

ITEM 14
EXECUTIVE DIRECTOR'S REPORT
Commission Workload, Budget, Reports to the Legislature,
Legislation, Scheduling Request, and Next Meeting/Hearing

I. WORKLOAD: Pending Caseload

Type of Action	March 17, 2006	January 13, 2006	March 15, 2005
Test Claims to be Heard and Determined	107	107	104
Test Claims to be Reconsidered	0	0	0
Test Claims to be Reconsidered Based on Court Action	1	1	3
Test Claims to be Reconsidered, as Directed by the Legislature	2	3	11
Incorrect Reduction Claims to be Heard and Determined	104	104	82
Proposed Parameters and Guidelines, and Amendments	29	31	32
Parameters and Guidelines to be Amended or Set Aside, as Directed by the Legislature	2	9	Not Available
Statewide Cost Estimates to be Adopted	6	6	2
New Test Claim Filings to be Reviewed	0	0	0
New Incorrect Reduction Claim Filings to be Reviewed	0	0	Not Available
Appeals of Executive Director's Decision	0	0	0
Regulatory Actions Pending	0	0	0

II. 2006-2007 Budget

A. Commission's Budget

The Commission's operating budget is set for hearing in the Senate Budget and Fiscal Review Subcommittee 4 on March 23, 2006 and in Assembly Budget Subcommittee 4 on April 23, 2006. An update will be provided at the hearing.

B. Legislative Analyst's (LAO) Report

1. Education Mandates (Item 6110-296-001)

Assembly

On March 14, 2006, Assembly Budget Subcommittee 2 held its first hearing on LAO's analysis and recommendations on education mandates. The Subcommittee voted to accept LAO's recommendation to amend the budget bill to list the specific mandates funded, the amount allocated per mandate, and the mandates suspended for 2006-2007.

The San Francisco Unified School District and other members of the Education Coalition urged the Subcommittee to amend or repeal section 17 of AB 138 (Stats. 2005, ch. 72) which required the Commission to reconsider its prior decision on the *Mandate Reimbursement Process* program by July 1, 2006 to exclude *local educational agencies* from the scope of the reconsideration. The Subcommittee members requested the matter be set for a vote. The Commission's reconsideration is set for the April hearing.

Other LAO recommendations still to be considered at a future hearing, as excerpted from handouts are as follows:

- Fund new mandates approved by the Commission. After reviewing the statements of decision, parameters and guidelines, and statewide cost estimates, the LAO recommends that the Legislature fund the following new education mandates approved by the Commission: *Pupil Promotion and Retention, Differential Pay and Reemployment, Teacher Incentive Program, AIDS Prevention Instruction II.*
- Fund mandates through a block grant that provides \$27 per student for all existing K-12 mandates in 2006-07. Districts choosing funding through the block grant would not have to submit detailed claims for each mandate and would not be audited; require the Department of Finance to submit a budget change proposal that would establish a per pupil "unit cost" reimbursement for new mandates.
- Settle the STAR mandate. Settle the *STAR* mandate issue by reimbursing districts for the share of local *STAR* costs that is required only under state law. For past costs through 2004-05, the LAO recommends \$104.5 million, slightly less than one-half the \$220 million in claims. For 2006-07 and beyond, add \$11.2 million to the *STAR* item.
- Create a new truancy program. Eliminate the truancy notification and habitual truant mandates and create a categorical program targeted at reducing truancy and dropouts. Allow districts to create a truancy reduction program aimed at resolving issues that cause students to skip school and drop out.

The LAO report is available at lao.ca.gov.

2. Commission on State Mandates and Local Agency Mandates (Item 8885-295-001)

Senate

On March 23, 2006, the Senate Budget and Fiscal Review Sub Committee 4 will consider the following LAO recommendations, as excerpted from the report:

- Increase Item 8885-295-001 by \$54 million, or take other action to reduce the cost of these ongoing mandates.
- Enact legislation to clarify the date by which a new mandate must be identified for its funding to be included in the annual budget.
- Recognize an anticipated current year mandate deficiency of \$140 million. This cost could be covered through current year legislation or in the 2006-07 Budget Bill.
- Pay claims for certain other unfunded mandates (employee relations mandates, *Open Meetings Act* and *Mandate Reimbursement Process*) in full in the 2006-07 budget or include them within the state's 15-year repayment plan. In future years, pay these claims annually to avoid incurring another large backlog of mandate claims.
- Department of Finance should submit a report to legislative budget committees and the Joint Legislative budget Committee before budget hearings on its plan to provide the following information in all future Governor's budgets and budget bills: (1) each mandate's name; (2) the amount proposed for each mandate, and (3) the name of each mandate proposed for a one-year suspension or repeal. The Governor's budget should include information regarding prior and current year funding levels of each mandate.
- Use the reconsideration process sparingly, assign resources to the task, and draft the reconsideration statute carefully.

There are also recommendations on specific mandate issues:

- Request the commission to reconsider past decisions regarding local government worker's compensation costs related to certain cases of cancer in firefighters and peace officers.
- Adopt the Governor's proposal to fund the *Postmortem Examination: Unidentified Bodies, Human Remains* mandate because the subject legislation has provided information that is currently used by law enforcement personnel to identify missing persons.

The LAO report is available at lao.ca.gov.

III. REPORTS TO THE LEGISLATURE (Exhibit A)

The 2005-2006 Budget required the Department of Finance to evaluate the current mandates reimbursement process, provide alternatives, and suggest improvements to the process to the chairpersons of the fiscal committees of each house of the Legislature and to the chairperson of the Joint Legislative Budget Committee not later than March 1, 2006.

This report will be considered during the Senate Budget Subcommittee hearing on March 23, 2006.

IV. LEGISLATION

AB 2652 (Laird) is our sponsored bill to reform the incorrect reduction claim process. Staff is drafting proposed language, and is meeting with Assembly Member Laird's staff and the State Controller's Office on March 21 to discuss reform options. The language must be approved by the Governor's Office, and should be circulated to parties and interested persons for comment, prior to the Commission's April 26, 2006 meeting. Staff will report on the March 21 meeting at the Commission's March 29 meeting. Once the language is approved, it will be circulated to parties and interested persons for comment. Staff will report to the Commission on the draft language and any comments at the April meeting.

V. SCHEDULING REQUEST

At the January hearing, Robert Miyashiro, with the Education Mandated Cost Network, and Mr. Ruben Rojas, Los Angeles Unified School District requested the Commission place a high priority on scheduling the *Williams Case Implementation* test claim.

Commission members requested an update on this request.

This test claim was filed on September 21, 2005 by the San Diego County Office of Education and the Sweetwater Union High School District, represented by Mr. Keith Petersen, SixTen & Associates. The claim is on four 2004 statutes, one 2005 statute, and regulations and executive orders issued by the Office of Public School Construction/State Allocation Board. Based on a voluntary survey, claimants allege statewide cost estimates of \$12.8 million for fiscal year 2004-05, and \$10.3 million for fiscal year 2005-06.

The record is still open. The Department of Finance is expected to file comments on the merits of the claim on April 3. After state agency comments are filed, claimants and interested parties may file rebuttal comments. The soonest the record would close is May 2006. However, it is at the bottom of the list of pending school district test claims. Since it is the youngest test claim on file, it is not likely to be heard for another three years given current staffing and workload levels.

I spoke with Mr. Miyashiro about his request after the January hearing and discussed how stipulations have been used in the past for scheduling purposes. I also called him this week for an update. He is working with EMCN members and claimants' representatives to determine if or how they wish to proceed with this request.

VI. NEXT HEARING AGENDA: April 26, 2006

A. Reconsiderations as directed by the Legislature

1. *Mandate Reimbursement Process*, CSM-4485
2. *Peace Officer Procedural Bill of Rights (POBOR)*, CSM-4499

B. Test Claims

1. *Firearm Hearings for Discharged Inpatients*, 99-TC-11
Los Angeles County, Claimant

C. Proposed Parameters and Guidelines and Proposed Amendments

1. *High School Exit Exams*, 00-TC-06,
Trinity Unified School District, Claimant
2. *Local Recreational Areas: Background Screenings*, 01-TC-11
City of Los Angeles, Claimant

3. *Handicapped and Disabled Students I and II, and Seriously Emotionally Disturbed (SED) Pupils: Out of State Mental Health Services: Proposed Consolidation of Parameters and Guidelines*, 04-RL-4282-10, 02-TC-40/02-TC-49, and 97-TC-05
4. *Pupil Suspensions, Expulsions, and Expulsion Appeals*, 05-PGA-04 (CSM-4456, 4455, and 4463), San Diego Unified School District, Claimant (Tentative) – Additional costs resulting from litigation.
5. *Annual Parent Notification*, 05-PGA-12 (CSM-4445, 4453, 4461, 4462, 4474, 4448, 97-TC-24, 99-TC-09, 00-TC-12.)

VII. TENTATIVE HEARING AGENDAS FOR MAY 25, 2006 OR JULY 27, 2006

A. Test Claims

1. *Charter School Collective Bargaining*, 99-TC-05
Western Placer USD, Claimant
2. *Binding Arbitration*, 01-TC-07
City of Palos Verdes Estates, Claimant
3. *Expulsions II, Suspensions II*, 96-358-03, 03A, 03B, 04, 04B, and 98-TC-22, 23, 01-TC-17, 18, San Juan Unified School District, Claimant
4. *Permanent Absent Voter II*, 03-TC-11
County of Sacramento, Claimant
5. *Modified Primary Election*, 01-TC-13
County of Orange, Claimant
6. *Worker's Compensation Disability Benefits for Government Employees*, 00-TC-20, 02-TC-02, County of Los Angeles, Claimant
7. *Post Conviction: DNA Court Proceedings*, 00-TC-21; 01-TC-08
County of Los Angeles, Claimant

B. Proposed Parameters and Guidelines and Proposed Amendments

1. *Agency Fee Arrangements*, 00-TC-17, 01-TC-14
Clovis Unified School District, Claimant
2. Request to Amend Various Peace Officer Programs to delete School Districts, 05-PGA-06 through 05-PGA-10, Department of Finance, Requestor

C. Statewide Cost Estimates

1. *Integrated Waste Management*, 00-TC-07
Santa Monica and Lake Tahoe Community College Districts, Claimants
2. *Peace Officer Personnel Records: Unfounded Complaints Against Peace Officers*, 00-TC-24, City of Hayward, Claimant, and
Discovery of Peace Officer Personnel Records, 00-TC-25
City of San Mateo, Claimant
3. *The Stull Act*, 98-TC-25
Denair Unified School District and Lassen County Office of Education, Claimants
4. *Crime Victim's Domestic Violence Incident Reports*, 99-TC-08
County of Los Angeles, Claimant
5. *Handicapped and Disabled Students II*, 02-TC-40/02-TC-49
Counties of Los Angeles and Stanislaus Counties, Claimants