

## ITEM 12

### EXECUTIVE DIRECTOR'S REPORT

#### Workload Update, 2014 Budget, and Tentative Agenda Items for Next Meeting (info)

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#### I. WORKLOAD<sup>1</sup>

##### A. COMPLETED WORKLOAD SUMMARY

Type of Caseload	Completed in 2012/2013	Completed in 2013/2014
Test Claims	11	13
Parameters & Guidelines	12	8
Parameters and Guidelines Amendments	3	10
Requests for Reconsideration	.5	.5 <sup>2</sup>
Statewide Cost Estimates	8	12
Request to Review Claiming Instructions	0	0
Mandate Redetermination Requests	N/A	2
Incorrect Reduction Claims	42	22

##### B. COMMISSION WORKLOAD REPORT

Type of Action	Pending on 7/1/2013	Filed Since 7/1/2013	Completed Since 7/1/2013	Pending on 6/30/2014
Test Claims	28	0	13	15 <sup>3</sup>
Proposed Parameters and Guidelines	4	5 <sup>4</sup>	8	1
Joint Reasonable Reimbursement Methodologies	0	0	0	0

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<sup>1</sup> As of June 30, 2014.

<sup>2</sup> There was one request for reconsideration filed in 2012-2013. Such requests require two hearings. The first hearing was held on May 24, 2013 and the second was on July 26, 2013.

<sup>3</sup> All currently pending test claims were filed by local agencies. Ten of the 15 local agency claims are regarding regional water quality control board permits, which have been placed on inactive status pending the outcome of litigation regarding the extent of the federal clean water mandate.

<sup>4</sup> Proposed parameters and guidelines may be submitted by the test claimant or expedited and issued by Commission staff upon the adoption of an approved test claim.

<b>Type of Action</b>	<b>Pending on 7/1/2013</b>	<b>Filed Since 7/1/2013</b>	<b>Completed Since 7/1/2013</b>	<b>Pending on 6/30/2014</b>
Pending Requests To Jointly Develop Legislatively Determined Mandates	0	0	0	0
Requests for Reconsideration	.5	0	.5	0
Requests to Review Claiming Instructions	0	0	0	0
Statewide Cost Estimates	12	10 <sup>5</sup>	12	10
Test Claim Reconsiderations or Reinstatements Based on Court Action	0	0	0	0
Parameters and Guidelines to be Amended, Set Aside, or Reinstated, as Directed by the Legislature or Court Action	0	0	0	0
Proposed Parameters and Guidelines Amendments	12	2	10	4
Requests for Mandate Redetermination	2	2	2	2
Incorrect Reduction Claims	87	9	22	74
Incorrect Reduction Claims to be Reconsidered Based on Court Action	0	0	0	0
Appeals of Executive Director's Decisions	0	1	0	0 <sup>6</sup>
Regulatory Actions Pending	0	1	1	0
Applications for Findings of Significant Financial Distress Pending	0	0	0	0

<sup>5</sup> Statewide cost estimates are not filed, but are issued by the Commission after claiming instructions have been issued and initial claims have been received by the State Controller's Office. This includes a State Controller's request to amend a previously adopted statewide cost estimate for *Local Agency Ethics*, 07-TC-04.

<sup>6</sup> An appeal was filed on the pending dismissal of 12-TC-01. However, that appeal was mooted since the issues raised on appeal are being addressed in the decision on the consolidated test claim 10-TC-12 and 12-TC-01.

## **II. 2014 BUDGET**

The Budget Act of 2014 (SB 852) was signed on June 20, 2014. The Commission's budget, as adopted, includes \$1,908,000 to fund the Commission's operations, as originally proposed in the Governor's Budget. The 2014 Budget also includes \$33,817,000 to fund local agency mandates and \$250,735,000 to fund the costs of schools and California community colleges mandate programs pursuant to article XIII B, section 6 of the California Constitution. Additionally, the budget includes \$100 million to pay down the amount owed on pre 2004–05 local agency mandate claims.

### Payment of Pre 2004-2005 Local Agency Mandate Debt

Consistent with the proposal in the Governor's May Revision, \$100 million was appropriated for payment of pre 2004-2005 local agency mandate claims. Specifically, the Budget Act of 2014, as adopted, amended Government Code section 17617 to remove fiscal year 2014-2015 from the years in which repayment was prohibited, thus accelerating the repayment of this debt.: It also allocated the appropriation as follows:

No less than 73.1 percent of the \$100,000,000 shall be used for the payment of claims submitted by counties. No less than 24.6 percent of the \$100,000,000 shall be used for the payment of claims submitted by cities. No less than 2.2 percent of the \$100,000,000 shall be used to pay claims submitted by special districts. The Department of Finance's payment instructions shall limit the payment to each city, county, and special district to that city, county, or special district's proportional amount of the total outstanding pre-2004 claims that have been approved for payment. The Controller shall make payments according to the Department of Finance's payment instructions no sooner than 30 days after the Department of Finance has provided the payment schedule to the chairperson of the Joint Legislative Budget Committee or his or her designee.

Additionally, the Governor's 2014 Budget Summary<sup>7</sup> notes that:

The Budget Act includes a trigger mechanism that makes additional payments for the remaining pre-2004 mandate debt. Additional funds, up to \$800 million, will be provided if estimated General Fund revenues for the 2013-14 and 2014-15 fiscal years at the 2015 May Revision exceed the 2014 Budget Act's estimate for those same revenues. After satisfying the Proposition 98 guarantee, the additional revenues will pay down the remainder of the state's pre-2004 mandate debt.

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<sup>7</sup> 2014 Budget Summary, page 55. Available on Department of Finance website at <http://www.dof.ca.gov/budget/historical/2014-15/>.

## Election Mandates

Senate Budget Subcommittee 4 opposed the Governor's proposal to suspend eight election mandates.<sup>8</sup> Ultimately, the conference committee adopted the proposed suspensions. However, the 2014 Budget Act also included the following provision regarding those suspended election mandates:

The Department of Finance shall submit to the Legislature by January 10, 2015, a report that: (1) evaluates simpler mechanisms and alternatives for funding the suspended election mandates; (2) assesses whether some mandated requirements could be modified to realize the same goals at lower costs; and (3) estimates the statewide costs to achieve the goals of the mandate in a cost effective manner. The administration shall consult with the Legislative Analyst's Office and counties in the preparation of this report.

## Treatment of New Local Agency Mandates

The following mandated programs were newly funded in the 2014 Budget:

- *Local Agency Ethics (AB 1234)*, 07-TC-04  
SCE adopted 7/26/2013 – Amended SCE proposed for adoption 7/25/14  
**Funded at \$35,000**
- *Tuberculosis Control*, 03-TC-14  
SCE adopted 9/27/2013  
**Funded at \$215,000**

There were no newly suspended local agency mandates in the 2014 Budget.

## Treatment of New Education Mandates

While not listed specifically as a funded mandate, *Behavioral Intervention Plans (BIPS)*, CSM-4464 was referenced in provision number 24 under line item "6110-161-0001—For local assistance, Department of Education (Proposition 98), Program 10.60-Special Education Programs for Exceptional Children." Under that provision, the Budget Act of 2014 provides that "the funds appropriated in Schedule (1) [*Special Education Instruction*, \$3,213,361,000] shall first be considered offsetting revenues within the meaning of subdivision (e) of Section 17556 of the Government Code for any reimbursable mandated cost claim for behavioral intervention

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<sup>8</sup> Absentee Ballots, CSM-3713;  
Absentee Ballots-Tabulation by Precinct, 00-TC-08;  
Brendon Maguire Act, CSM-4357;  
Fifteen-Day Close of Voter Registration, 01-TC-15;  
Modified Primary Election, 01-TC-13;  
Permanent Absentee Voters II, 03-TC-11;  
Voter Identification Procedures, 03-TC-23; and  
Voter Registration Procedures, 04-LM-04.

plans (CSM 4465) [sic], inclusive of activities performed pursuant to Sections 56521.1 and 56521.2 of the Education Code."

The following new education mandates are funded at \$1,000 each (also known as deferred funding) in the 2014 Budget:

- *Public Contracts (K-14)*, 02-TC-35  
SCE adopted 7/26/13
- *Discrimination Complaint Procedures*, 02-TC-46  
SCE adopted 7/26/13
- *Developer Fees*, 02-TC-42  
SCE adopted 4/19/13
- *Charter Schools IV*, 03-TC-03  
SCE adopted 7/26/13
- *Uniform Complaint Procedures (K-12)*, 03-TC-02  
SCE adopted 12/6/13
- *Parental Involvement Programs*, 03-TC-16  
SCE adopted 1/24/14
- *Williams Case Implementation I, II, and III*, 05-TC-04, 07-TC-06, and 08-TC-01  
SCE adopted 1/24/14
- *Minimum Conditions for State Aid*, 02-TC-25 and 02-TC-31  
SCE adopted 1/24/14

With regard to *Minimum Conditions for State Aid*, 02-TC-25 and 02-TC-31, provision 28 under line item 6870-101-0001 further provides that: "Funding provided to community college districts in Schedule (1) [*Local Assistance Apportionments*, \$2,059,128,000] is provided to directly offset any mandated costs claimed by community college districts for the Minimum Conditions for State Aid (02-TC-25 and 02-TC-31) mandated program as determined by the Commission on State Mandates."

#### Education Omnibus Trailer Bills

The *Education Omnibus Trailer Bills*<sup>9</sup> amended sections 17581.6 (K-12 Block Grant) and 17581.7 (Community College Block Grant) of the Government Code to include the following new education mandates in the block grant:

- *Public Contracts (K-14)*, 02-TC-35  
SCE adopted 7/26/13
- *Discrimination Complaint Procedures*, 02-TC-46  
SCE adopted 7/26/13

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<sup>9</sup> SB 858 and SB 860.

- *Developer Fees*, 02-TC-42  
SCE adopted 4/19/13
- *Charter Schools IV*, 03-TC-03  
SCE adopted 7/26/13
- *Uniform Complaint Procedures (K-12)*, 03-TC-02  
SCE adopted 12/6/13
- *Parental Involvement Programs*, 03-TC-16  
SCE adopted 1/24/14
- *Williams Case Implementation I, II, and III*, 05-TC-04, 07-TC-06, and 08-TC-01  
SCE adopted 1/24/14
- *Minimum Conditions for State Aid*, 02-TC-25 and 02-TC-31  
SCE adopted 1/24/14

Additionally, SB 858 added section 17581.8 to the Government code. This new section appropriates \$287,149,000 and \$49,500,000 to K-12 and community colleges respectively. The new section provides that "[a]lllocations made pursuant to this section shall first satisfy any outstanding claims pursuant to Section 6 of Article XIII B of the California Constitution for reimbursement of state-mandated local program costs for any fiscal year." Section 17581.8 also describes the legislature's intent "that school districts will prioritize the use of these one-time funds for professional development, instructional materials, technology infrastructure, and any other investments necessary to support implementation of the common core standards in English language arts and mathematics, the implementation of English language development standards, and the implementation of the Next Generation Science standards."

### **III. TENTATIVE AGENDA ITEMS**

The tentative agenda items are subject to change based on Commission workload, litigation, requests for extensions of time to file comments on draft staff analyses, hearing postponements, pre-hearing conferences, and the complexity of the statutes and executive orders that are pled.

#### **September or December Meetings**

##### **A. TEST CLAIMS**

1. *Sheriff Court-Security Services*, 09-TC-02  
County of Los Angeles, Claimant
2. *Water Conservation*, 10-TC-12 and 12-TC-01  
South Feather Water and Power Agency, Paradise Irrigation District, Richvale Irrigation District, and Biggs-West Gridley Water District, Co-Claimants
3. *Top Two Candidates Open Primary Act*, 12-TC-02  
County of Sacramento, Claimant

**B. PARAMETERS AND GUIDELINES AND REQUESTS TO AMEND PARAMETERS AND GUIDELINES**

1. *Notification of Truancy*, 11-PGA-01  
State Controller's Office, Requester
2. *Peace Officers Procedural Bill of Rights (POBOR)*, 11-PGA-09  
County of Los Angeles, Requester
3. *Fire Safety Inspections of Care Facilities*, 01-TC-16 (13-MR-01)  
Department of Finance, Requester

**C. MANDATE REDETERMINATIONS**

1. *Fire Safety Inspections of Care Facilities*, 13-MR-01 (01-TC-16)  
Health and Safety Code Section 13235(a); as added or amended by Statutes 1989, Chapter 993; Statutes 2009, Chapter 12 (ABX4 12)  
Second Hearing – New Test Claim Decision
2. *Open Meetings Act/Brown Act Reform*, 13-MR-02 (CSM-4257/4469)  
Government Code Sections 54952, 54954.2, 54954.3, 54957.1, and 54957.7;  
as added or amended by Statutes 1986, Chapter 641; Statutes 1993, Chapters 1136, 1137, and 1138  
First Hearing – Adequate Showing

**D. STATEWIDE COST ESTIMATES**

1. *Interagency Child Abuse and Neglect (ICAN)*, 00-TC-22  
County of Los Angeles, Claimant
2. *Peace Officers Procedural Bill of Rights II (POBOR II)*, 03-TC-18  
City of Newport Beach, Claimant
3. *Immunization Records – Pertussis*, 11-TC-02  
Twin Rivers Unified School District, Claimant
4. *Accounting for Local Revenue Realignment*, 05-TC-01  
County of Los Angeles, Claimant

**E. INCORRECT REDUCTION CLAIMS**

1. *Emergency Procedures, Earthquake Procedures and Disasters Programs*, 04-4241-I-01  
San Diego Unified School District, Claimant
2. *Emergency Procedures, Earthquake Procedures and Disasters Programs*, 04-4241-I-06  
Poway Unified School District, Claimant
3. *Health Fee Elimination*, 05-4206-I-03  
Long Beach Community College District, Claimant
4. *Health Fee Elimination*, 05-4206-I-05  
State Center Community College District, Claimant

5. *Health Fee Elimination*, 05-4206-I-06  
Los Rios Community College District, Claimant
6. *Health Fee Elimination*, 05-4206-I-07  
Glendale Community College District, Claimant
7. *Health Fee Elimination*, 05-4206-I-09  
North Orange County Community College District, Claimant
8. *Health Fee Elimination*, 05-4206-I-10  
Foothill-De Anza Community College District, Claimant
9. *Health Fee Elimination*, 05-4206-I-11  
El Camino Community College District, Claimant
10. *Health Fee Elimination*, 05-4206-I-12  
Santa Monica Community College District, Claimant
11. *Collective Bargaining*, 05-4425-I-09  
San Mateo Community College District, Claimant
12. *Collective Bargaining*, 05-4425-I-10  
Foothill De Anza Community College District, Claimant
13. *Collective Bargaining*, 05-4425-I-11  
Gavilan Joint Community College District, Claimant
14. *Collective Bargaining*, 08-4425-I-15  
Contra Costa Community College District, Claimant
15. *Collective Bargaining*, 08-4425-I-16  
Los Rios Community College District, Claimant
16. *Collective Bargaining*, 09-4425-I-17 and 10-4425-I-18  
Sierra Joint Community College District, Claimant
17. *Mandate Reimbursement Process*, 05-4485-I-03  
Los Rios Community College District, Claimant