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K-12 Education Mandates

LEGISLATIVE ANALYST'S OFFICE

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Senate Budget and Fiscal Review
Subcommittee No. 1 on Education
Hon. Anthony Portantino, Chair



Background



State Constitution Requires Local Governments Be Reimbursed for Mandated Activities

- Proposition 4, passed by voters in 1979, requires the state to reimburse local governments for mandated activities.
- Currently, the state budget recognizes 43 K-12 education mandates.



Two Methods of Reimbursing Costs of K-12 Education Mandates

- ***Filing Individual Mandate Reimbursement Claims.*** School districts and county offices of education (COEs) may submit reimbursement claims for costs incurred to perform each mandated activity. Charter schools are not eligible to submit claims.
- ***Participating in Mandates Block Grant.*** In lieu of submitting claims for each mandate, school districts and COEs may participate in a mandates block grant. Charter schools also may participate. The block grant provides upfront, per-student funding. The state established the block grant in 2012-13.



High Participation in Mandates Block Grant

- In 2016-17, 95 percent of school districts, 95 percent of COEs, and 95 percent of charter schools participated in the block grant—together accounting for 99 percent of student attendance.



Funding for K-12 Education Mandates

- State Deferred Mandate Payments From 2003-04 Through 2009-10, Creating a Large Backlog**
- Since 2010-11, State Has Provided \$5.1 Billion to Reduce Backlog**
 - As part of the overall budget package, the state provided \$187 million in K-12 backlog payments in 2010-11, \$400 million in 2011-12, \$3.2 billion in 2012-13, and \$1.3 billion in 2016-17.
 - The state has allocated this funding on a uniform per-student basis to all school districts, COEs, and charter schools (including those entities with and without unpaid claims).
- State Still Has More Than \$1 Billion in Outstanding K-12 Mandate Claims**
 - At the end of 2016-17, we estimate the state will have \$1.1 billion in outstanding K-12 claims.
- State Has Provided Funding Annually for Mandates Block Grant**
 - Every year since its inception, the state has funded the K-12 mandates block grant.
 - In 2016-17, the state provided \$219 million for the block grant.
 - The state allocates block grant funding on a per-student basis.



Funding for K-12 Education Mandates

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Rates Underlying Mandates Block Grants		
2016-17		
	Attendance Type	Block Grant Rate Per Student
School Districts	K - 8	\$28
	9 - 12	56
Charter Schools	K - 8	\$14
	9 - 12	42
County offices of education	K - 8	\$28
	9 - 12	56
	Countywide K-12	1



Two New K-12 Mandates



Training School Employees to Detect and Report Child Abuse

- In 2014, the Legislature enacted Chapter 797 (AB 1432, Gatto), which expanded an existing state law that required individuals in certain professions to report child abuse and neglect to specific law enforcement agencies or county welfare departments. The new law requires schools to train staff in the (1) detection of child abuse and neglect, (2) procedures for reporting abuse and neglect, and (3) penalties for failing to report them.
- In 2015, the Commission on State Mandates determined that the requirements of Chapter 797 are a reimbursable mandate.
- In 2016, the commission released its statewide cost estimate—estimating the mandate to cost \$42.5 million annually.



Requiring Schools to Administer Computer-Based Standardized Tests

- In 2014, the state began requiring schools to administer new standardized tests in English language arts and math using a computing device (such as a desktop computer) that is connected to the Internet. Each spring, schools have a 12-week window to administer the test to students in grades 3 through 8 and a 7-week window for grade 11.
- In 2016, the commission determined that parts of the new requirements are a reimbursable mandate. Reimbursable costs include (1) the use of computing devices for testing purposes and (2) maintaining sufficient Internet speeds to administer the exams within the testing windows.
- In January 2017, the commission released an estimate of the 2015-16 cost of the mandate (\$78 million).



Governor's K-12 Mandate Proposals

- Provides \$287 Million in One-Time Funding for Paying Down Backlog**
 - Distributes \$48 per student to all school districts, COEs, and charter schools.

- Adds Training on Child Abuse Detection and Reporting Mandate to Block Grant**
 - Adds \$8.5 million on an ongoing basis to the block grant for the cost of the mandate. The augmentation increases the per-student funding rates by about \$1.40.

- Does Not Address California Assessment of Student Performance and Progress (CAASPP) Mandate**
 - The commission finished its determination process for this mandate after the release of the Governor's budget.



Assessment and Recommendation: Backlog Payments



Many School Districts and COEs Have No Outstanding Claims

- 60 percent of school districts and 31 percent of COEs have no outstanding mandate backlog claims.
- Huge cost variations exist among school districts and COEs with outstanding claims.

Distribution of Outstanding Mandate Claims				
<i>Reflects Estimated Claims After Applying Budgeted Backlog Payments Through 2016-17</i>				
	Share With Claims	Claims Per Student ^a		
		Minimum Claim	Median Claim	Maximum Claim
School districts	40%	\$1	\$353	\$10,991
County offices of education	69%	\$51	\$3,247	\$29,143

^a Local education agencies with no outstanding balances have been omitted.



Eliminating Remaining Backlog Solely on Per-Student Basis Is Unrealistic

- To fully pay off the backlog in this way, the state would need to pay a per-student rate equivalent to the maximum claim per student (\$29,143).
- This approach would cost \$174 billion.



Assessment and Recommendation: Backlog Payments

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Recommend Developing a More Strategic Plan to Retire the Mandate Backlog

- As a condition of receiving funding, recipients would be required to write off all outstanding mandate claims through 2016-17.
- For those choosing not to participate, the state would continue to monitor their outstanding mandate claims, but make no payments at this time.
- The state would make per-student payments based on the median value of outstanding claims (\$350). For COEs, it would include an add-on for countywide student attendance and a minimum grant for small COEs. It would not make payments to charter schools.



Assessment and Recommendation: New Training Mandate



Child Abuse Detection and Reporting Mandate Provides State Benefit

- Prior to the mandate being enacted, many districts were not providing training, and news reports found several instances of school staff failing to report child abuse.



Governor's Proposal Underfunds Costs

- The administration discounts the commission's statewide cost estimate by 80 percent without sufficient justification.



Recommend Adding Mandate and \$41.9 Million to the Block Grant

- We independently prepared an estimate of the statewide cost of the mandate and got a result (\$41.9 million) close to the amount estimated by the commission (\$42.5 million).
- Block grant funding rates would increase by \$7 per student.



Assessment and Recommendation: New CAASPP Mandate



Virtually All Schools Meet Minimum Internet Speed Requirements

- Based on a 2014 survey, 99 percent of schools had speeds greater than 1.5 megabits per second—sufficient to test 75 students at one time.
- Schools that did not meet minimum Internet speed requirements were eligible to receive funding through state's Broadband Infrastructure Improvement Grant program.



Estimated Average Annual Cost of Devices Is Roughly \$13 Million

- Low minimum requirements allow schools to use older devices to administer exams.
- Relatively long testing window reduces the number of devices needed to meet minimum standards.



Estimated Annual Cost of Other Activities Is Roughly \$12 Million

- Includes cost of monitoring computing devices and Internet speeds to ensure they meet minimum requirements, scoring and transmitting tests, and reporting additional test-related information.



Assessment and Recommendation: New CAASPP Mandate

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Recommend Adding Mandate and \$37.8 Million to the Block Grant

- Of this amount, \$25 million reflects our estimate of annual ongoing costs.
- Remaining \$12.8 million reflects a shift of funding from assessment apportionment funding item into the mandates block grant. These funds are currently used to cover other costs of administering the exams.
- The K-8 block grant funding rate would increase by \$8 per student and the high school rate would increase by \$3 per student.