costs incurred to comply with this mandate must be timely filed and set forth a listing of each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified according to the two components of reimbursable activity described in Section IV of this document.~~

~~Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.~~

Supporting Documentation

~~Claimed costs should be supported by the following information:~~

A. Direct Costs Reporting

~~Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities, or functions; those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.~~

1. ~~Employee~~ Salaries and Benefits

~~Identify the employee(s) and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee and specify the time devoted to each function by each employee, productive hourly rate and the related fringe~~

~~benefits. The average number of hours devoted to each reimbursable activity in these Parameters and Guidelines can be claimed if supported by a documented time study.~~

~~Reimbursement for personal services includes compensation for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g. annual leave, sick leave) and employer's contribution for social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.~~

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

~~List cost of materials and supplies which have been consumed or expended specifically for the purpose of this mandate. The cost of materials and supplies, which is not used exclusively for the mandate is limited to the pro rata portion used to comply with this mandate.~~

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

~~Provide the name(s) of the contractor(s) who performed the service(s). Describe the activities performed by each named contractor, and give the number of actual hours spent on the activities, if applicable, show the inclusive dates when services were performed, and itemize all costs for those services. For fixed price contracts list only the activities performed, the dates services were performed, and the contract price.~~

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

4. Equipment Fixed Assets

~~List the purchase price paid for equipment and other fixed assets acquired for this mandate. Purchase price includes taxes, delivery costs, and installation costs. If the equipment or other capital asset is used for purposes other than this mandate, only the pro rata purchase price can be claimed.~~

Report the purchase price paid for fixed assets (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset is also used for purposes other than the

reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

~~Travel expenses for mileage, transportation, per diem, lodging, parking, and other employee entitlements are reimbursable in accordance with the rules of the local school district. Provide the name(s) of the person(s) traveling, purpose of the travel, inclusive dates and time of travel, destination(s), and travel expenses.~~

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1., Salaries and Benefits, for each applicable reimbursable activity.

6. Training

~~The cost of training for activities specified in Section IV can be claimed. Identify the employee(s) by name and job classification. Provide the name of the training session, the dates attended and the location. Reimbursement costs include, but are not limited to, salaries and benefits of personnel conducting or attending the training, registration fees, and travel expenses.~~

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1., Salaries and Benefits, and A.2., Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3., Contracted Services.

B. Indirect Costs Rates

~~1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.~~

~~2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.~~

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs may include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs; and (b) the costs of central

governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Beginning July 1, 2010, school districts and county offices of education must use the California Department of Education approved indirect cost rate for the year that funds are expended.

VI. SUPPORTING DATA RECORD RETENTION

~~For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets to show evidence of the validity of costs. Pursuant to Government Code section 17558.5, these documents must be kept on file by the agency submitting the claim for a period of no less than two years after the later of (1) the end of the calendar year in which the reimbursement claim was filed or (2) if no funds are appropriated for the fiscal year for which the claim is made, the date of the initial payment of the claim. These documents must be made available to the State Controller's Office on request.~~

Pursuant to Government Code section 17558.5(a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹⁰ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. DATA FOR DEVELOPMENT OF THE STATEWIDE COST ESTIMATE

~~The State Controller's claiming instructions shall include a request for claimants to send an additional copy of the completed test claim specific form for each of the initial years' reimbursement claims by mail or facsimile to the Commission on State Mandates, 1300 I Street, Suite 950, Sacramento, CA 95814, Facsimile Number: (916) 445-0278. Although providing this information to the Commission on State Mandates is not a condition of reimbursement, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate.~~

VIII. OFFSETTING SAVINGS REVENUES AND OTHER REIMBURSEMENTS

~~Any offsetting savings the claimant experiences as a direct result of this mandate must be deducted from the costs claimed. In addition, reimbursement for this mandate received 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.~~

Any offsetting revenues 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

¹⁰ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

VIII. IX. REQUIRED CERTIFICATION STATE CONTROLLER'S REVISED CLAIMING INSTRUCTIONS

An authorized representative of the claimant will be required to provide a certification of the claim, as specified in the State Controller's claiming instructions, for those costs mandated by the state contained herein.

Pursuant to Government Code section 17558(c), the Controller shall issue revised claiming instructions for each mandate that requires state reimbursement not later than 90 days after receiving the amended parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The revised claiming instructions shall be derived from the test claim decision and the revised parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561(d)(2), issuance of the revised claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon the revised parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557(d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The statement of decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the statement of decision, is on file with the Commission.