

**GOVERNMENT CODE**  
**TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA**  
**DIVISION 4. FISCAL AFFAIRS**  
**PART 7. STATE-MANDATED LOCAL COSTS**

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**CHAPTER 1. LEGISLATIVE INTENT**

**§ 17500. Legislative findings and declarations**

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for the costs of state-mandated local programs has not provided for the effective determination of the state's responsibilities under Section 6 of Article XIII B of the California Constitution. The Legislature finds and declares that the failure of the existing process to adequately and consistently resolve the complex legal questions involved in the determination of state-mandated costs has led to an increasing reliance by local agencies and school districts on the judiciary and, therefore, in order to relieve unnecessary congestion of the judicial system, it is necessary to create a mechanism which is capable of rendering sound quasi-judicial decisions and providing an effective means of resolving disputes over the existence of state-mandated local programs. It is the intent of the Legislature in enacting this part to provide for the implementation of Section 6 of Article XIII B of the California Constitution. Further, the Legislature intends that the Commission on State Mandates, as a quasi-judicial body, will act in a deliberative manner in accordance with the requirements of Section 6 of Article XIII B of the California Constitution.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 2004, ch. 890 (AB 2856), § 2.)

**CHAPTER 2. GENERAL PROVISIONS**

**§ 17510. Definitions; construction of part; singular tense including plural**

Unless the context otherwise requires, the definitions contained in this chapter govern the construction of this part. The definition of a word applies to any variants thereof and the singular tense of a word includes the plural.

(Added by Stats. 1984, ch. 1459, § 1.)

**§ 17511. City**

“City” means any city whether general law or charter, except a city and county. (Added by Stats. 1984, ch. 1459, § 1.)

**§ 17512. Commission**

“Commission” means the Commission on State Mandates. (Added by Stats. 1984, ch. 1459, § 1.)

**§ 17513. Costs mandated by the federal government**

“Costs mandated by the federal government” means any increased costs incurred by a local agency or school district after January 1, 1973, in order to comply with the requirements of a federal statute or regulation. “Costs mandated by the federal government” includes costs resulting from enactment of a state law or regulation where failure to enact that law or regulation to meet

specific federal program or service requirements imposed upon the state would result in substantial monetary penalties or loss of funds to public or private persons in the state whether the federal law was enacted before or after the enactment of the state law, regulation, or executive order. “Costs mandated by the federal government” does not include costs which are specifically reimbursed or funded by the federal or state government or programs or services which may be implemented at the option of the state, local agency, or school district.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 2004, ch. 890 (AB 2856), § 3, eff. Jan. 1, 2005.)

#### **§ 17514. Costs mandated by the state**

“Costs mandated by the state” means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.

(Added by Stats. 1984, ch. 1459, § 1.)

#### **CODE OF REGULATIONS REFERENCES**

Test claim filing, see 2 Cal. Code of Regs. § 1183.1

#### **§ 17514.5. [REPEALED]**

(Repealed by Stats. 1993, ch. 216 (AB 843), § 1.)

(The repealed section, added by Stats. 1984, ch. 1459, § 1, defined the term “cost savings authorized by the state.”)

#### **§ 17515. County**

“County” means any chartered or general law county. “County” includes a city and county.

(Added by Stats. 1984, ch. 1459, § 1.)

#### **§ 17516. Executive order**

“Executive order” means an order, plan, requirement, rule, or regulation issued by any of the following:

- (a) The Governor.
- (b) An officer or official serving at the pleasure of the Governor.
- (c) An agency, department, board, or commission of state government.

(Added by Stats. 1984, ch. 1459, § 1; amended by Stats. 2010, ch. 288 (SB 1169, §1) eff. 1/1/2011.)

#### **NOTES OF DECISIONS**

Subsection (c) of Government Code section 17516 was held unconstitutional to the extent it purports to exempt orders issued by Regional Water Boards from the definition of “executive orders.” *County of Los Angeles v. Commission on State Mandates* (2007) 150 Cal.App.4th 898.

## **§ 17517. [REPEALED]**

(Repealed by Stats. 2004, ch. 890 (AB 2856), § 4.)

(The repealed section, added by Stats. 1984, ch. 1459, § 1, related to “fund” defined as the State Mandates Claim Fund.)

## **§ 17517.5 Costs savings authorized by the state**

“Cost savings authorized by the state” means any decreased costs that a local agency or school district realizes as a result of any statute enacted or any executive order adopted that permits or requires the discontinuance of or a reduction in the level of service of an existing program that was mandated before January 1, 1975.

(Added by Stats. 2004, ch. 890 (AB 2856), § 5, eff. Jan. 1, 2005.)

## **§ 17518. Local agency**

“Local agency” means any city, county, special district, authority, or other political subdivision of the state.

(Added by Stats. 1984, ch. 1459, § 1.)

## **§ 17518.5 Reasonable reimbursement methodology; basis; local costs and state reimbursements; development**

(a) "Reasonable reimbursement methodology" means a formula for reimbursing local agencies and school districts for costs mandated by the state, as defined in Section 17514.

(b) A reasonable reimbursement methodology shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs.

(c) A reasonable reimbursement methodology shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.

(d) Whenever possible, a reasonable reimbursement methodology shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual local costs. In cases when local agencies and school districts are projected to incur costs to implement a mandate over a period of more than one fiscal year, the determination of a reasonable reimbursement methodology may consider local costs and state reimbursements over a period of greater than one fiscal year, but not exceeding 10 years.

(e)(1) A reasonable reimbursement methodology that is based on, in whole or in part, costs that have been included in claims submitted to the Controller for reimbursement shall only use costs that have been audited by the Controller.

(2) Upon receiving a reasonable reimbursement methodology proposal that is based on, in whole or in part, costs that have been included in claims submitted to the Controller for reimbursement, the Commission on State Mandates shall notify the Controller within 30 days of receiving the proposed reasonable reimbursement methodology.



(3) The Controller shall select and audit a representative sample of the claimed costs used in the proposed reasonable reimbursement methodology within 360 days of being notified by the Commission on State Mandates.

(4) The allowable costs reported by the Controller as a result of the audits shall be the costs used for the proposed reasonable reimbursement methodology.

(f) A reasonable reimbursement methodology may be developed by any of the following:

(1) The Department of Finance.

(2) The Controller.

(3) An affected state agency.

(4) A claimant.

(5) An interested party.

(g) The Controller, in coordination with the Commission on State Mandates and Department of Finance, shall by October 1, 2018, prepare a report to the Legislature, in accordance with Section 9795, regarding implementation of the new reasonable reimbursement process.

(h) The appropriate policy committees in each house of the Legislature shall hold hearings on the report referenced in subdivision (g).

(i) This section shall remain in effect only until July 1, 2019, and as of that date is repealed, unless a later enacted statute, that is enacted before July 1, 2019, deletes or extends that date.

(Added by Stats. 2004, ch. 890 (AB 2856), § 6. Amended by Stats. 2007, ch. 329 (AB 1222), § 1, eff. Jan. 1, 2008; Amended by Stats. 2016, ch. 31, § 144. eff. June 27, 2016. .)

**§ 17518.5 Reasonable reimbursement methodology; basis; local costs and state reimbursement; development (Effective July 1, 2019)**

(a) “Reasonable reimbursement methodology” means a formula for reimbursing local agencies and school districts for costs mandated by the state, as defined in Section 17514.

(b) A reasonable reimbursement methodology shall be based on cost information from a representative sample of eligible claimants, information provided by associations of local agencies and school districts, or other projections of local costs.

(c) A reasonable reimbursement methodology shall consider the variation in costs among local agencies and school districts to implement the mandate in a cost-efficient manner.

(d) Whenever possible, a reasonable reimbursement methodology shall be based on general allocation formulas, uniform cost allowances, and other approximations of local costs mandated by the state, rather than detailed documentation of actual local costs. In cases when local agencies and school districts are projected to incur costs to implement a mandate over a period of more than one fiscal year, the determination of a reasonable reimbursement methodology may consider

local costs and state reimbursements over a period of greater than one fiscal year, but not exceeding 10 years.

(e) A reasonable reimbursement methodology may be developed by any of the following:

(1) The Department of Finance.

(2) The Controller.

(3) An affected state agency.

(4) A claimant.

(5) An interested party.

(f) This section shall become operative on July 1, 2019.

(Added by Stats. 2016, ch. 31 (SB836), § 145. eff. Jun. 27, 2016. Section operative July 1, 2019, by its own provisions.)

#### CODE OF REGULATIONS REFERENCES

Reasonable Reimbursement Methodology, see 2 Cal. Code of Regs. § 1183.10.

#### **§ 17519. School district**

“School district” means any school district, community college district, or county superintendent of schools.

(Added by Stats. 1984, ch. 1459, § 1.)

#### **§ 17520. Special district**

“Special district” means any agency of the state that performs governmental or proprietary functions within limited boundaries. “Special district” includes a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area. “Special district” does not include a city, a county, a school district, or a community college district.

County free libraries established pursuant to Chapter 6 (commencing with Section 19100 of Part 11 of the Education Code, areas receiving county fire protection services pursuant to Section 25643 of the Government Code, and county road districts established pursuant to Chapter 7 (commencing with Section 1550) of Division 2 of the Streets and Highways Code shall be considered “special districts” for all purposes of this part.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 2004, ch. 890 (AB 2856), § 7; Stats. 2006, ch. 538 (SB 1852.), §277, eff. Jan. 1, 2007.)

#### **§ 17521. Test claim**

"Test claim" means the first claim filed with the commission alleging that a particular statute or

executive order imposes costs mandated by the state, and includes a claim filed pursuant to Section 17574.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1999, ch. 643 (AB 1679), § 2; Stats. 2004, ch. 890 (AB 2856), § 8, Stats. 2007, ch. 329 (AB 1222), § 1.5, eff. Jan. 1, 2008.)

#### CODE OF REGULATIONS REFERENCES

Definitions, see 2 Cal. Code of Regs. § 1181.2.

Test claim filing, see 2 Cal. Code of Regs. § 1183.1.

#### **§ 17521.5 Legislatively determined mandate**

"Legislatively determined mandate" means the provisions of a statute or executive order that the Legislature, pursuant to Article 1.5, has declared by statute to be a mandate for which reimbursement is required by Section 6 of Article XIII B of the California Constitution.

(Added by Stats. 2007, ch. 329 (1222), § 2, eff. Jan. 1, 2008.)

#### **§ 17522. Initial reimbursement claim; annual reimbursement claim; entitlement claim**

(a) "Initial reimbursement claim" means a claim filed with the Controller by a local agency or school district for costs to be reimbursed for the fiscal years specified in the first claiming instructions issued by the Controller pursuant to subdivision (b) of Section 17558.

(b) "Annual reimbursement claim" means a claim for actual costs incurred in a prior fiscal year filed with the Controller by a local agency or school district for which appropriations are made to the Controller for this purpose.

(c) "Entitlement claim" means a claim filed by a local agency or school district with the Controller for the purpose of establishing or adjusting a base year entitlement. All entitlement claims are subject to Section 17616.

(Added by Stats. 1985, ch. 1534, § 1, eff. Oct. 2, 1985. Amended by Stats. 1986, ch. 879, § 1.7; Stats. 1992, ch. 1041 (AB 1690), § 1; Stats. 2004, ch. 890 (AB 2856), § 9; Stats. 2008, ch. 6 (AB 3X 8), § 2, eff. Feb. 16, 2008.)

#### **§ 17523. Deflator defined**

"Deflator" means the Implicit Price Deflator for the Costs of Goods and Services to Governmental Agencies, as determined by the Department of Finance.

(Added by Stats. 1985, ch. 1534, § 2, eff. Oct. 2, 1985.)

#### **§ 17524. Base year entitlement defined**

"Base year entitlement" means that amount determined to be the average for the approved reimbursement claims of each local agency or school district for the three preceding fiscal years adjusted by the change in the deflator. A base year entitlement shall not include any nonrecurring or initial startup costs incurred by a local agency or school district in any of those three fiscal years. For those mandates which become operative on January 1 of any year, the amount of the "approved reimbursement claim" for the first of the three years may be computed by annualizing the amount claimed for the six-month period of January through June in that first year, excluding

nonrecurring or startup costs.

(Added by Stats. 1985, ch. 1534, § 3, eff. Oct. 2, 1985.)

### **CHAPTER 3. COMMISSION ON STATE MANDATES**

#### **§ 17525. Creation; membership; term; per diem**

(a) There is hereby created the Commission on State Mandates, which shall consist of seven members as follows:

(1) The Controller.

(2) The Treasurer.

(3) The Director of Finance.

(4) The Director of the Office of Planning and Research.

(5) A public member with experience in public finance, appointed by the Governor and approved by the Senate.

(6) Two members from the following three categories appointed by the Governor and approved by the Senate, provided that no more than one member shall come from the same category:

(A) A city council member.

(B) A member of a county or city and county board of supervisors.

(C) A governing board member of a school district as defined in Section 17519.

(b) Each member appointed pursuant to paragraph (5) or (6) of subdivision (a) shall be subject to both of the following:

(1) The member shall serve for a term of four years subject to renewal.

(2) The member shall receive per diem of one hundred dollars (\$100) for each day actually spent in the discharge of official duties and shall be reimbursed for any actual and necessary expenses incurred in connection with the performance of duties as a member of the commission.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 179, § 4, eff. Jul. 8, 1985, operative Jan. 1, 1985. Amended by Stats. 1996, ch. 154 (SB 805), § 1.)

#### **§ 17526. Public meetings; executive sessions; frequency; time and place**

(a) All meetings of the commission shall be open to the public, except that the commission may meet in executive session to consider the appointment or dismissal of officers or employees of the commission or to hear complaints or charges brought against a member, officer, or employee of the commission.

(b) The commission shall meet at least once every two months.

(c) The time and place of meetings may be set by resolution of the commission, by written petition of a majority of the members, or by written call of the chairperson. The chairperson may, for good cause, change the starting time or place, reschedule, or cancel any meeting.

(Added by Stats. 1995, ch. 945 (SB 11), § 3, operative Jul. 1, 1996. Amended by Stats. 2003, ch. 228 (AB 1756), § 17, eff. Aug. 11, 2003; Stats. 2004, ch. 890 (AB 2856), § 10.)

(Derivation: Former § 17526, added by Stats. 1984, ch. 1459, § 1, was amended, prior to repeal, by Stats. 1995, ch. 945 (SB 11), § 2, became inoperative on Jul. 1, 1996, and was repealed on Jan. 1, 1997.)

#### CODE OF REGULATIONS REFERENCES

Commission Meeting Procedures, see 2 Cal. Code of Regs. § 1181.10.

Commission Meeting Quorum and Voting Requirements, see 2 Cal. Code of Regs. § 1181.8

#### **§ 17527. Powers**

In carrying out its duties and responsibilities, the commission shall have the following powers:

(a) To examine any document, report, or data, including computer programs and data files, held by any local agency or school district.

(b) To meet at times and places as it may deem proper.

(c) As a body or, on the authorization of the commission, as a committee composed of one or more members, to hold hearings at any time and place it may deem proper.

(d) Upon a majority vote of the commission, to issue subpoenas to compel the attendance of witnesses and the production of books, records, papers, accounts, reports, and documents.

(e) To administer oaths.

(f) To contract with other agencies or individuals, public or private, as it deems necessary, to provide or prepare services, facilities, studies, and reports to the commission as will assist it in carrying out its duties and responsibilities.

(g) To adopt, promulgate, amend, and rescind rules and regulations, which shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act provided for in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2.

(h) To do any and all other actions necessary or convenient to enable it fully and adequately to perform its duties and to exercise the powers expressly granted to it.

(Added by Stats. 1984, ch. 1459, § 1.)

#### CODE OF REGULATIONS REFERENCES

Test claim Filings, see 2 Cal. Code of Regs. § 1183.1

Dismissal of Matter, see 2 Cal. Code of Regs. § 1187.14.

Quasi-Judicial Hearing Procedures and Decisions, see 2 Cal. Code of Regs. § 1187.1 et seq.

Commission Meeting Procedures, see 2 Cal. Code of Regs. §§ 1181.10 – 1181.13.

Rulemaking and informational hearings, see 2 Cal. Code of Regs. §§ 1188.1 and 1181.2.

### **§ 17528. Chairperson and vice chairperson**

The members of the commission shall elect a chairperson and a vice chairperson of the commission. (Added by Stats. 1984, ch. 1459, § 1.)

#### **CODE OF REGULATIONS REFERENCES**

Appointment of designees, elections, duties of officers, see 2 Cal. Code of Regs. § 1181.5.

### **§ 17529. Attorney to commission; appointment; powers and duties**

The commission may appoint as attorney to the commission an attorney at law of this state, who shall hold office at the pleasure of the commission. The attorney shall represent and appear for the commission in all actions and proceedings involving any question under this part or under any order or act of the commission.

The attorney shall advise the commission and each member of the commission, when so requested, in regard to all matters in connection with the powers and duties of the commission and the members thereof. The attorney shall generally perform all duties and services as attorney to the commission which the commission may require.

(Added by Stats. 1984, ch. 1459, § 1.)

### **§ 17530. Executive director; appointment; term; powers and duties**

The commission shall appoint an executive director, who shall be exempt from civil service and shall hold office at the pleasure of the commission. The executive director shall be responsible for the executive and administrative duties of the commission and shall organize, coordinate, supervise, and direct the operations and affairs of the commission and expedite all matters within the jurisdiction of the commission. The executive director shall keep a full and true record of all proceedings of the commission, issue all necessary process, writs, warrants, and notices, and perform other duties as the commission prescribes.

(Added by Stats. 1984, ch. 1459, § 1.)

#### **CODE OF REGULATIONS REFERENCES**

Commission on state mandates, see 2 Cal. Code of Regs. § 1181.1 et seq.

Filing and Service of written materials, see 2 Cal. Code of Regs. §§ 1181.3 and 1181.4.

Submissions of written materials in other media, see 2 Cal. Code of Regs. § 1181.3. (Section repealed in 2010.)

Permanent record of Commission Meetings, see 2 Cal. Code of Regs. § 1181.11.

### **§ 17531. Officers and employees, etc.**

The executive director may employ those officers, examiners, experts, statisticians, accountants, inspectors, clerks, and employees as the executive director deems necessary to carry out the provisions of this part or to perform the duties and exercise the powers conferred upon the commission by law.

(Added by Stats. 1984, ch. 1459, § 1.)

**§ 17532. Quorum; investigation, inquiry or hearing; examiners; finding, opinion and order**

A majority of the commissioners shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power of the commission. Any investigation, inquiry, or hearing which the commission has power to undertake or to hold may be undertaken or held by or before any commissioner or commissioners designated for the purpose by the commission. The evidence in any investigation, inquiry, or hearing may be taken by the commissioner or commissioners to whom the investigation, inquiry, or hearing has been assigned or, in his or her or their behalf, by an examiner designated for that purpose. Every finding, opinion, and order made by the commissioner or commissioners so designated, pursuant to the investigation, inquiry, or hearing, when approved or confirmed by the commission and ordered filed in its office, shall be deemed to be the finding, opinion, and order of the commission.

(Added by Stats. 1984, ch. 1459, § 1.)

**CODE OF REGULATIONS REFERENCES**

Assignment to hearing panels/hearing officers, see 2 Cal. Code of Regs. § 1187.2.

Dismissal of Matter, see 2 Cal. Code of Regs. § 1187.14.

Conduct of hearing, see 2 Cal. Code of Regs. § 1187.6.

Reconsideration of a prior final decision, see 2 Cal. Code of Regs. § 1187.15.

Form of decision, see 2 Cal. Code of Regs. § 1187.11.

Quasi-Judicial Hearing Procedures and Decisions, see 2 Cal. Code of Regs. § 1187.1 et seq.

Questioning, see 2 Cal. Code of Regs. § 1189.5. (Repealed.)

Commission Meeting Quorum and Voting Requirements, see 2 Cal. Code of Regs. § 1181.8.

**§ 17533. Administrative adjudication provisions; application to commission**

Notwithstanding Section 11425.10, Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 does not apply to a hearing by the commission under this part.

(Added by Stats. 1995, ch. 938 (SB 523), § 55, operative Jul. 1, 1997.)

(25 Cal.L.Rev.Comm. Reports 55 (1995): Section 17533 makes the general administrative adjudication provisions of the Administrative Procedure Act inapplicable to hearings of the Commission on State Mandates under this part. Exemption of the agency's hearings from the Administrative Procedure Act does not exempt the hearings from the language assistance requirements of that act. Gov. Code §11435.15(d).

Although Section 17533 is silent on the question, the formal hearing provisions of the Administrative Procedure Act (Chapter 5 (commencing with Section 11500) of Part 1 of Division 3 of Title 2 of the Government Code) do not apply to proceedings of the Commission on State Mandates under this part. Cf. Gov. Code § 11501 (application of chapter). Nothing in Section 17533 excuses compliance with procedural protections required by due process of law.)

## **CHAPTER 4. IDENTIFICATION AND PAYMENT OF COSTS MANDATED BY THE STATE**

### **ARTICLE 1. Commission Procedure**

#### **§ 17550. Reimbursement of local agencies and school districts**

Reimbursement of local agencies and school districts for costs mandated by the state shall be provided pursuant to this chapter.

(Added by Stats. 1984, ch. 1459, § 1.)

#### **§ 17551. Hearing and decision on claims**

(a) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district that the local agency or school district is entitled to be reimbursed by the state for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

(b) Except as provided in Sections 17573 and 17574, commission review of claims may be had pursuant to subdivision (a) only if the test claim is filed within the time limits specified in this section.

(c) Local agency and school district test claims shall be filed not later than 12 months following the effective date of a statute or executive order, or within 12 months of incurring increased costs as a result of a statute or executive order, whichever is later.

(d) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section 17561.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 179, § 5, eff. Jul. 8, 1985, operative Jan. 1, 1985; Stats. 1986, ch. 879, § 2; Stats. 2002, ch. 1124 (AB 3000), § 30.2, eff. Sept. 30, 2002; Stats. 2004, ch. 890 (AB 2856), § 11; Stats. 2007, ch. 329 (AB 1222), § 3, eff. Jan. 1, 2008.)

(For operative effect of 1985 amendment, see Historical and Statutory Notes under Education Code §42243.8 in West's California Codes. Amendment of this section by Stats. 1986, ch. 879, § 2.5, failed to become operative under the provisions of § 56 of that Act.)

#### **CODE OF REGULATIONS REFERENCES**

Action on proposed decision, see 2 Cal. Code of Regs. § 1187.10.

Quasi-Judicial Hearing Procedures and Decisions, see 2 Cal. Code of Regs. § 1187.1, et al.

Reconsideration of a prior final decision, see 2 Cal. Code of Regs. § 1187.15.

Form of decision, see 2 Cal. Code of Regs. § 1187.11.

Incorrect reduction claim filing, see 2 Cal. Code of Regs. § 1185.1.

Reinstatement of costs, see 2 Cal. Code of Regs. § 1185.9.



Representation at hearing, see 2 Cal. Code of Regs. § 1187.8.

Review of completed test claim and preparation of staff analysis, see 2 Cal. Code of Regs. § 1183.6. Review of incorrect reduction claims, see 2 Cal. Code of Regs. § 1185.2.

Test claim filing, see 2 Cal. Code of Regs. § 1183.1.

#### **§ 17551.5 [REPEALED]**

(Repealed by Stats. 1993, ch. 59 (SB 433), §, eff. Jun. 30, 1993, operative Jan. 1, 1996.)

#### **§ 17552. Exclusive remedy**

This chapter shall provide the sole and exclusive procedure by which a local agency or school district may claim reimbursement for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1986, ch. 879, § 3.)

(Amendment of this section by § 3.5 of Stats. 1986, ch. 879, failed to become operative under the provisions of § 57 of that Act.)

#### **§ 17553. Procedures for receiving and hearing claims; filing of test claims; form and contents; incomplete test claims; determination of complete incorrect reduction claim**

(a) The commission shall adopt procedures for receiving claims filed pursuant to this article and Section 17574 and for providing a hearing on those claims. The procedures shall do all of the following:

- (1) Provide for presentation of evidence by the claimant, the Department of Finance, and any other affected department or agency, and any other interested person.
- (2) Ensure that a statewide cost estimate is adopted within 12 months after receipt of a test claim, when a determination is made by the commission that a mandate exists. This deadline may be extended for up to six months upon the request of either the claimant or the commission.
- (3) Permit the hearing of a claim to be postponed at the request of the claimant, without prejudice, until the next scheduled hearing.

(b) All test claims shall be filed on a form prescribed by the commission and shall contain at least the following elements and documents:

(1) A written narrative that identifies the specific sections of statutes or executive orders and the effective date and register number of regulations alleged to contain a mandate and shall include all of the following:

- (A) A detailed description of the new activities and costs that arise from the mandate.
- (B) A detailed description of existing activities and costs that are modified by the mandate.
- (C) The actual increased costs incurred by the claimant during the fiscal year for which the claim was filed to implement the alleged mandate.
- (D) The actual or estimated annual costs that will be incurred by the claimant to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim

was filed.

(E) A statewide cost estimate of increased costs that all local agencies or school districts will incur to implement the alleged mandate during the fiscal year immediately following the fiscal year for which the claim was filed.

(F) Identification of all of the following:

(i) Dedicated state funds appropriated for this program.

(ii) Dedicated federal funds appropriated for this program.

(iii) Other nonlocal agency funds dedicated for this program.

(iv) The local agency's general purpose funds for this program.

(v) Fee authority to offset the costs of this program.

(G) Identification of prior mandate determinations made by the Commission on State Mandates or a predecessor agency that may be related to the alleged mandate.

(H) Identification of a legislatively determined mandate pursuant to Section 17573 that is on the same statute or executive order.

(2) The written narrative shall be supported with declarations under penalty of perjury, based on the declarant's personal knowledge, information, or belief, and signed by persons who are authorized and competent to do so, as follows:

(A) Declarations of actual or estimated increased costs that will be incurred by the claimant to implement the alleged mandate.

(B) Declarations identifying all local, state, or federal funds, or fee authority that may be used to offset the increased costs that will be incurred by the claimant to implement the alleged mandate, including direct and indirect costs.

(C) Declarations describing new activities performed to implement specified provisions of the new statute or executive order alleged to impose a reimbursable state-mandated program. Specific references shall be made to chapters, articles, sections, or page numbers alleged to impose a reimbursable state-mandated program.

(D) If applicable, declarations describing the period of reimbursement and payments received for full reimbursement of costs for a legislatively determined mandate pursuant to Section 17573, and the authority to file a test claim pursuant to paragraph (1) of subdivision (c) of Section 17574.

(3) (A) The written narrative shall be supported with copies of all of the following:

(i) The test claim statute that includes the bill number or executive order, alleged to impose or impact a mandate.

(ii) Relevant portions of state constitutional provisions, federal statutes, and executive orders that may impact the alleged mandate.

(iii) Administrative decisions and court decisions cited in the narrative.

(B) State mandate determinations made by the Commission on State Mandates or a predecessor

agency and published court decisions on state mandate determinations made by the Commission on State Mandates are exempt from this requirement.

(4) A test claim shall be signed at the end of the document, under penalty of perjury by the claimant or its authorized representative, with the declaration that the test claim is true and complete to the best of the declarant's personal knowledge, information, or belief. The date of signing, the declarant's title, address, telephone number, facsimile machine telephone number, and electronic mail address shall be included.

(c) If a completed test claim is not received by the commission within 30 calendar days from the date that an incomplete test claim was returned by the commission, the original test claim filing date may be disallowed, and a new test claim may be accepted on the same statute or executive order.

(d) In addition, the commission shall determine whether an incorrect reduction claim is complete within 10 days after the date that the incorrect reduction claim is filed. If the commission determines that an incorrect reduction claim is not complete, the commission shall notify the local agency and school district that filed the claim stating the reasons that the claim is not complete. The local agency or school district shall have 30 days to complete the claim. The commission shall serve a copy of the complete incorrect reduction claim on the Controller. The Controller shall have no more than 90 days after the date the claim is delivered or mailed to file any rebuttal to an incorrect reduction claim. The failure of the Controller to file a rebuttal to an incorrect reduction claim shall not serve to delay the consideration of the claim by the commission.

(Added by Stats. 1995, ch. 945 (SB 11), § 5, operative Jul. 1, 1996. Amended by Stats. 1998, ch. 681 (AB 1963), § 1, eff. Sept. 22, 1998; Stats. 1999, ch. 643 (AB 1679), § 3, Stats. 2004, ch. 890 (AB 2856), § 12; Stats. 2006, ch. 538 (SB 1852.); Stats 2007, ch. 329 (AB 1222), § 4, eff. Jan. 1, 2008.)

(Derivation: Former § 17553 was amended, prior to repeal, by Stats. 1995, ch. 945 (SB 11), § 4, became inoperative on Jul. 1, 1996, and was repealed by its own terms on Jan. 1, 1997.)

#### CODE OF REGULATIONS REFERENCES

Contents of parameters and guidelines, see 2 Cal. Code of Regs. § 1183.7.

Commission on state mandates, see 2 Cal. Code of Regs. § 1181 et seq.

Filing and Service of written materials, see 2 Cal. Code of Regs. § 1181.3 and 1181.4.

Submissions of written materials in other media, see 2 Cal. Code of Regs. § 1181.3. (Repealed in 2010.)

Conduct of hearing, see 2 Cal. Code of Regs. § 1187.6.

Continuance of hearings and further hearings Extensions of Time to File Comments or Rebuttals and Postponements and Continuances of Hearings. , see 2 Cal. Code of Regs. § 1187.9.

Quasi-Judicial Hearing Procedures and Decisions, see 2 Cal. Code of Regs. § 1187.1 et seq..

Evidence submitted to the commission, see 2 Cal. Code of Regs. § 1187.5.

Oral and written arguments, see 2 Cal. Code of Regs. § 1188. (Delete due to redundancy.

Representation at hearing, see 2 Cal. Code of Regs. § 1187.8.

Test claim filing, see 2 Cal. Code of Regs. §.1183.1

Withdrawal of Matter, see 2 Cal. Code of Regs. § 1187.12.

#### **§ 17554. Waiver of procedural requirements**

With the agreement of all parties to the claim, the commission may waive the application of any procedural requirement imposed by this chapter or pursuant to Section 17553. The authority granted by this section includes the consolidation of claims and the shortening of time periods.

(Added by Stats. 1988, ch. 1179, § 1, eff. Sept. 22, 1988. Amended by Stats. 2004, ch. 890 (AB 2856), §13.)

#### **CODE OF REGULATIONS REFERENCES**

Executive director's authority to consolidate or server test claims, see 2 Cal. Code of Regs. § 1183.5.

Commissions on state mandates, submissions of written materials in other media, see 2 Cal. Code of Regs. § 1181.3. (Section Repealed in 2010.)

#### **§ 17555. Notification of appropriate policy and fiscal committees, Legislative Analyst, Department of Finance and Controller after hearing and decision**

(a) Not later than 30 days after hearing and deciding upon a test claim pursuant to subdivision (a) of Section 17551, and determining the amount to be subvened to local agencies and school districts for reimbursement pursuant to subdivision (a) of Section 17557, the commission shall notify the appropriate Senate and Assembly policy and fiscal committees, the Legislative Analyst, the Department of Finance, and the Controller of that decision.

(b) For purposes of this section, the "appropriate policy committee" means the policy committee that has jurisdiction over the subject matter of the statute, regulation, or executive order, and in which bills relating to that subject matter would have been heard.

(Added by Stats.2004, ch. 890 (AB2856), § 15. Amended by Stats.2005, ch. 22 (SB1108), § 82; Stats. 2007, ch. 179 (SB 86), § 13, eff. Aug. 24, 2007.)

(Derivation: Former § 17555, added by Stats. 1995, ch. 945 (SB 11), § 7, operative Jul. 1, 1996, derived from former § 17555, added by Stats. 1984, ch. 1459, § 1, relating to public hearing and costs of a test claim based upon statute or executive order, was repealed by Stats. 2004, ch. 890 (AB 2856), § 14.)

#### **§ 17556. Findings; costs not mandated upon certain conditions**

The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if, after a hearing, the commission finds any one of the following:

(a) The claim is submitted by a local agency or school district that requests or previously requested legislative authority for that local agency or school district to implement the program specified in the statute, and that statute imposes costs upon that local agency or school district

requesting the legislative authority. A resolution from the governing body or a letter from a delegated representative of the governing body of a local agency or school district that requests authorization for that local agency or school district to implement a given program shall constitute a request within the meaning of this subdivision. This subdivision applies regardless of whether the resolution from the governing body or a letter from a delegated representative of the governing body was adopted or sent prior to or after the date on which the statute or executive order was enacted or issued.

(b) The statute or executive order affirmed for the state a mandate that has been declared existing law or regulation by action of the courts. This subdivision applies regardless of whether the action of the courts occurred prior to or after the date on which the statute or executive order was enacted or issued.

(c) The statute or executive order imposes a requirement that is mandated by a federal law or regulation and results in costs mandated by the federal government, unless the statute or executive order mandates costs that exceed the mandate in that federal law or regulation. This subdivision applies regardless of whether the federal law or regulation was enacted or adopted prior to or after the date on which the state statute or executive order was enacted or issued.

(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service. This subdivision applies regardless of whether the authority to levy charges, fees, or assessments was enacted or adopted prior to or after the date on which the statute or executive order was enacted or issued.

(e) The statute, executive order, or an appropriation in a Budget Act or other bill provides for offsetting savings to local agencies or school districts that result in no net costs to the local agencies or school districts, or includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate. This subdivision applies regardless of whether a statute, executive order, or appropriation in the Budget Act or other bill that either provides for offsetting savings that result in no net costs or provides for additional revenue specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate was enacted or adopted prior to or after the date on which the statute or executive order was enacted or issued.

(f) The statute or executive order imposes duties that are necessary to implement, or are expressly included in, a ballot measure approved by the voters in a statewide or local election. This subdivision applies regardless of whether the statute or executive order was enacted or adopted before or after the date on which the ballot measure was approved by the voters.

(g) The statute created a new crime or infraction, eliminated a crime or infraction, or changed the penalty for a crime or infraction, but only for that portion of the statute relating directly to the enforcement of the crime or infraction.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1986, ch. 879, § 4; Stats. 1989, ch. 589, § 1; Stats. 2004, ch. 895 (AB 2855), § 14; Stats. 2005, ch. 72 (AB 138), eff. Jul. 19, 2005; Stats. 2006, ch. 538 (SB 1852.); Stats. 2010, ch. 719 (SB 856.) § 31, eff. Oct. 19, 2010.)

(For state reimbursement provisions and Governor's signing message relating to Stats. 2004, ch.

895 (AB 2855), see Historical and Statutory Notes under Educ. Code, § 32282.)

#### CODE OF REGULATIONS REFERENCES

Filing request for reimbursement, see 2 Cal. Code of Regs. § 1184. (Repealed in 2005.)

**§ 17557. Amount to be subvened; parameters and guidelines, adoption and modification; reasonable reimbursement methodology; fiscal years for cost reimbursement; submission of test claims; consultation regarding guidelines**

(a) If the commission determines there are costs mandated by the state pursuant to Section 17551, it shall determine the amount to be subvened to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 30 days of adoption of a statement of decision on a test claim. The proposed parameters and guidelines may include proposed reimbursable activities that are reasonably necessary for the performance of the state-mandated program. At the request of a successful test claimant, the commission may provide for one or more extensions of this 30-day period at any time prior to its adoption of the parameters and guidelines. If proposed parameters and guidelines are not submitted within the 30-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can demonstrate to the commission why an extension of the 30-day period is justified.

(b) In adopting parameters and guidelines, the commission may adopt a reasonable reimbursement methodology.

(c) The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred. However, the commission shall not specify in the parameters and guidelines any fiscal year for which payment could be provided in the annual Budget Act.

(d)(1) A local agency, school district, or the state may file a written request with the commission to amend the parameters or guidelines. The commission may, after public notice and hearing, amend the parameters and guidelines. A parameters and guidelines amendment submitted within 90 days of the claiming deadline for initial claims, as specified in the claiming instructions pursuant to Section 17561, shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. 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.

(2) For purposes of this subdivision, the request to amend parameters and guidelines may be filed to make any of the following changes to parameters and guidelines, consistent with the statement of decision:

(A) Delete any reimbursable activity that has been repealed by statute or executive order after the

adoption of the original or last amended parameters and guidelines.

(B) Update offsetting revenues and offsetting savings that apply to the mandated program and do not require a new legal finding that there are no costs mandated by the state pursuant to subdivision (e) of Section 17556.

(C) Include a reasonable reimbursement methodology for all or some of the reimbursable activities.

(D) Clarify what constitutes reimbursable activities.

(E) Add new reimbursable activities that are reasonably necessary for the performance of the state-mandated program.

(F) Define what activities are not reimbursable.

(G) Consolidate the parameters and guidelines for two or more programs.

(H) Amend the boilerplate language. For purposes of this section, “boilerplate language” means the language in the parameters and guidelines that is not unique to the state-mandated program that is the subject of the parameters and guidelines. Any amendment 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.

(e) A test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. The claimant may thereafter amend the test claim at any time, but before the test claim is set for a hearing, without affecting the original filing date as long as the amendment substantially relates to the original test claim.

(f) In adopting parameters and guidelines, the commission shall consult with the Department of Finance, the affected state agency, the Controller, the fiscal and policy committees of the Assembly and Senate, the Legislative Analyst, and the claimants to consider a reasonable reimbursement methodology that balances accuracy with simplicity.

(Added by Stats. 1995, ch. 945 (SB 11), § 9, operative Jul. 1, 1996. Amended by Stats. 1998, ch. 681 (AB 1963), § 2, eff. Sept. 22, 1998; Stats. 2004, ch. 313 (AB 2224), § 1; Stats. 2004, ch. 890 (AB 2856), § 16; Stats. 2007, ch. 179 (SB 86), § 14, eff. Aug. 24, 2007; Stats. 2010, ch. (SB 856) eff. Oct. 19, 2010., Stats. 2011, ch. 144 (SB 112), § 1.)

(Section affected by two or more acts at the same session of the legislature (2004), see Gov. Code, § 9605.)

(Derivation: Former § 17557 was amended, prior to repeal, by Stats. 1995, ch. 945 (SB 11), § 8, became inoperative on Jul. 1, 1996, and was repealed by its own terms on Jan. 1, 1997.)

#### CODE OF REGULATIONS REFERENCES

Commissions on state mandates, submissions of written materials in other media, see 2 Cal. Code of Regs. § 1181.3. (Repealed in 2010.)

Evidence submitted to the commission, see 2 Cal. Code of Regs. § 1187.5.

Filing requests for reimbursement, see 2 Cal. Code of Regs. § 1184. (Repealed in 2005.)

Parameters and guidelines, see 2 Cal. Code of Regs. § 1183.7, et seq.

Submission and Review of proposed parameters and guidelines, see 2 Cal. Code of Regs. § 1183.8.

Timelines, see 2 Cal. Code of Regs. § 1183.18.

**§ 17557.1. Statement of decision on test claim; letter of intent to develop reasonable reimbursement methodology; plan; extensions**

(a) Notwithstanding any other provision of this part, within 30 days of the commission's adoption of a statement of decision on a test claim, the test claimant and the Department of Finance may notify the executive director of the commission in writing of their intent to follow the process described in this section to develop a reasonable reimbursement methodology and statewide estimate of costs for the initial claiming period and budget year for reimbursement of costs mandated by the state in accordance with the statement of decision. The letter of intent shall include the date on which the test claimant and the Department of Finance will submit a plan to ensure that costs from a representative sample of eligible local agency or school district claimants are considered in the development of a reasonable reimbursement methodology.

(b) This plan shall also include all of the following information:

(1) The date on which the test claimant and Department of Finance will provide to the executive director an informational update regarding their progress in developing the reasonable reimbursement methodology.

(2) The date on which the test claimant and Department of Finance will submit to the executive director the draft reasonable reimbursement methodology and proposed statewide estimate of costs for the initial claiming period and budget year. This date shall be no later than 180 days after the date the letter of intent is sent by the test claimant and Department of Finance to the executive director.

(c) At the request of the test claimant and Department of Finance, the executive director may provide for up to four extensions of this 180-day period.

(d) The test claimant or Department of Finance may notify the executive director at any time that the claimant or Department of Finance no longer intends to develop a reasonable reimbursement methodology pursuant to this section. In this case, paragraph (2) of subdivision (a) of Section 17553 and Section 17557 shall apply to the test claim. Upon receipt of this notification, the executive director shall notify the test claimant of the duty to submit proposed parameters and guidelines within 30 days under subdivision (a) of Section 17557.

(Added by Stats. 2007, ch. 329 (AB 1222), § 5, eff. Jan. 1, 2008.)

**§ 17557.2. Broad support required; joint proposal prior to commission hearing; contents; draft approval; adoption of estimate of costs; expiration and notice; early termination request; approval of continuation or amendments**

(a) A reasonable reimbursement methodology developed pursuant to Section 17557.1 or a joint request for early termination of a reasonable reimbursement methodology shall have broad support from a wide range of local agencies or school districts. The test claimant and Department



of Finance may demonstrate broad support from a wide range of local agencies or school districts in different ways, including, but not limited to, obtaining endorsement by one or more statewide associations of local agencies or school districts and securing letters of approval from local agencies or school districts.

(b) No later than 60 days before a commission hearing, the test claimant and Department of Finance shall submit to the commission a joint proposal that shall include all of the following:

(1) The draft reasonable reimbursement methodology.

(2) The proposed statewide estimate of costs for the initial claiming period and budget year.

(3) A description of the steps the test claimant and the Department of Finance undertook to determine the level of support by local agencies or school districts for the draft reasonable reimbursement methodology.

(4) An agreement that the reasonable reimbursement methodology developed and approved under this section shall be in effect for a period of five years unless a different term is approved by the commission, or upon submission to the commission of a letter indicating the Department of Finance and test claimant's joint interest in early termination of the reasonable reimbursement methodology.

(5) An agreement that, at the conclusion of the period established in paragraph (4), the Department of Finance and the test claimant will consider jointly whether amendments to the methodology are necessary.

(c) The commission shall approve the draft reasonable reimbursement methodology if review of the information submitted pursuant to Section 17557.1 and subdivision (b) of this section demonstrates that the draft reasonable reimbursement methodology and statewide estimate of costs for the initial claiming period and budget year have been developed in accordance with Section 17557.1 and meet the requirements of subdivision (a). The commission thereafter shall adopt the proposed statewide estimate of costs for the initial claiming period and budget year. Statewide cost estimates adopted under this section shall be included in the report to the Legislature required under Section 17600 and shall be reported by the commission to the appropriate Senate and Assembly policy and fiscal committees, the Legislative Analyst, and the Department of Finance not later than 30 days after adoption.

(d) Unless amendments are proposed pursuant to this subdivision, the reasonable reimbursement methodology approved by the commission pursuant to this section shall expire after either five years, any other term approved by the commission, or upon submission to the commission of a letter indicating the Department of Finance's and test claimant's joint interest in early termination of the reasonable reimbursement methodology.

(e) The commission shall approve a joint request for early termination of a reasonable reimbursement methodology if the request meets the requirements of subdivision (a). If the commission approves a joint request for early termination, the commission shall notify the test claimant of the duty to submit proposed parameters and guidelines to the commission pursuant to subdivision (a) of Section 17557.

(f) At least one year before the expiration of a reasonable reimbursement methodology, the

commission shall notify the Department of Finance and the test claimant that they may do one of the following:

(1) Jointly propose amendments to the reasonable reimbursement methodology by submitting the information described in paragraphs (1), (3), and (4) of subdivision (b), and providing an estimate of the mandate's annual cost for the subsequent budget year.

(2) Jointly propose that the reasonable reimbursement methodology remain in effect.

(3) Allow the reasonable reimbursement methodology to expire and notify the commission that the test claimant will submit proposed parameters and guidelines to the commission pursuant to subdivision (a) of Section 17557 to replace the reasonable reimbursement methodology.

(g) The commission shall either approve the continuation of the reasonable reimbursement methodology or approve the jointly proposed amendments to the reasonable reimbursement methodology if the information submitted in accordance with paragraph (1) of subdivision (d) demonstrates that the proposed amendments were developed in accordance with Section 17557.1 and meet the requirements of subdivision (a) of this section.

(Added by Stats. 2007, ch. 329 (AB 1222), § 6, eff. Jan. 1, 2008.)

**§ 17558. Controller's receipt of parameters and guidelines or reasonable reimbursement methodology; claiming instructions**

(a) The commission shall submit the adopted parameters and guidelines or a reasonable reimbursement methodology approved pursuant to Section 17557.2 to the Controller. As used in this chapter, a "reasonable reimbursement methodology" approved pursuant to Section 17557.2 includes all amendments to the reasonable reimbursement methodology. When the Legislature declares a legislatively determined mandate in accordance with Section 17573 in which claiming instructions are necessary, the Department of Finance shall notify the Controller.

(b) Not later than 90 days after receiving the adopted parameters and guidelines, a reasonable reimbursement methodology from the commission, or notification from the Department of Finance, the Controller shall issue claiming instructions for each mandate that requires state reimbursement, to assist local agencies and school districts in claiming costs to be reimbursed. In preparing claiming instructions, the Controller shall request assistance from the Department of Finance and may request the assistance of other state agencies. The claiming instructions shall be derived from the test claim decision and the adopted parameters and guidelines, reasonable reimbursement methodology, or statute declaring a legislatively determined mandate.

(c) The Controller shall, within 90 days after receiving amended parameters and guidelines, an amended reasonable reimbursement methodology from the commission or other information necessitating a revision of the claiming instructions, prepare and issue revised claiming instructions for mandates that require state reimbursement that have been established by commission action pursuant to Section 17557, Section 17557.2, or after any decision or order of the commission pursuant to Section 17559, or after any action by the Legislature pursuant to Section 17573. In preparing revised claiming instructions, the Controller may request the assistance of other state agencies.

(Added by Stats. 1995, ch. 945 (SB 11), § 11, operative Jul. 1, 1996. Amended by Stats. 1996, ch.

45 (SB 19), § 1, eff. May 15, 1996, operative Jul. 1, 1996; Stats. 2004, ch. 313 (AB 2224), § 2; Stats. 2004, ch. 890 (AB 2856), § 17; Stats. 2007, ch. 329 (AB 1222), § 7, eff. Jan. 1, 2008, Stats. 2011, ch. 144 (SB 112, § 2.), eff. Jan. 1, 2012.

(Section affected by two or more acts at the same session of the legislature (2004), see Government Code § 9605.)

(Derivation: Former § 17558, added by Stats. 1984, ch. 1459, § 1, amended by Stats. 1992, ch. 1041, § 2 and Stats. 1995, ch. 945 (SB 11) § 10, and by its own terms became inoperative on July 1, 1996, and was repealed operative Jan. 1, 1997.)

**§ 17558.5. Reimbursement claims for actual costs; field review; notice of remittance advice of adjustment to claim; interest rate; adjustment of payments due to intent to defraud or willful delay**

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter 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.

(b) The Controller may conduct a field review of any claim after the claim has been submitted, prior to the reimbursement of the claim.

(c) The Controller shall notify the claimant in writing within 30 days after issuance of a remittance advice of any adjustment to a claim for reimbursement that results from an audit or review. The notification shall specify the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the local agency or school district, and the reason for the adjustment. Remittance advices and other notices of payment action shall not constitute notice of adjustment from an audit or review.

(d) The interest rate charged by the Controller on reduced claims shall be set at the Pooled Money Investment Account rate and shall be imposed on the dollar amount of the overpaid claim from the time the claim was paid until overpayment is satisfied.

(e) Nothing in this section shall be construed to limit the adjustment of payments when inaccuracies are determined to be the result of the intent to defraud, or when a delay in the completion of an audit is the result of willful acts by the claimant or inability to reach agreement on terms of final settlement.

(Added by Stats. 1995, ch. 945 (SB 11), § 13, operative Jul. 1, 1996. Amended by Stats. 2002, ch. 1124 (AB 3000), § 30.4, eff. Sept. 30, 2002; Stats. 2002, ch. 1128 (AB 2834), § 14.5, operative Jan. 1, 2003; Stats. 2004, ch. 313 (AB 2224), § 3; Stats. 2004, ch. 890 (AB 2856), § 18.)

(For legislative findings and declarations and appropriations relating to Stats. 2002, ch. 1128 (AB 2834), see Historical and Statutory Notes under Educ. Code, § 14501, in West's California Codes.)

(Derivation: Former § 17558.5, added by Stats. 1993, ch. 906, § 2, was amended, prior to repeal,

by Stats. 1995, ch. 945 (SB 11), § 12, became inoperative on Jul. 1, 1996, and was repealed on Jan. 1, 1997, by its own terms.)

(Uncodified Sections 1 and 23 of Stats. 1993, ch. 906 (AB 557), provide:

SEC. 1. This act shall be known and may be cited as the Omnibus Local Government Act of 1993.

SEC. 23. If any provision of this act or the application thereof to any person or circumstances is held invalid, that invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are severable.)

**§ 17558.6. Review of process by which local agencies appeal reduction of reimbursement claims; expeditiousness and cost reduction**

It is the intent of the Legislature that the Commission on State Mandates review its process by which local agencies may appeal the reduction of reimbursement claims on the basis that the reduction is incorrect in order to provide for a more expeditious and less costly process.

(Added by Stats. 1998, ch. 681 (AB 1963), § 3, eff. Sept. 22, 1998.)

**§ 17558.7. Incorrect reduction claim; criteria to file consolidated claim; notice to commission; notice to other claimants; opting out of consolidated claim.**

(a) If the Controller reduces a claim approved by the commission, the claimant may file with the commission an incorrect reduction claim pursuant to regulations adopted by the commission.

(b) A claimant eligible to file an incorrect reduction claim may file a consolidated incorrect reduction claim on behalf of other claimants whose claims for reimbursement under the same mandate are alleged to have been incorrectly reduced if all of the following apply:

(1) The method, act, or practice that the claimant alleges led to the reduction has led to similar reductions of other parties' claims, and all of the claims involve common questions of law or fact.

(2) The common questions of law or fact among the claims predominate over any matter affecting only an individual claim.

(3) The consolidation of similar claims by individual claimants would result in consistent decisionmaking by the commission.

(4) The claimant filing the consolidated claim would fairly and adequately protect the interests of the other claimants.

(c) A claimant that seeks to file a consolidated incorrect reduction claim shall, at the time it files an incorrect reduction claim, on a form provided by the commission, notify the commission of its intent to file a consolidated incorrect reduction claim.

(d) Within 10 days after receipt of an incorrect reduction claim and notice of intent to consolidate, the commission shall request that the Controller provide the commission and the claimant with a list of claimants for whom the Controller has reduced similar claims under the same mandate.

Upon receipt of this list from the Controller, the claimant may notify the claimants on the list and other interested parties of its intent to file a consolidated incorrect reduction claim.

(e) Within 30 days of receipt of the notice of intent to consolidate from the original claimant, on a form provided by the commission, any other eligible claimant shall file with the commission its notice of intent to join the consolidated incorrect reduction claim, which shall include a copy of the remittance advice or other notice from the Controller of the claim reduction, and one copy of the reimbursement claims for which an incorrect reduction is alleged.

(f) The commission shall notify each claimant that files an intent to join the consolidated incorrect reduction claim that it may opt out of the consolidated claim and not be bound by any determination made on that consolidated claim. A claimant may opt out of a consolidated claim no later than 15 days after the state agency files comments on the consolidated claim. A claimant that opts out of the consolidated claim, in order to preserve its right to challenge a reduction made by the Controller on that same mandate, shall file an individual incorrect reduction claim pursuant to commission requirements, no later than one year after opting out or within the statute of limitations under the commission's regulations.

(g) The commission shall adopt regulations establishing procedures for receiving a consolidated incorrect reduction claim pursuant to this section and for providing a hearing on a consolidated claim.

(Added by Stats. 2006, ch. 168 (AB 2652), § 1, operative Jan. 1, 2007.)

#### CODE OF REGULATIONS REFERENCES

Consolidation of claims initiated by an individual claimant; joining a consolidated incorrect reduction claim, see 2 Cal. Code of Regs. §§ 1185.3 and 1185.4.

Opting out of a consolidated incorrect reduction claim, see 2 Cal. Code of Regs. § 1185.5.

#### **§ 17558.8. Criteria to consolidate multiple incorrect reduction claims by commission.**

(a) The commission may, on its own initiative, consolidate incorrect reduction claims filed with the commission by different claimants under the same mandate if all of the following apply:

(1) The same method, act, or practice is alleged to have led to the reduction in each claim, and all of the claims involve common questions of law or fact.

(2) The common questions of law or fact among the claims predominate over any matter affecting only an individual claim.

(3) The consolidation of similar claims by individual claimants would result in consistent decisionmaking by the commission.

(b) The commission shall adopt regulations establishing procedures for consolidation of incorrect reduction claims pursuant to this section and for providing a hearing on a consolidated claim.

(Added by Stats. 2006, ch. 168 (AB 2652), § 2, operative Jan. 1, 2007. Amended by Stats. 2007, ch. 130 (AB 299), § 119, eff. Jan. 1, 2008.)

#### CODE OF REGULATIONS REFERENCES

Executive Director's authority to consolidate incorrect reduction claims, see 2 Cal. Code of Regs. § 1185.6.

### **§ 17559. Reconsideration; proceedings to set aside decision**

(a) The commission may order a reconsideration of all or part of a test claim or incorrect reduction claim on petition of any party. The power to order a reconsideration or amend a test claim decision shall expire 30 days after the statement of decision is delivered or mailed to the claimant. If additional time is needed to evaluate a petition for reconsideration filed prior to the expiration of the 30-day period, the commission may grant a stay of that expiration for no more than 30 days, solely for the purpose of considering the petition. If no action is taken on a petition within the time allowed for ordering reconsideration, the petition shall be deemed denied.

(b) A claimant or the state may commence a proceeding in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure to set aside a decision of the commission on the ground that the commission's decision is not supported by substantial evidence. The court may order the commission to hold another hearing regarding the claim and may direct the commission on what basis the claim is to receive a rehearing.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1999, ch. 643 (AB 1679), § 4.)

#### **CODE OF REGULATIONS REFERENCES**

Reconsideration of a prior final decision, see 2 Cal. Code of Regs. § 1187.15.

### **§ 17560. Claims for reimbursement**

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

(a) A local agency or school district may, by February 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.

(b) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of Section 17558 between November 15 and February 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

(Added by Stats. 1986, ch. 879, § 5. Amended by Stats. 1992, ch. 1041 (AB 1690), § 3. Amended by Stats. 1996, ch. 45 (SB 19), § 2, eff. May 15, 1996; Stats. 1998, ch. 681 (AB 1963), § 4, eff. Sept. 22, 1998; Stats. 2007, ch. 179 (SB 86), § 15, eff. Aug. 24, 2007; Stats. 2008, ch. 6 (AB 3X 8) § 3, eff. Feb. 16, 2008.)

(Derivation: Rev. & Tax Code, former § 2218.5, added by Stats. 1982, ch. 734, § 2; Stats. 1982, ch. 1586, § 2.)

### **§ 17561. State-mandated costs; reimbursement of local agencies and school districts; appropriations; disbursements; excessive claims; determination and commencement of state's payment obligation**

(a) The state shall reimburse each local agency and school district for all “costs mandated by the state,” as defined in Section 17514 and for legislatively determined mandates in accordance with Section 17573.

(b)(1) For the initial fiscal year during which these costs are incurred, reimbursement funds shall

be provided as follows:

(A) Any statute mandating these costs shall provide an appropriation therefor.

(B) Any executive order mandating these costs shall be accompanied by a bill appropriating the funds therefor, or alternatively, an appropriation for these costs shall be included in the Budget Bill for the next succeeding fiscal year. The executive order shall cite that item of appropriation in the Budget Bill or that appropriation in any other bill that is intended to serve as the source from which the Controller may pay the claims of local agencies and school districts.

(2) In subsequent fiscal years appropriations for these costs shall be included in the annual Governor's Budget and in the accompanying Budget Bill. In addition, appropriations to reimburse local agencies and school districts for continuing costs resulting from chaptered bills or executive orders for which claims have been awarded pursuant to subdivision (a) of Section 17551 shall be included in the annual Governor's Budget and in the accompanying Budget Bill.

(c) The amount appropriated to reimburse local agencies and school districts for costs mandated by the state shall be appropriated to the Controller for disbursement.

(d) The Controller shall pay any eligible claim pursuant to this section by October 15 or 60 days after the date the appropriation for the claim is effective, whichever is later. The Controller shall disburse reimbursement funds to local agencies or school districts if the costs of these mandates are not payable to state agencies, or to state agencies that would otherwise collect the costs of these mandates from local agencies or school districts in the form of fees, premiums, or payments. When disbursing reimbursement funds to local agencies or school districts, the Controller shall disburse them as follows:

(1) For initial reimbursement claims, the Controller shall issue claiming instructions to the relevant local agencies and school districts pursuant to Section 17558. Issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the commission, the reasonable reimbursement methodology approved by the commission pursuant to Section 17557.2, or statutory declaration of a legislatively determined mandate and reimbursement methodology pursuant to Section 17573.

(A) When claiming instructions are issued by the Controller pursuant to Section 17558 for each mandate determined pursuant to Section 17551 or 17573 that requires state reimbursement, each local agency or school district to which the mandate is applicable shall submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions.

(B) When the commission is requested to review the claiming instructions pursuant to Section 17571, each local agency or school district to which the mandate is applicable shall submit a claim for reimbursement within 120 days after the commission reviews the claiming instructions for reimbursement issued by the Controller.

(C) If the local agency or school district does not submit a claim for reimbursement within the 120-day period, or submits a claim pursuant to revised claiming instructions, it may submit its claim for reimbursement as specified in Section 17560. The Controller shall pay these claims

from the funds appropriated therefor, except the Controller may take either of the following actions:

(i) Audit the records of any local agency or school district to verify the actual amount of the mandated costs, the application of a reasonable reimbursement methodology, or application of a legislatively enacted reimbursement methodology under Section 17573.

(ii) Reduce any claim that the Controller determines is excessive or unreasonable.

(2) In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor except as follows:

(A) The Controller may audit any of the following:

(i) Records of any local agency or school district to verify the actual amount of the mandated costs.

(ii) The application of a reasonable reimbursement methodology.

(iii) The application of a legislatively enacted reimbursement methodology under Section 17573.

(B) The Controller may reduce any claim that the Controller determines is excessive or unreasonable.

(C) The Controller shall adjust the payment to correct for any underpayments or overpayments that occurred in previous fiscal years.

(3) When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs. All initial reimbursement claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount that would have been allowed had the claim been timely filed. The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. In no case may a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates.

(e)(1) Except as specified in paragraph (2), for the purposes of determining the state's payment obligation under paragraph (1) of subdivision (b) of Section 6 of Article XIII B of the Constitution, a mandate that is "determined in a preceding fiscal year to be payable by the state" means any mandate for which the commission adopted a statewide cost estimate pursuant to this part during a previous fiscal year or that were identified as mandates by a predecessor agency to the commission, or that the Legislature declared by statute to be a legislatively determined mandate, unless the mandate has been repealed or otherwise eliminated.

(2) If the commission adopts a statewide cost estimate for a mandate during the months of April, May, or June, the state's payment obligation under subdivision (b) of Section 6 of Article XIII B shall commence one year after the time specified in paragraph (1).



(Added by Stats.1986, ch. 879, § 6. Amended by Stats.1988, ch. 1179, § 3, eff. Sept. 22, 1988; Stats.1989, ch. 589, § 1.5; Stats. 1996, ch. 45 (SB19), § 3, eff. May 15, 1996, operative Jul. 1, 1996; Stats.1999, ch. 643 (AB 1679), § 5; Stats. 2002, ch. 1124 (AB 3000), § 30.6, eff. Sept. 30, 2002; Stats. 2004, ch. 313 (AB 2224), § 4; Stats. 2004, ch. 890 (AB2856), § 19; Stats. 2006, ch. 78 (AB1805), § 1, eff. Jul. 18, 2006; Stats. 2007, ch. 179 (SB 86), § 16, eff. Aug. 24, 2007; Stats. 2007, ch. 329 (AB 1222), § 8, eff. Jan. 1, 2008.); Stats. 2009, ch. 4 (SB 3X 8), § 4 (eff. Feb. 20, 2009).

(Derivation: Rev. & Tax Code, former § 2231, added by Stats. 1975, ch. 486, § 7, amended by Stats. 1977, ch. 1135, § 7; Stats. 1978, ch. 794, § 1.1; Stats. 1980, ch. 1256, § 8; Stats. 1982, ch. 734, § 3; Stats. 1982, ch. 1586, § 3. Rev. & Tax Code, former § 2231, added by Stats. 1973, ch. 358, § 3. Rev. & Tax Code, former § 2164.3, added by Stats. 1972, ch. 1406, § 14.7.).

#### **§ 17561.5. Payment of claims; interest**

The payment of an initial reimbursement claim by the Controller shall include accrued interest at the Pooled Money Investment Account rate, if the payment is being made more than 365 days after adoption of the statewide cost estimate for an initial claim. Interest shall begin to accrue as of the 366th day after adoption of the statewide cost estimate for the initial claim. Payment of a subsequent claim that was reported to the Legislature pursuant to paragraph (2) of subdivision (b) of Section 17562 shall include accrued interest at the Pooled Money Investment Account rate for any unpaid amount remaining on August 15 following the filing deadline. Interest shall begin to accrue on August 16 following the filing deadline.

(Added by Stats. 1995, ch. 945 (SB 11), § 14, operative Jul. 1, 1996. Amended by Stats. 1996, ch. 45 (SB 19), § 4, eff. May 15, 1996, operative Jul. 1, 1996; Stats. 2004, ch. 890 (AB 2856), § 20; Stats. 2007, ch. 179 (SB 86), § 17, eff. Aug. 24, 2007.)

#### **§ 17561.6. Budget act items or appropriations; reimbursement of interest**

A budget act item or appropriation pursuant to this part for reimbursement of claims shall include an amount necessary to reimburse any interest due pursuant to Section 17561.5.

(Added by Stats. 1995, ch. 945 (SB 11), § 15, operative Jul. 1, 1996. Amended by Stats. 2004, ch. 890 (AB 2856), § 21.)

#### **§ 17562. Legislative findings; declarations and intent; review of proposals concerning state-mandated programs; review of statutes resulting in revenue losses and cost savings; reports and hearings**

(a) The Legislature hereby finds and declares that the increasing revenue constraints on state and local government and the increasing costs of financing state-mandated local programs make evaluation of state-mandated local programs imperative. Accordingly, it is the intent of the Legislature to increase information regarding state mandates and establish a method for regularly reviewing the costs and benefits of state-mandated local programs.

(b)(1) The Controller shall submit a report to the Joint Legislative Budget Committee and fiscal committees by October 31 of each fiscal year beginning with the 2007-08 fiscal year. This report shall summarize, by state mandate, the total amount of claims paid per fiscal year and the amount,

if any, of mandate deficiencies or surpluses. This report shall be made available in an electronic spreadsheet format.

(2) The Controller shall submit a report to the Joint Legislative Budget Committee, the applicable fiscal committees, and the Director of Finance by April 30 of each fiscal year. This report shall summarize, by state mandate, the total amount of unpaid claims by fiscal year that were submitted before April 1 of that fiscal year. The report shall also summarize any mandate deficiencies or surpluses. It shall be made available in an electronic spreadsheet, and shall be used for the purpose of determining the state's payment obligation under paragraph (1) of subdivision (b) of Section 6 of Article XIII B of the California Constitution.

(c) After the commission submits its second semiannual report to the Legislature pursuant to Section 17600, the Legislative Analyst shall submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the commission's reports. The report shall make recommendations as to whether the mandate should be repealed, funded, suspended, or modified.

(d) In its annual analysis of the Budget Bill and based on information provided pursuant to subdivision (b), the Legislative Analyst shall report total annual state costs for mandated programs and, as appropriate, provide an analysis of specific mandates and make recommendations on whether the mandate should be repealed, funded, suspended, or modified.

(e)(1) A statewide association of local agencies or school districts or a Member of the Legislature may submit a proposal to the Legislature recommending the elimination or modification of a state-mandated local program. To make such a proposal, the association or member shall submit a letter to the Chairs of the Assembly Committee on Education or the Assembly Committee on Local Government, as the case may be, and the Senate Committee on Education or the Senate Committee on Local Government, as the case may be, specifying the mandate and the concerns and recommendations regarding the mandate. The association or member shall include in the proposal all information relevant to the conclusions. If the chairs of the committees desire additional analysis of the submitted proposal, the chairs may refer the proposal to the Legislative Analyst for review and comment. The chairs of the committees may refer up to a total of 10 of these proposals to the Legislative Analyst for review in any year. Referrals shall be submitted to the Legislative Analyst by December 1 of each year.

(2) The Legislative Analyst shall review and report to the Legislature with regard to each proposal that is referred to the office pursuant to paragraph (1). The Legislative Analyst shall recommend that the Legislature adopt, reject, or modify the proposal. The report and recommendations shall be submitted annually to the Legislature by March 1 of the year subsequent to the year in which referrals are submitted to the Legislative Analyst.

(f) It is the intent of the Legislature that the Assembly Committee on Local Government and the Senate Committee on Local Government hold a joint hearing each year regarding the following:

(1) The reports and recommendations submitted pursuant to subdivision (e).

(2) The reports submitted pursuant to Sections 17570, 17600, and 17601.

(3) Legislation to continue, eliminate, or modify any provision of law reviewed pursuant to this subdivision. The legislation may be by subject area or by year or years of enactment.

(Added by Stats.1995, ch. 945 (SB11), § 17, operative Jul. 1, 1996. Amended by Stats.1996, ch. 45 (SB19), § 5, eff. May 15, 1996, operative Jul. 1, 1996; Stats.2001, ch. 745 (SB1191), § 97, eff. Oct. 12, 2001; Stats.2002, ch. 1124 (AB3000), § 30.8, eff. Sept. 30, 2002; Stats.2004, ch. 890 (AB2856), § 22; Stats.2007, ch. 179 (SB86), § 18, eff. Aug. 24, 2007; Stats.2011, ch. 382 (SB194), § 1.2; Stats.2012, ch. 728 (SB71), § 72.)

(Derivation: Former § 17562, added by Stats. 1986, ch. 879, § 7, was amended by Stats. 1995, ch. 945 (SB 11), § 16, and by its own terms became inoperative on Jul. 1, 1996 and was repealed operative Jan. 1, 1997. Former Rev. & Tax Code, § 2231.5, added by Stats. 1980, ch. 1337, § 3, amended by Stats. 1982, ch. 734, § 4; Stats. 1985, ch. 179, § 12.)

### **§ 17563. Use of funds for any public purpose**

Any funds received by a local agency or school district pursuant to the provisions of this chapter may be used for any public purpose.

(Added by Stats. 1986, ch. 879, § 8.)

### **§ 17564. Claims under specified dollar amount; claims for direct and indirect costs**

(a) No claim shall be made pursuant to Sections 17551, 17561, or 17573, nor shall any payment be made on claims submitted pursuant to Sections 17551 or 17561, or pursuant to a legislative determination under Section 17573, unless these claims exceed one thousand dollars (\$1,000). However, a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds one thousand dollars (\$1,000) even if the individual school district's, direct service district's, or special district's claims do not each exceed one thousand dollars (\$1,000). The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

(b) Claims for direct and indirect costs filed pursuant to Section 17561 shall be filed in the manner prescribed in the parameters and guidelines or reasonable reimbursement methodology and claiming instructions.

(c) Claims for direct and indirect costs filed pursuant to a legislatively determined mandate pursuant to Section 17573 shall be filed and paid in the manner prescribed in the Budget Act or other bill, or claiming instructions, if applicable.

(Added by Stats. 1986, ch. 879, § 9. Amended by Stats. 1992, ch. 1041 (AB 1690), § 4; Stats. 1999, ch. 643 (AB 1679), § 6; Stats. 2002, ch. 1124 (AB 3000), § 30.9, eff. Sept. 30, 2002; Stats. 2004, ch. 890 (AB 2856), § 23; Stats. 2007, ch. 329 (AB 1222), § 9, eff. Jan. 1, 2008.)

## CODE OF REGULATIONS REFERENCES

Test claim filing, see 2 Cal. Code of Regs. § 1183.1

### **§ 17565. Reimbursement for costs incurred after operative date of mandate**

If a local agency or a school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate.

(Added by Stats. 1986, ch. 879, § 10.)

(Derivation: Rev. & Tax Code, former § 2234, added by Stats. 1975, ch. 486, § 9, amended by Stats. 1977, ch. 1135, § 8.6; Stats. 1980, ch. 1256, § 11.)

### **§ 17567. Prorated claims; adjustment; determination of most cost-effective allocation method for appropriations of one thousand dollars or less**

In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. The Controller shall adjust prorated claims if supplementary funds are appropriated for this purpose. Notwithstanding any other law, if one thousand dollars (\$1,000) or less is appropriated for a program, the Controller shall determine the most cost-effective allocation method.

(Added by Stats. 1986, ch. 879, § 11. Amended by Stats. 2007, ch. 179 (SB 86), § 19, eff. Aug. 24, 2007; Amended by Stats. 2013, ch. 77 (AB 392), § 1, eff. Jan. 1, 2014.)

(Derivation: Rev. & T. C. former § 2236, added as Rev. & Tax C. § 2233 by Stats. 1975, ch. 486, § 8, renumbered Rev. & Tax C. § 2234 and amended by Stats. 1977, ch. 309, § 32, renumbered Rev. & Tax C. § 2236 and amended by Stats. 1977, ch. 1135, § 8.5; Stats. 1978, ch. 794, § 2.)

### **§ 17568. Valid reimbursement claims submitted after specified deadline**

If a local agency or school district submits an otherwise valid reimbursement claim to the Controller after the deadline specified in Section 17560, the Controller shall reduce the reimbursement claim in an amount equal to 10 percent of the amount that would have been allowed had the reimbursement claim been timely filed, provided that the amount of this reduction shall not exceed ten thousand dollars (\$10,000). In no case shall a reimbursement claim be paid that is submitted more than one year after the deadline specified in Section 17560.

(Added by Stats. 1986, ch. 879, § 12. Amended by Stats. 1989, ch. 589, § 2; Stats. 2007, ch. 179 (SB 86), § 20, eff. Aug. 24, 2007; Stats. 2008, ch. 6 (AB 3X 8) § 4, eff. Feb. 16, 2008.)

(Derivation: Rev. & Tax Code, former § 2238, added by Stats. 1978, ch. 794, § 3, amended by Stats. 1980, ch. 1256, § 12; Stats. 1982, ch. 734, § 5; Stats. 1982, ch. 1586, § 4; Stats. 1984, ch. 193, § 113.)

### **§ 17570. Adoption of new test claim decision; request to adopt new test claim decision; procedure for reviewing requests; notice of requests and adoption**

(a) For purposes of this section the following definitions shall apply:

(1) "Mandates law" means published court decisions arising from state mandate determinations by the State Board of Control or the Commission on State Mandates, or that address this part or Section 6 of Article XIII B of the California Constitution. "Mandates law" also includes statutory amendments to this part and amendments to Section 6 of Article XIII B of the California Constitution.

(2) "Subsequent change in law" is a change in law that requires a finding that an incurred cost is a cost mandated by the state, as defined by Section 17514, or is not a cost mandated by the state pursuant to Section 17556, or a change in mandates law, except that a "subsequent change in law" does not include the amendments to Section 6 of Article XIII B of the California Constitution that were approved by the voters on November 2, 2004. A "subsequent change in law" also does not include a change in the statutes or executive orders that impose new state-mandated activities and require a finding pursuant to subdivision (a) of Section 17551.

(3) "Test claim decision" means a decision of the Commission on State Mandates on a test claim filed pursuant to Section 17551 or a decision of the State Board of Control on a claim for state reimbursement filed pursuant to Article 1 (commencing with Section 2201), Article 2 (commencing with Section 2227), and Article 3 (commencing with Section 2240) of Chapter 3 of Part 4 of Division 1 of the Revenue and Taxation Code prior to January 1, 1985.

(b) The commission may adopt a new test claim decision to supersede a previously adopted test claim decision only upon a showing that the state's liability for that test claim decision pursuant to subdivision (a) of Section 6 of Article XIII B of the California Constitution has been modified based on a subsequent change in law.

(c) A local agency or school district, statewide association of local agencies or school districts, or the Department of Finance, the Controller, or other affected state agency may file a request with the commission to adopt a new test claim decision pursuant to this section.

(d) The commission shall adopt procedures for receiving requests to adopt a new test claim decision pursuant to this section and for providing notice and a hearing on those requests. The procedures shall do all of the following:

(1) Specify that all requests for adoption of a new test claim decision shall be filed on a form prescribed by the commission that shall contain at least the following elements and documents:

(A) The name, case number, and adoption date of the prior test claim decision.

(B) A detailed analysis of how and why the state's liability for mandate reimbursement has been modified pursuant to subdivision (a) of Section 6 of Article XIII B of the California Constitution based on a subsequent change in law.

(C) The actual or estimated amount of the annual statewide change in the state's liability for mandate reimbursement pursuant to subdivision (a) of Section 6 of Article XIII B of the California Constitution based on a subsequent change in law.

(D) Identification of all of the following, if relevant:

(i) Dedicated state funds appropriated for the program.

(ii) Dedicated federal funds appropriated for the program.

(iii) Fee authority to offset the costs of the program.

(iv) Federal law.

(v) Court decisions.

(vi) State or local ballot measures and the corresponding date of the election.

(E) All assertions of fact shall be supported with declarations made under penalty of perjury, based on the declarant's personal knowledge, information, or belief, and be signed by persons who are authorized and competent to do so, including, but not limited to, the following:

(i) Declarations of actual or estimated annual statewide costs that will or will not be incurred to implement the alleged mandate.

(ii) Declarations identifying all local, state, or federal funds, or fee authority that may or may not be used to offset the increased costs that will or will not be incurred by claimants to implement the alleged mandate or result in a finding of no costs mandated by the state pursuant to Section 17556.

(iii) Declarations describing new activities performed to implement specific provisions of the test claim statute or executive order alleged to impose a reimbursable state-mandated program.

(F) Specific references shall be made to chapters, articles, sections, or page numbers that are alleged to impose or not impose a reimbursable state-mandated program.

(2) Require that a request for the adoption of a new test claim decision be signed at the end of the document, under penalty of perjury, by the requester or its authorized representative, along with a declaration that the request is true and complete to the best of the declarant's personal knowledge, information, or belief. The procedures shall also require that the date of signing, the declarant's title, address, telephone number, facsimile machine telephone number, and electronic mail address be included.

(3) Provide that the commission shall return a submitted request that is incomplete to the requester and allow the requester to remedy the deficiencies. The procedures shall also provide that the commission may disallow the original filing if a complete request is not received by the commission within 30 calendar days from the date that the incomplete request was returned to the requester.

(4) Establish a two-step hearing process to consider requests for adoption of a new test claim decision pursuant to this section. As the first step, the commission shall conduct a hearing to determine if the requester has made a showing that the state's liability pursuant to subdivision (a) of Section 6 of Article XIII B of the California Constitution has been modified based on a subsequent change in law. If the commission determines that the requester has made this showing, then pursuant to the commission's authority in subdivision (b) of this section, the commission shall notice the request for a hearing to determine if a new test claim decision shall be adopted to supersede the previously adopted test claim decision.

(5) Provide for presentation of evidence and legal argument at the hearings by the requester, interested parties, the Department of Finance, the Controller, any other affected state agency, and interested persons.

- (6) Permit a hearing to be postponed at the request of any party, without prejudice, until the next scheduled hearing.
- (e) To implement the procedures described in subdivision (d), the commission shall initially adopt regulations as emergency regulations and, for purposes of Section 11349.6, the adoption of the regulations shall be considered by the Office of Administrative Law to be necessary for the immediate preservation of the public peace, health and safety, and general welfare. Notwithstanding subdivision (e) of Section 11346.1, the regulations shall be repealed within 180 days after their effective date, unless the commission complies with Chapter 3.5 (commencing with Section 11340) of Part 1 as provided in subdivision (e) of Section 11346.1.
- (f) A request for adoption of a new test claim decision shall be filed on or before June 30 following a fiscal year in order to establish eligibility for reimbursement or loss of reimbursement for that fiscal year.
- (g) The commission shall notify interested parties, the Controller, the Department of Finance, affected state agencies, and the Legislative Analyst of any complete request for the adoption of a new test claim decision that the commission receives.
- (h) If the commission determines that the requester has made a showing that the state's liability pursuant to subdivision (a) of Section 6 of Article XIII B of the California Constitution has been modified based on a subsequent change in law, and the commission notices the request for a hearing to determine whether a new test claim decision shall be adopted that supersedes a prior test claim decision, the Controller shall notify eligible claimants that the request has been filed with the commission and that the original test claim decision may be superseded by a new decision adopted by the commission. The notification may be included in the next set of claiming instructions issued to eligible claimants.
- (i) If the commission adopts a new test claim decision that supersedes the previously adopted test claim decision, the commission shall adopt new parameters and guidelines or amend existing parameters and guidelines or reasonable reimbursement methodology pursuant to Sections 17557, 17557.1, and 17557.2.
- (j) Any new parameters and guidelines adopted or amendments made to existing parameters and guidelines or a reasonable reimbursement methodology shall conform to the new test claim decision adopted by the commission.
- (k) The Controller shall follow the procedures in Sections 17558, 17558.5, 17560, 17561, and 17561.5, as applicable, for a new test claim decision adopted by the commission pursuant to this section.
- (l) If the commission adopts a new test claim decision that will result in reimbursement pursuant to Section 6 of Article XIII B of the California Constitution because a cost is a cost mandated by the state, as defined in Section 17514, the commission shall determine the amount to be subvended to local agencies and school districts by adopting a new statewide cost estimate pursuant to Section 17557.
- (m) In addition to the reports required pursuant to Sections 17600 and 17601, the commission shall notify the Legislature within 30 days of adopting a new test claim decision that supersedes a

prior test claim decision and determining the amount to be subvned to local agencies and school districts for reimbursement pursuant to this section.

(Added by Stats. 2010, ch. 719 (SB 856) eff. Oct. 19, 2010.)

(Derivation: former § 17570 was repealed by Stats. 2007, ch. 179 (SB 86), § 21, eff. Aug. 24, 2007.

(The repealed section, added by Stats.1990, ch. 582 (SB340), § 6, derived from former § 17570, added by Stats.1986, ch. 879, § 13; Revenue and Taxation Code former § 2246.1, added by Stats.1980, ch. 1256, § 13, related to review of unfunded statutory or regulatory mandates of approved claims.)

#### **§ 17570.1. Legislative request that Department of Finance exercise statutory authority**

As part of its review and consideration pursuant to Sections 17581 and 17581.5, the Legislature may, by statute, request that the Department of Finance consider exercising its authority pursuant to subdivision (c) of Section 17570.

(Added by Stats. 2010, ch. 719 (SB 856) eff. Oct. 19, 2010.)

#### **§ 17571. Review of claiming instructions; modifications**

The commission, upon request of a local agency or school district, shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs. 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.

(Added by Stats. 1986, ch. 879, § 14. Amended by Stats. 1992, ch. 1041 (AB 1690), § 5; Stats. 1999, ch. 643 (AB 1679), § 7.)

#### **§ 17572. [REPEALED]**

(Repealed by Stats. 2007, ch. 329 (AB 1222), § 10, eff. Jan. 1, 2008.)

(The repealed section, added by Stats. 2004, ch. 313 (AB 2224), § 5, addressed the amendment of parameters and guidelines for the Animal Adoption mandate (Case No. 98-TC-11), application of the amendments, and reimbursement of claims.)

### **ARTICLE 1.5. Legislatively Determined Mandate Procedure**

#### **§ 17572. Legislative findings and declarations**

The Legislature finds and declares all of the following:

(a) Early settlement of mandate claims will allow the commission to focus its efforts on rendering sound quasi-judicial decisions regarding complicated disputes over the existence of state-mandated local programs.

(b) Early settlement of mandate claims will provide timely information to the Legislature regarding local costs of state requirements and timely reimbursement to local agencies or school districts.



(c) It is the intent of the Legislature to provide for an orderly process for settling mandate claims in which the parties are in substantial agreement. Nothing in this article diminishes the right of a local agency or school district that chooses not to accept reimbursement pursuant to this article from filing a test claim with the commission or taking other steps to obtain reimbursement pursuant to Section 6 of Article XIII B of the California Constitution.

(Added by Stats. 2007, ch. 329 (AB 1222), § 11, eff. Jan. 1, 2008.)

**§ 17573. Requests regarding reimbursements; limitations tolled; joint requests; contents; time period; term; statute adoption requirements; notice of actions taken; stay of proceedings**

(a) Notwithstanding Section 17551, the Department of Finance and a local agency, school district, or statewide association may jointly request of the chairpersons of the committees in each house of the Legislature that consider appropriations, and the chairpersons of the committees and appropriate subcommittees in each house of the Legislature that consider the State Budget, that the Legislature, (1) determine that a statute or executive order, or portion thereof, mandates a new program or higher level of service requiring reimbursement of local governments pursuant to Section 6 of Article XIII B of the California Constitution, (2) establish a reimbursement methodology, and (3) appropriate funds for reimbursement of costs. For purposes of this section, "statewide association" includes a statewide association representing local agencies or school districts, as defined in Sections 17518 and 17519.

(b) The statute of limitations specified in Section 17551 shall be tolled from the date a local agency, school district, or statewide association contacts the Department of Finance or responds to a Department of Finance request to initiate a joint request for a legislatively determined mandate pursuant to subdivision (a), to (1) the date that the Budget Act for the subsequent fiscal year is adopted if a joint request is submitted pursuant to subdivision (a), or (2) the date on which the Department of Finance, or a local agency, school district, or statewide association notifies the other party of its decision not to submit a joint request. A local agency, school district, or statewide association, or the Department of Finance shall provide written notification to the commission of each of these dates.

(c) A joint request made under subdivision (a) shall be in writing and include all of the following:

(1) Identification of those provisions of the statute or executive order, or portion thereof, that mandate a new program or higher level of service requiring reimbursement of local agencies or school districts pursuant to Section 6 of Article XIII B of the California Constitution, a proposed reimbursement methodology, and the period of reimbursement.

(2) A list of eligible claimants and a statewide estimate for the initial claiming period and annual dollar amount necessary to reimburse local agencies or school districts to comply with that statute or executive order that mandates a new program or higher level of service.

(3) Documentation of significant support among local agencies or school districts for the proposed reimbursement methodology, including, but not limited to, endorsements by statewide associations and letters of approval from local agencies or school districts.

(d) A joint request authorized by this section may be submitted to the Legislature pursuant to

subdivision (a) at any time after enactment of a statute or issuance of an executive order, regardless of whether a test claim on the same statute or executive order is pending with the commission. If a test claim is pending before the commission, the period of reimbursement established by that filing shall apply to a joint request filed pursuant to this section.

(e)(1) If the Legislature accepts the joint request and determines that those provisions of the statute or executive order, or portion thereof, mandate a new program or higher level of service requiring reimbursement of local agencies or school districts pursuant to Section 6 of Article XIII B of the California Constitution, it shall adopt a statute declaring that the statute or executive order, or portion thereof, is a legislatively determined mandate and specify the term and period of reimbursement and methodology for reimbursing eligible local agencies or school districts. If no term is specified in the statute, then the term shall be five years, beginning July 1 of the year in which the statute is enacted.

(2) For the purpose of this subdivision, "term" means the number of years specified in the statute adopted pursuant to this subdivision for reimbursing eligible local agencies or school districts for a legislatively determined mandate.

(f) When the Legislature adopts a statute pursuant to paragraph (1) of subdivision (e) on a mandate subject to subdivision (b) of Section 6 of Article XIII B of the California Constitution, the Legislature shall do either of the following:

(1) Appropriate in the Budget Act the full payable amount for reimbursement to local agencies that has not been previously paid.

(2) Suspend the operation of the mandate pursuant to Section 17581 or repeal the mandate.

(g) The Department of Finance, or a local agency, school district, or statewide association shall notify the commission of actions taken pursuant to this section, as specified below:

(1) Provide the commission with a copy of any communications regarding development of a joint request under this section and a copy of a joint request when it is submitted to the Legislature.

(2) Notify the commission of the date of (A) the Legislature's action on a joint request in the Budget Act, or (B) the Department of Finance's decision not to submit a joint request on a specific statute or executive order.

(h) Upon receipt of notice that a joint request has been submitted to the Legislature on the same statute or executive order as a pending test claim, the commission may stay its proceedings on the pending test claim upon the request of any party.

(i) Upon enactment of a statute declaring a legislatively determined mandate, enactment of a reimbursement methodology, and appropriation for reimbursement of the full payable amount that has not been previously paid in the Budget Act, all of the following shall apply:

(1) The Controller shall prepare claiming instructions pursuant to Section 17558, if applicable.

(2) The commission shall not adopt a statement of decision, parameters and guidelines, or statewide cost estimate on the same statute or executive order unless a local agency or school district that has rejected the amount of reimbursement files a test claim or takes over a withdrawn test claim on the same statute or executive order.

(3) A local agency or school district accepting payment for the statute or executive order, or portion thereof, that mandates a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution shall not be required to submit parameters and guidelines if it is the successful test claimant pursuant to Section 17557.

(Added by Stats. 2007, ch. 329 (AB 1222), § 11, eff. Jan. 1, 2008.)

**§ 17574. Terms and conditions for reimbursement; taking over withdrawn test claim; test claims on legislatively determined mandate; applicable fiscal year**

(a) A local agency or school district agrees to the following terms and conditions when it accepts reimbursement for a legislatively determined mandate pursuant to Section 17573:

(1) Any unpaid reimbursement claims the local agency or school district has previously filed with the Controller pursuant to Section 17561 and derived from parameters and guidelines or reasonable reimbursement methodology shall be deemed withdrawn if they are on the same statute or executive order of a legislatively determined mandate and for the same period of reimbursement.

(2) The payment of the amount agreed upon pursuant to Section 17573 constitutes full reimbursement of its costs for that mandate for the applicable period of reimbursement.

(3) The methodology upon which the payment is calculated is an appropriate reimbursement methodology for the term specified in subdivision (e) of Section 17573.

(4) A test claim filed with the commission by a local agency or school district on the same statute or executive order as a legislatively determined mandate shall be withdrawn.

(5) A test claim on the same statute or executive order as a legislatively determined mandate will not be filed with the commission except as provided in subdivision (c).

(b) If a local agency or school district rejects reimbursement for a legislatively determined mandate pursuant to Section 17573, a local agency or school district may take over a withdrawn test claim within six months after the date the test claim is withdrawn, by substitution of parties and compliance with the filing requirements in subdivision (b) of Section 17553, as specified in the commission's notice of withdrawal.

(c)(1) Notwithstanding Section 17551 and subdivision (b) of Section 17573, a local agency or school district may file a test claim on the same statute or executive order as a legislatively determined mandate if one of the following applies:

(A) The Legislature amends the reimbursement methodology and the local agency or school district rejects reimbursement.

(B) The term of the legislatively determined mandate, as defined in subdivision (e) of Section 17573, has expired.

(C) The term of the legislatively determined mandate, as defined in subdivision (e) of Section 17573, is amended and the local agency or school district rejects reimbursement under the new term.

(D) The mandate is subject to subdivision (b) of Section 6 of Article XIII B and the Legislature

does both of the following:

(i) Fails to appropriate in the Budget Act funds to reimburse local agencies for the full payable amount that has not been previously paid based on the reimbursement methodology enacted by the Legislature.

(ii) Does not repeal or suspend the mandate pursuant to Section 17581.

(2) A test claim filed pursuant to the authority granted by this subdivision shall be filed within six months of the date an action described in subparagraph (A), (B), (C), or (D) of paragraph (1) occurs.

(d) Notwithstanding any other provision of this section, a local agency or school district shall not file a test claim pursuant to this section if the statute of limitations specified in subdivision (c) of Section 17551 expired before the date a legislatively determined mandate was adopted by the Legislature pursuant to Section 17573.

(e) Notwithstanding the period of reimbursement specified in subdivision (e) of Section 17557, a test claim filed pursuant to this section shall establish eligibility for reimbursement beginning with the fiscal year of an action described in subparagraph (A), (B), (C), or (D) of paragraph (1) of subdivision (c).

(Added by Stats. 2007, ch. 329 (AB 1222), § 11, eff. Jan. 1, 2008.)

#### **§17574.5. Mandate determination not binding**

The determination of a legislatively determined mandate pursuant to Section 17573 shall not be binding on the commission when making its determination pursuant to subdivision (a) of Section 17551.

(Added by Stats. 2007, ch. 329 (AB 1222), § 11, eff. Jan. 1, 2008.)

### **ARTICLE 2. Specific Costs Mandated By The State**

#### **§ 17575. Determination by legislative counsel**

When a bill is introduced in the Legislature, and each time a bill is amended, on and after January 1, 1985, the Legislative Counsel shall determine whether the bill mandates a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution. The Legislative Counsel shall make this determination known in the digest of the bill and shall describe in the digest the basis for this determination. The determination by the Legislative Counsel shall not be binding on the commission in making its determination pursuant to Section 17555.

(Added by Stats. 1984, ch. 1459, § 1.)

#### **§ 17576. Preparation of estimate**

Whenever the Legislative Counsel determines that a bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Department of Finance shall prepare an estimate of the amount of reimbursement which will be required. This estimate shall be prepared for the respective committees of each house of the Legislature which consider taxation measures and appropriation measures and shall be prepared

prior to any hearing on the bill by any such committee.

(Added by Stats. 1984, ch. 1459, § 1.)

#### CODE OF REGULATIONS REFERENCES

Certification of statewide cost estimate, see 2 Cal. Code of Regs. § 1184.2. [Repealed in 2005.]

Statewide Cost Estimate, see 2 Cal. Code of Regs. § 1183.14.

#### **§ 17577. Amount of estimate**

The estimate required by Section 17576 shall be the amount estimated to be required during the first fiscal year of a bill's operation in order to reimburse local agencies and school districts for costs mandated by the state by the bill.

(Added by Stats. 1984, ch. 1459, § 1.)

#### CODE OF REGULATIONS REFERENCES

Certification of statewide cost estimate, see 2 Cal. Code of Regs. § 1184.2. [Repealed in 2005.]

Statewide Cost Estimate, see 2 Cal. Code of Regs. § 1183.14.

#### **§ 17578. Notice of bill mandating new program or higher level of service**

In the event that a bill is amended on the floor of either house, whether by adoption of the report of a conference committee or otherwise, in such a manner as to mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Legislative Counsel shall immediately inform, respectively, the Speaker of the Assembly and the President of the Senate of that fact. Notification from the Legislative Counsel shall be published in the journal of the respective houses of the Legislature.

(Added by Stats. 1984, ch. 1459, § 1.)

#### **§ 17579. Bill mandating new program or higher level of service; section specifying reimbursement; appropriation**

Any bill introduced or amended for which the Legislative Counsel has determined the bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution shall contain a section specifying that reimbursement shall be made pursuant to this chapter or that the mandate is being disclaimed and the reason therefor.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 179, § 7, eff. Jul. 8, 1985, operative Jan. 1, 1985; Stats. 2004, ch. 890 (AB 2856), § 24.)

#### **§ 17580. [REPEALED]**

(Repealed by Stats. 1998, ch. 876 (SB 1649), § 6.)

#### **§ 17581. Implementation by local agencies of statutes or executive orders requiring state reimbursement**

(a) No local agency shall be required to implement or give effect to any statute or executive order, or portion thereof, during any fiscal year and for the period immediately following that fiscal year

for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply:

(1) The statute or executive order, or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of local agencies pursuant to Section 6 of Article XIII B of the California Constitution.

(2) The statute or executive order, or portion thereof, or the commission's test claim number, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements.

(b) Within 30 days after enactment of the Budget Act, the Department of Finance shall notify local agencies of any statute or executive order, or portion thereof, for which operation of the mandate is suspended because reimbursement is not provided for that fiscal year pursuant to this section and Section 6 of Article XIII B of the California Constitution.

(c) Notwithstanding any other provision of law, if a local agency elects to implement or give effect to a statute or executive order described in subdivision (a), the local agency may assess fees to persons or entities which benefit from the statute or executive order. Any fee assessed pursuant to this subdivision shall not exceed the costs reasonably borne by the local agency.

(d) This section shall not apply to any state-mandated local program for the trial courts, as specified in Section 77203.

(e) This section shall not apply to any state-mandated local program for which the reimbursement funding counts toward the minimum General Fund requirements of Section 8 of Article XVI of the Constitution.

(f) All state-mandated local programs suspended in the Budget Act for the 2012-13 fiscal year shall also be suspended in the 2013-14 and 2014-15 fiscal years.

(Added by Stats.1990, ch. 459 (SB1333), § 1, eff. Jul. 31, 1990. Amended by Stats.1998, ch. 681 (AB1963), § 5, eff. Sept. 22, 1998; Stats.2005, ch. 72 (AB138), § 8, eff. Jul. 19, 2005; Stats.2007, ch. 329 (AB1222), § 12; Stats.2012, ch. 32 (SB1006), § 18, eff. Jun. 27, 2012.)

Section 2 of Stats.1991, ch. 266 (SB174), eff. Jul. 29, 1991, provides:

“In addition to statutes identified by the Legislature pursuant to the procedure specified in Section 17581 of the Government Code, and notwithstanding any other provision of law, no local agency shall be required to implement or give effect during the 1991-92 fiscal year to any of the following statutes:

“(a) Chapter 1327 of the Statutes of 1984, and Chapter 1286 of the Statutes of 1985 (Short-Doyle Targeted Supplemental Fund).

“(b) Chapter 1393 of the Statutes of 1978, Chapter 328 of the Statutes of 1982, Chapter 1594 of the Statutes of 1982, and Chapter 1327 of the Statutes of 1984 (Mental Health Quality Assurance).”

Urgency effective provisions relating to Statutes.2005, chapter 72 (AB138), see Historical and Statutory Notes under Elections Code section 13304.

**§ 17581.5. School districts and community college districts; implementation or giving effect to specified statutes not required; conditions; notice of reimbursement not being provided**

(a) A school district or community college district shall not be required to implement or give effect to the statutes, or a portion of the statutes, identified in subdivision (c) during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply:

(1) The statute or a portion of the statute, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of school districts or community college districts pursuant to Section 6 of Article XIII B of the California Constitution.

(2) The statute, or a portion of the statute, or the test claim number utilized by the commission, specifically has been identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered specifically to have been identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it specifically is identified in the language of a provision of the item providing the appropriation for mandate reimbursements.

(b) Within 30 days after enactment of the Budget Act, the Department of Finance shall notify school districts of any statute or executive order, or portion thereof, for which reimbursement is not provided for the fiscal year pursuant to this section.

(c) This section applies only to the following mandates:

(1) School Bus Safety I (CSM-4433) and II (97-TC-22) (Chapter 642 of the Statutes of 1992; Chapter 831 of the Statutes of 1994; and Chapter 739 of the Statutes of 1997).

(2) County Treasury Withdrawals (96-365-03; and Chapter 784 of the Statutes of 1995 and Chapter 156 of the Statutes of 1996).

(3) Grand Jury Proceedings (98-TC-27; and Chapter 1170 of the Statutes of 1996, Chapter 443 of the Statutes of 1997, and Chapter 230 of the Statutes of 1998).

(4) Law Enforcement Sexual Harassment Training (97-TC-07; and Chapter 126 of the Statutes of 1993).

(5) Health Benefits for Survivors of Peace Officers and Firefighters (Chapter 1120 of the Statutes of 1996 and 97-TC-25).

((6) Removal of Chemicals (Chapter 1107 of the Statutes of 1984 and CSM 4211 and 4298).

(7) Scoliosis Screening (Chapter 1347 of the Statutes of 1980 and CSM 4195).

- (8) Pupil Residency Verification and Appeals (Chapter 309 of the Statutes of 1995 and 96-384-01).
- (9) Integrated Waste Management (Chapter 1116 of the Statutes of 1992 and 00-TC-07).
- (10) Law Enforcement Jurisdiction Agreements (Chapter 284 of the Statutes of 1998 and 98-TC-20).
- (11) Physical Education Reports (Chapter 640 of the Statutes of 1997 and 98-TC-08).
- (12) Sexual Assault Response Procedures (Chapter 423 of the Statutes of 1990 and 99-TC-12).
- (13) Student Records (Chapter 593 of the Statutes of 1989 and 02-TC-34).
- (14) Absentee Ballots (Chapter 77 of the Statutes of 1978 and CSM-3713).
- (15) Brendon Maguire Act (Chapter 391 of the Statutes of 1988 and CSM-4357).
- (16) Mandate Reimbursement Process I and II (Chapter 486 of the Statutes of 1975; Chapter 890 of the Statutes of 2004; CSM-4204; CSM-4485; and 05-TC-05).
- (17) Sex Offenders: Disclosure by Law Enforcement Officers (Chapters 908 and 909 of the Statutes of 1996; and 97-TC-15)

(Added by Stats. 2002, ch. 1167 (AB 2781), § 37, eff. Sept. 30, 2002. Amended by Stats. 2004, ch. 216 (SB 1108), § 26, eff. Aug. 11, 2004; Stats. 2004, ch. 316 (AB 2851), § 1, eff. Aug. 25, 2004; Stats. 2005, ch. 72 (AB 138), eff. Jul. 19, 2005; Stats. 2005, ch. 491 (SB65), § 5, eff. Oct. 4, 2005; Stats. 2007, ch. 174 (SB 80), § 30, eff. Aug. 24, 2007; Stats. 2007, ch. 329 (AB 1222), § 13, eff. Jan. 1, 2008; Stats. 2010, ch. 724 (AB 1610), eff. Oct. 19, 2010; Stats. 2011, ch. 43 (AB 114), § 46, eff. Jun. 30, 2011; Stats. 2013, ch. 48 (AB 86), eff. Jul. 1, 2013.)

NOTE: See Statutes 2006, chapter 48 (Budget Act of 2006, AB 1811), section 44, for mandates “specifically identified by the Legislature for suspension during the 2006-07 fiscal year.”

**§ 17581.6. Reimbursement of state mandates; block grants to school districts, county offices of education, or charter schools; annual audits; recipients.**

- (a) Funding apportioned pursuant to this section shall constitute reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the performance of any state mandates included in the statutes and executive orders identified in subdivision (e).
- (b) Any school district, county office of education, or charter school may elect to receive block grant funding pursuant to this section.
- (c) (1) A school district, county office of education, or charter school that elects to receive block grant funding pursuant to this section in a given fiscal year shall submit a letter requesting funding to the Superintendent of Public Instruction on or before August 30 of that fiscal year.
- (2) The Superintendent of Public Instruction shall, in the month of November of each year, apportion block grant funding appropriated pursuant to Item 6100-296-0001 of Section 2.00 of the annual Budget Act to all school districts, county offices of education, and charter schools that submitted letters requesting funding in that fiscal year according to the provisions of that item.



(3) A school district or county office of education that receives block grant funding pursuant to this section shall not be eligible to submit claims to the Controller for reimbursement pursuant to Section 17560 for any costs of any state mandates included in the statutes and executive orders identified in subdivision (e) incurred in the same fiscal year during which the school district or county office of education received funding pursuant to this section.

(d) Block grant funding apportioned pursuant to this section is subject to annual financial and compliance audits required by Section 41020 of the Education Code.

(e) Block grant funding apportioned pursuant to this section is specifically intended to fund the costs of the following programs and activities:

(1) Academic Performance Index (01-TC-22; Chapter 3 of the Statutes of 1999, First Extraordinary Session; and Chapter 695 of the Statutes of 2000).

(2) Agency Fee Arrangements (00-TC-17 and 01-TC-14; Chapter 893 of the Statutes of 2000 and Chapter 805 of the Statutes of 2001).

(3) AIDS Instruction and AIDS Prevention Instruction (CSM 4422, 99-TC-07, and 00-TC-01; Chapter 818 of the Statutes of 1991; and Chapter 403 of the Statutes of 1998).

(4) California State Teachers' Retirement System (CalSTRS) Service Credit (02-TC-19; Chapter 603 of the Statutes of 1994; Chapters 383, 634, and 680 of the Statutes of 1996; Chapter 838 of the Statutes of 1997; Chapter 965 of the Statutes of 1998; Chapter 939 of the Statutes of 1999; and Chapter 1021 of the Statutes of 2000).

(5) Caregiver Affidavits (CSM 4497; Chapter 98 of the Statutes of 1994).

(6) Charter Schools I, II, and III (CSM 4437, 99-TC-03, and 99-TC-14; Chapter 781 of the Statutes of 1992; Chapters 34 and 673 of the Statutes of 1998; Chapter 34 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

(7) Charter Schools IV (03-TC-03; Chapter 1058 of the Statutes of 2002).

(8) Child Abuse and Neglect Reporting (01-TC-21: Chapters 640 and 1459 of the Statutes of 1987; Chapter 132 of the Statutes of 1991; Chapter 459 of the Statutes of 1992; Chapter 311 of the Statutes of 1998; Chapter 916 of the Statutes of 2000; and Chapters 133 and 754 of the Statutes of 2001).

(9) Collective Bargaining (CSM 4425; Chapter 961 of the Statutes of 1975).

(10) Comprehensive School Safety Plans (98-TC-01 and 99-TC-10; Chapter 736 of the Statutes of 1997; Chapter 996 of the Statutes of 1999; and Chapter 828 of the Statutes of 2003).

(11) Consolidation of Annual Parent Notification/Schoolsite Discipline Rules/Alternative Schools (CSM 4488, CSM 4461, 99-TC-09, 00-TC-12, 97-TC-24, CSM 4453, CSM 4474, CSM 4462; Chapter 448 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 975 of the Statutes of 1980; Chapter 469 of the Statutes of 1981; Chapter 459 of the Statutes of 1985; Chapters 87 and 97 of the Statutes of 1986; Chapter 1452 of the Statutes of 1987; Chapters 65 and 1284 of the Statutes of 1988; Chapter 213 of the Statutes of 1989; Chapters 10 and 403 of the Statutes of 1990; Chapter 906 of the Statutes of 1992; Chapter 1296 of the Statutes of 1993; Chapter 929 of the Statutes of 1997; Chapters 846 and 1031 of the Statutes of 1998; Chapter 1 of

the Statutes of 1999, First Extraordinary Session; Chapter 73 of the Statutes of 2000; Chapter 650 of the Statutes of 2003; Chapter 895 of the Statutes of 2004; and Chapter 677 of the Statutes of 2005).

(12) Consolidation of Law Enforcement Agency Notification and Missing Children Reports (CSM 4505; Chapter 1117 of the Statutes of 1989 and 01-TC-09; Chapter 249 of the Statutes of 1986; and Chapter 832 of the Statutes of 1999).

(13) Consolidation of Notification to Teachers: Pupils Subject to Suspension or Expulsion I and II, and Pupil Discipline Records (00-TC-10 and 00-TC-11; Chapter 345 of the Statutes of 2000).

(14) Consolidated Suspensions, Expulsions, and Expulsion Appeals (96-358-03, 03A, 98-TC-22, 01-TC-18, 98-TC-23, 97-TC-09; Chapters 972 and 974 of the Statutes of 1995; Chapters 915, 937, and 1052 of the Statutes of 1996; Chapter 637 of the Statutes of 1997; Chapter 489 of the Statutes of 1998; Chapter 332 of the Statutes of 1999; Chapter 147 of the Statutes of 2000; and Chapter 116 of the Statutes of 2001) (CSM 4455; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 318 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 622 of the Statutes of 1984; Chapter 942 of the Statutes of 1987; Chapter 1231 of the Statutes of 1990; Chapter 152 of the Statutes of 1992; Chapters 1255, 1256, and 1257 of the Statutes of 1993; and Chapter 146 of the Statutes of 1994) (CSM 4456; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; Chapter 73 of the Statutes of 1980; Chapter 498 of the Statutes of 1983; Chapter 856 of the Statutes of 1985; and Chapter 134 of the Statutes of 1987) (CSM 4463; Chapter 1253 of the Statutes of 1975; Chapter 965 of the Statutes of 1977; Chapter 668 of the Statutes of 1978; and Chapter 498 of the Statutes of 1983).

(15) County Office of Education Fiscal Accountability Reporting (97-TC-20; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).

(16) Criminal Background Checks (97-TC-16; Chapters 588 and 589 of the Statutes of 1997).

(17) Criminal Background Checks II (00-TC-05; Chapters 594 and 840 of the Statutes of 1998; and Chapter 78 of the Statutes of 1999).

(18) Developer Fees (02-TC-42; Chapter 955 of the Statutes of 1977; Chapter 282 of the Statutes of 1979; Chapter 1354 of the Statutes of 1980; Chapter 201 of the Statutes of 1981; Chapter 923 of the Statutes of 1982; Chapter 1254 of the Statutes of 1983; Chapter 1062 of the Statutes of 1984; Chapter 1498 of the Statutes of 1985; Chapters 136 and 887 of the Statutes of 1986; and Chapter 1228 of the Statutes of 1994).

(19) Differential Pay and Reemployment (99-TC-02; Chapter 30 of the Statutes of 1998).

(20) Expulsion of Pupil: Transcript Cost for Appeals (SMAS; Chapter 1253 of the Statutes of 1975).

(21) Financial and Compliance Audits (CSM 4498 and CSM 4498-A; Chapter 36 of the Statutes of 1977).

- (22) Graduation Requirements (CSM 4181; Chapter 498 of the Statutes of 1983).
- (23) Habitual Truants (CSM 4487 and CSM 4487-A; Chapter 1184 of the Statutes of 1975).
- (24) High School Exit Examination (00-TC-06; Chapter 1 of the Statutes of 1999, First Extraordinary Session; and Chapter 135 of the Statutes of 1999).
- (25) Immunization Records (SB 90-120; Chapter 1176 of the Statutes of 1977).
- (26) Immunization Records—Hepatitis B (98-TC-05; Chapter 325 of the Statutes of 1978; Chapter 435 of the Statutes of 1979; Chapter 472 of the Statutes of 1982; Chapter 984 of the Statutes of 1991; Chapter 1300 of the Statutes of 1992; Chapter 1172 of the Statutes of 1994; Chapters 291 and 415 of the Statutes of 1995; Chapter 1023 of the Statutes of 1996; and Chapters 855 and 882 of the Statutes of 1997).
- (27) Immunization Records-Pertussis (11-TC-02; Chapter 434 of the Statutes of 2010).
- (28) Interdistrict Attendance Permits (CSM 4442; Chapters 172 and 742 of the Statutes of 1986; Chapter 853 of the Statutes of 1989; Chapter 10 of the Statutes of 1990; and Chapter 120 of the Statutes of 1992).
- (29) Intradistrict Attendance (CSM 4454; Chapters 161 and 915 of the Statutes of 1993).
- (30) Juvenile Court Notices II (CSM 4475; Chapters 1011 and 1423 of the Statutes of 1984; Chapter 1019 of the Statutes of 1994; and Chapter 71 of the Statutes of 1995).
- (31) Notification of Truancy (CSM 4133; Chapter 498 of the Statutes of 1983; Chapter 1023 of the Statutes of 1994; and Chapter 19 of the Statutes of 1995).
- (32) Parental Involvement Programs (03-TC-16; Chapter 1400 of the Statutes of 1990; Chapters 864 and 1031 of the Statutes of 1998; and Chapter 1037 of the Statutes of 2002).
- (33) Physical Performance Tests (96-365-01; Chapter 975 of the Statutes of 1995).
- (34) Prevailing Wage Rate (01-TC-28; Chapter 1249 of the Statutes of 1978).
- (35) Public Contracts (02-TC-35; Chapter 1073 of the Statutes of 1985; Chapter 1408 of the Statutes of 1988; Chapter 330 of the Statutes of 1989; Chapter 1414 of the Statutes of 1990; Chapter 321 of the Statutes of 1990; Chapter 799 of the Statutes of 1992; and Chapter 726 of the Statutes of 1994).
- (36) Pupil Health Screenings (CSM 4440; Chapter 1208 of the Statutes of 1976; Chapter 373 of the Statutes of 1991; and Chapter 750 of the Statutes of 1992).
- (37) Pupil Promotion and Retention (98-TC-19; Chapter 100 of the Statutes of 1981; Chapter 1388 of the Statutes of 1982; Chapter 498 of the Statutes of 1983; Chapter 1263 of the Statutes of 1990; and Chapters 742 and 743 of the Statutes of 1998).
- (38) Pupil Safety Notices (02-TC-13; Chapter 498 of the Statutes of 1983; Chapter 482 of the Statutes of 1984; Chapter 948 of the Statutes of 1984; Chapter 196 of the Statutes of 1986; Chapter 332 of the Statutes of 1986; Chapter 445 of the Statutes of 1992; Chapter 1317 of the Statutes of 1992; Chapter 589 of the Statutes of 1993; Chapter 1172 of the Statutes of 1994; Chapter 1023 of the Statutes of 1996; and Chapter 492 of the Statutes of 2000).

- (39) Race to the Top (10-TC06; Chapters 2 and 3 of the Statutes of 2009).
- (40) School Accountability Report Cards (97-TC-21, 00-TC-09, 00-TC-13, and 02-TC-32; Chapter 918 of the Statutes of 1997; Chapter 912 of the Statutes of 1997; Chapter 824 of the Statutes of 1994; Chapter 1031 of the Statutes of 1993; Chapter 759 of the Statutes of 1992; and Chapter 1463 of the Statutes of 1989).
- (41) School District Fiscal Accountability Reporting (97-TC-19; Chapter 100 of the Statutes of 1981; Chapter 185 of the Statutes of 1985; Chapter 1150 of the Statutes of 1986; Chapters 917 and 1452 of the Statutes of 1987; Chapters 1461 and 1462 of the Statutes of 1988; Chapter 525 of the Statutes of 1990; Chapter 1213 of the Statutes of 1991; Chapter 323 of the Statutes of 1992; Chapters 923 and 924 of the Statutes of 1993; Chapters 650 and 1002 of the Statutes of 1994; and Chapter 525 of the Statutes of 1995).
- (42) School District Reorganization (98-TC-24; Chapter 1192 of the Statutes of 1980; and Chapter 1186 of the Statutes of 1994).
- (43) Student Records (02-TC-34; Chapter 593 of the Statutes of 1989; Chapter 561 of the Statutes of 1993; Chapter 311 of the Statutes of 1998; and Chapter 67 of the Statutes of 2000).
- (44) The Stull Act (98-TC-25; Chapter 498 of the Statutes of 1983; and Chapter 4 of the Statutes of 1999).
- (45) Threats Against Peace Officers (CSM 96-365-02; Chapter 1249 of the Statutes of 1992; and Chapter 666 of the Statutes of 1995).
- (46) Uniform Complaint Procedures (03-TC-02; Chapter 1117 of the Statutes of 1982; Chapter 1514 of the Statutes 1988; and Chapter 914 of the Statutes of 1998).
- (47) Williams Case Implementation I, II, and III (05-TC-04, 07-TC-06, and 08-TC-01; Chapters 900, 902, and 903 of the Statutes of 2004; Chapter 118 of the Statutes of 2005; Chapter 704 of the Statutes of 2006; and Chapter 526 of the Statutes of 2007).
- (f) Notwithstanding Section 10231.5, on or before November 1 of each fiscal year, the Superintendent of Public Instruction shall produce a report that indicates the total amount of block grant funding each school district, county office of education, and charter school received in that fiscal year pursuant to this section. The Superintendent of Public Instruction shall provide this report to the appropriate fiscal and policy committees of the Legislature, the Controller, the Department of Finance, and the Legislative Analyst's Office.

(Added by Stats.2012, ch. 38 (SB1016), § 71, eff. Jun. 27, 2012. Amended by Stats.2012, ch. 575 (SB1028), § 6, eff. Sept. 26, 2012; Stats. 2013, ch. 48 (AB 86), § 78, eff. Jul. 1, 2013; Stats. 2014, ch. 32 (SB 858), § 51, eff. Jun. 20, 2014; Stats.2015, c. 303 (A.B.731), § 218, eff. Jan. 1, 2016 [non-substantive changes only]; Stats. 2015, ch. 13 (AB104), § 41, eff. June 24, 2015.)

**§ 17581.7. Reimbursement for state mandates; block grants to community college districts; receipt of funding; annual audits; use of funding; list of recipients**

- (a) Funding apportioned pursuant to this section shall constitute reimbursement pursuant to Section 6 of Article XIII B of the California Constitution for the performance of any state mandates included in the statutes and executive orders identified in subdivision (e).

(b) Any community college district may elect to receive block grant funding pursuant to this section.

(c)(1) A community college district that elects to receive block grant funding pursuant to this section in a given fiscal year shall submit a letter requesting funding to the Chancellor of the California Community Colleges on or before August 30 of that fiscal year.

(2) The Chancellor of the California Community Colleges shall apportion, in the month of November of each year, block grant funding appropriated in Item 6870-296-0001 of Section 2.00 of the annual Budget Act to all community college districts that submitted letters requesting funding in that fiscal year according to the provisions of that item.

(3) A community college district that receives block grant funding pursuant to this section shall not be eligible to submit claims to the Controller for reimbursement pursuant to Section 17560 for any costs of any state mandates included in the statutes and executive orders identified in subdivision (e) incurred in the same fiscal year during which the community college district received funding pursuant to this section.

(d) All funding apportioned pursuant to this section is subject to annual financial and compliance audits required by Section 84040 of the Education Code.

(e) Block grant funding apportioned pursuant to this section is specifically intended to fund the costs of the following programs:

(1) Agency Fee Arrangements (00-TC-17 and 01-TC-14; Chapter 893 of the Statutes of 2000; and Chapter 805 of the Statutes of 2001).

(2) Cal Grants (02-TC-28; Chapter 403 of the Statutes of 2000).

(3) California State Teachers' Retirement System (CalSTRS) Service Credit (02-TC-19; Chapter 603 of the Statutes of 1994; Chapters 383, 634, and 680 of the Statutes of 1996; Chapter 838 of the Statutes of 1997; Chapter 965 of the Statutes of 1998; Chapter 939 of the Statutes of 1999; and Chapter 1021 of the Statutes of 2000).

(4) Collective Bargaining and Collective Bargaining Agreement Disclosure (CSM 4425 and 97-TC-08; Chapter 961 of the Statutes of 1975; Chapter 1213 of the Statutes of 1991).

(5) Discrimination Complaint Procedures (02-TC-42 and portions of 02-TC-25 and 02-TC-31; Chapter 1010 of the Statutes of 1976; Chapter 470 of the Statutes of 1981; Chapter 1117 of the Statutes of 1982; Chapter 143 of the Statutes of 1983; Chapter 1371 of the Statutes of 1984; Chapter 973 of the Statutes of 1988; Chapter 1372 of the Statutes of 1990; Chapter 1198 of the Statutes of 1991; Chapter 914 of the Statutes of 1998; Chapter 587 of the Statutes of 1999; and Chapter 1169 of the Statutes of 2002).

(6) Enrollment Fee Collection and Waivers (99-TC-13 and 00-TC-15).

(7) Health Fee Elimination (CSM 4206; Chapter 1 of the Statutes of 1984, Second Extraordinary Session).

(8) Minimum Conditions for State Aid (02-TC-25 and 02-TC-31; Chapter 802 of the Statutes of 1975; Chapters 275, 783, 1010, and 1176 of the Statutes of 1976; Chapters 36 and 967 of the Statutes of 1977; Chapters 797 and 977 of the Statutes of 1979; Chapter 910 of the Statutes of

1980; Chapters 470 and 891 of the Statutes of 1981; Chapters 1117 and 1329 of the Statutes of 1982; Chapters 143 and 537 of the Statutes of 1983; Chapter 1371 of the Statutes of 1984; Chapter 1467 of the Statutes of 1986; Chapters 973 and 1514 of the Statutes of 1988; Chapters 1372 and 1667 of the Statutes of 1990; Chapters 1038, 1188, and 1198 of the Statutes of 1991; Chapters 493 and 758 of the Statutes of 1995; Chapters 365, 914, and 1023 of the Statutes of 1998; Chapter 587 of the Statutes of 1999; Chapter 187 of the Statutes of 2000; and Chapter 1169 of the Statutes of 2002).

(9) Prevailing Wage Rate (01-TC-28; Chapter 1249 of the Statutes of 1978).

(10) Public Contracts (02-TC-35; Chapter 1073 of the Statutes of 1985; Chapter 1408 of the Statutes 1988; Chapter 330 of the Statutes of 1989; Chapter 1414 of the Statutes of 1990; Chapter 321 of the Statutes of 1990; Chapter 799 of the Statutes of 1992; and Chapter 726 of the Statutes of 1994).

(11) Reporting Improper Governmental Activities (02-TC-24; Chapter 416 of the Statutes of 2001; and Chapter 81 of the Statutes of 2002).

(12) Threats Against Peace Officers (CSM 96-365-02; Chapter 1249 of the Statutes of 1992; and Chapter 666 of the Statutes of 1995).

(13) Tuition Fee Waivers (02-TC-21; Chapter 36 of the Statutes of 1977; Chapter 580 of the Statutes of 1980; Chapter 102 of the Statutes of 1981; Chapter 1070 of the Statutes of 1982; Chapter 753 of the Statutes of 1988; Chapters 424, 900, and 985 of the Statutes 1989; Chapter 1372 of the Statutes of 1990; Chapter 455 of the Statutes of 1991; Chapter 8 of the Statutes of 1993; Chapter 389 of the Statutes of 1995; Chapter 438 of the Statutes of 1997; Chapter 952 of the Statutes of 1998; Chapters 571 and 949 of the Statutes of 2000; Chapter 814 of the Statutes of 2001; and Chapter 450 of the Statutes of 2002).

(f) Notwithstanding Section 10231.5, on or before November 1 of each fiscal year, the Chancellor of the California Community Colleges shall produce a report that indicates the total amount of block grant funding each community college district received in the current fiscal year pursuant to this section. The chancellor shall provide this report to the appropriate fiscal and policy committees of the Legislature, the Controller, the Department of Finance, and the Legislative Analyst's Office.

(Added by Stats.2012, ch. 38 (SB1016), § 72, eff. Jun. 27, 2012; Amended by Stats. 2013, ch. 48 (AB 86), §79, eff. Jul. 1, 2013; Stats. 2013, ch. 357 (SB 97), § 52. Eff. .Sept. 26, 2013; Stats. 2014, ch. 32 (SB 858) , § 52. eff. Jun. 20, 2014.).)

**§ 17581.8. Appropriation to Superintendent of Public Instruction for allocation to school districts; manner and purposes.**

(a) (1) For the 2014–15 fiscal year, the sum of two hundred eighty-seven million one hundred forty-nine thousand dollars (\$287,149,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to school districts in the manner, and for the purposes, set forth in this section.

(2) For the 2014–15 fiscal year, the sum of forty-nine million five hundred thousand dollars (\$49,500,000) is hereby appropriated from the General Fund to the Chancellor of the California

Community Colleges for allocation to community college districts in the manner, and for the purposes, set forth in this section.

(3) For purposes of this section, a school district includes a county office of education and a charter school.

(b) (1) The Superintendent of Public Instruction shall allocate the funds appropriated pursuant to paragraph (1) of subdivision (a), and the funds appropriated for purposes of this section pursuant to Item 6110-488 of Section 2.00 of the Budget Act of 2014, to school districts on the basis of an equal amount per unit of regular average daily attendance, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2013–14 fiscal year.

(2) The Chancellor shall allocate the funds appropriated pursuant to paragraph (2) of subdivision (a) to community college districts on the basis of an equal amount per enrolled full-time equivalent student, as those numbers of students are reported at the time of the second principal apportionment for the 2013–14 fiscal year.

(c) Allocations 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. Notwithstanding Section 12419.5 and any amounts that are paid in satisfaction of outstanding claims for reimbursement of state-mandated local program costs, the Controller may audit any claim as allowed by law, and may recover any amount owed by school districts or community college districts pursuant to an audit only by reducing amounts owed by the state to school districts or community college districts for any other mandate claims. Under no circumstances shall a school district or community college district be required to remit funding back to the state to pay for disallowed costs identified by a Controller audit of claimed reimbursable state-mandated local program costs. The Controller shall not recover any amount owed by a school district or community college district pursuant to an audit of claimed reimbursable state-mandated local program costs by reducing any amount owed a school district or community college district for any purpose other than amounts owed for any other mandate claims. The Controller shall apply amounts received by each school district or community college district against any balances of unpaid claims for reimbursement of state-mandated local program costs and interest in chronological order beginning with the earliest claim. The Controller shall report to each school district and community college district the amounts of any claims and interest that are offset from funds provided pursuant to this section, and shall report a summary of the amounts offset for each mandate for each fiscal year to the Department of Finance and the fiscal committees of the Legislature.

(d) (1) The governing board of a school district or community college district may expend funds received pursuant to this section for any one-time purpose, as determined by the governing board.

(2) It is the intent of the Legislature 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.

(Added by Stats. 2014, ch. 32 (SB 858), § 52, eff. June 20, 2014. Amended by Stats. 2015, c. 13 (AB104), § 42, eff. June 24, 2015.)

**§ 17581.9. Appropriation to Superintendent of Public Instruction for allocation to school districts and county superintendents of schools; manner and purposes**

(a)(1) The sum of three billion ninety-eight million four hundred fifty-five thousand dollars (\$3,098,455,000) is hereby appropriated from the General Fund to the Superintendent of Public Instruction for allocation to school districts and county superintendents of schools in the manner, and for the purposes, set forth in this section.

(2) The sum of six hundred four million forty-three thousand dollars (\$604,043,000) is hereby appropriated from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts in the manner, and for the purposes, set forth in this section.

(3) For purposes of this section, a school district includes a county office of education and a charter school.

(b) (1) (A) The Superintendent of Public Instruction shall allocate forty million dollars (\$40,000,000) of the funds appropriated pursuant to paragraph (1) of subdivision (a) to county superintendents of schools, as follows:

(i) Each county superintendent of schools shall be allocated the greater of: (I) thirty thousand dollars (\$30,000), multiplied by the number of school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253 of the Education Code; or (II) eighty thousand dollars (\$80,000).

(ii) After the allocations pursuant to clause (i), the balance shall be allocated in an equal amount per unit of regular average daily attendance, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2014–15 fiscal year.

(B) For purposes of allocating funding pursuant to this paragraph only, “regular average daily attendance” means the aggregate number of units of average daily attendance within the county attributable to all school districts for which the county superintendent of schools has jurisdiction pursuant to Section 1253 of the Education Code, charter schools within the county, and the schools operated by the county superintendent of schools.

(2) It is the intent of the Legislature that county offices of education will prioritize the use of funds allocated pursuant to paragraph (1) for investments necessary to support new responsibilities required under the evolving accountability structure of the local control funding formula and develop greater capacity and consistency within and between county offices of education. A county office of education may encumber funds apportioned pursuant to this section at any time during the 2015–16 or 2016–17 fiscal year.

(3) The Superintendent shall allocate three billion fifty-eight million four hundred fifty-five thousand dollars (\$3,058,455,000) of the funds appropriated pursuant to paragraph (1) of subdivision (a) to school districts on the basis of an equal amount per unit of regular average daily attendance, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2014–15 fiscal year.



(c) The Chancellor of the California Community Colleges shall allocate the funds appropriated pursuant to paragraph (2) of subdivision (a) to community college districts on the basis of an equal amount per enrolled full-time equivalent student, as those numbers of students are reported at the time of the second principal apportionment for the 2014–15 fiscal year.

(d) Allocations 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. Notwithstanding Section 12419.5 and any amounts that are paid in satisfaction of outstanding claims for reimbursement of state-mandated local program costs, the Controller may audit any claim as allowed by law, and may recover any amount owed by school districts or community college districts pursuant to an audit only by reducing amounts owed by the state to school districts or community college districts for any other mandate claims. Under no circumstances shall a school district or community college district be required to remit funding back to the state to pay for disallowed costs identified by a Controller audit of claimed reimbursable state-mandated local program costs. The Controller shall not recover any amount owed by a school district or community college district pursuant to an audit of claimed reimbursable state-mandated local program costs by reducing any amount owed a school district or community college district for any purpose other than amounts owed for any other mandate claims. The Controller shall apply amounts received by each school district or community college district against any balances of unpaid claims for reimbursement of state-mandated local program costs and interest in chronological order beginning with the earliest claim. The Controller shall report to each school district and community college district the amounts of any claims and interest that are offset from funds provided pursuant to this section, and shall report a summary of the amounts offset for each mandate for each fiscal year to the Department of Finance and the fiscal committees of the Legislature.

(e)(1) The governing board of a school district or community college district may expend the one-time funds received pursuant to this section for any purpose, as determined by the governing board.

(2) It is the intent of the Legislature that school districts shall prioritize the use of these one-time funds for professional development, induction for beginning teachers with a focus on relevant mentoring, 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.

(f) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, three hundred nineteen million two hundred thirty-one thousand dollars (\$319,231,000) of the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2013–14 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2013–14 fiscal year.

(g) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, ninety-three million five hundred twenty-nine thousand dollars (\$93,529,000) of the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2013–14 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2013–14 fiscal year.

(h) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, two billion seven hundred forty-eight million three hundred forty-nine thousand dollars (\$2,748,349,000) of the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014–15 fiscal year.

(i) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, three hundred ninety-three million two hundred twenty thousand dollars (\$393,220,000) of the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014–15 fiscal year.

(j) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, one hundred seventeen million two hundred ninety-four thousand dollars (\$117,294,000) of the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2015–16 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015–16 fiscal year.

(k) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, thirty million eight hundred seventy-five thousand dollars (\$30,875,000) of the appropriations made by subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2015–16 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015–16 fiscal year.

(Added by Stats. 2015, ch. 13 (AB104), § 43, eff. Jun. 24, 2015. Amended by Stats. 2016, ch. 29 (SB 828) § 30, eff. Jun. 27, 2016. Amended by Stats. 2016, ch. 86 (SB 1171), § 159.)

**§ 17581.95 Appropriation to State Department of Education; allocation to school districts and county superintendents of schools; allocation to community college districts; manner and purposes**

(a)(1) For the 2016–17 fiscal year, the sum of nine hundred forty-five million five hundred eighty-nine thousand dollars (\$945,589,000) is hereby appropriated from the General Fund to the State Department of Education for transfer by the Controller to Section A of the State School Fund. The Superintendent of Public Instruction shall allocate those funds to school districts and county superintendents of schools in the manner, and for the purposes, set forth in this section.

(2) The sum of one hundred five million five hundred one thousand dollars (\$105,501,000) is hereby appropriated from the General Fund to the Chancellor of the California Community Colleges for allocation to community college districts in the manner, and for the purposes, set forth in this section.

(3) For purposes of this section, a school district includes a county office of education and a charter school.

(b) The Superintendent of Public Instruction shall allocate the funds appropriated pursuant to paragraph (1) of subdivision (a) to school districts on the basis of an equal amount per unit of regular average daily attendance, as those average daily attendance numbers are reported at the time of the second principal apportionment for the 2015–16 fiscal year.

(c) The Chancellor of the California Community Colleges shall allocate the funds appropriated pursuant to paragraph (2) of subdivision (a) to community college districts on the basis of an equal amount per enrolled full-time equivalent student, as those numbers of students are reported at the time of the second principal apportionment for the 2015–16 fiscal year.

(d) Allocations 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. Notwithstanding Section 12419.5 and any amounts that are paid in satisfaction of outstanding claims for reimbursement of state-mandated local program costs, the Controller may audit any claim as allowed by law, and may recover any amount owed by school districts or community college districts pursuant to an audit only by reducing amounts owed by the state to school districts or community college districts for any other mandate claims. Under no circumstances shall a school district or community college district be required to remit funding back to the state to pay for disallowed costs identified by a Controller audit of claimed reimbursable state-mandated local program costs. The Controller shall not recover any amount owed by a school district or community college district pursuant to an audit of claimed reimbursable state-mandated local program costs by reducing any amount owed a school district or community college district for any purpose other than amounts owed for any other mandate claims. The Controller shall apply amounts received by each school district or community college district against any balances of unpaid claims for reimbursement of state-mandated local program costs and interest in chronological order beginning with the earliest claim. The Controller shall report to each school district and community college district the amounts of any claims and interest that are offset from funds provided pursuant to this section and shall report a summary of the amounts offset for each mandate for each fiscal year to the Department of Finance and the fiscal committees of each house of the Legislature.

(e)(1) The governing board of a school district or community college district may expend the one-time funds received pursuant to this section for any purpose, as determined by the governing board of the school district or community college district.

(2) It is the intent of the Legislature that school districts shall prioritize the use of these one-time funds for deferred maintenance, professional development for educators, induction for beginning teachers with a focus on relevant mentoring, 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.

(3) It is the intent of the Legislature that community college districts shall prioritize the use of these one-time funds for professional development, campus security infrastructure, technology infrastructure, and developing open education resources and zero-textbook-cost degrees.

(f) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, six hundred thirty-five million seven hundred twenty-one thousand dollars (\$635,721,000) of the appropriations made by paragraph (1) of subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014–15 fiscal year.

(g) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, twenty-nine million four hundred fifty-one thousand dollars (\$29,451,000) of the appropriations made by paragraph (2) of subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2014–15 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2014–15 fiscal year.

(h) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, three hundred nine million eight hundred sixty-eight thousand dollars (\$309,868,000) of the appropriations made by paragraph (1) of subdivision (a) shall be deemed to be “General Fund revenues appropriated for school districts,” as defined in subdivision (c) of Section 41202 of the Education Code, for the 2015–16 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015–16 fiscal year.

(i) For purposes of making the computations required by Section 8 of Article XVI of the California Constitution, seventy-six million fifty thousand dollars (\$76,050,000) of the appropriations made by paragraph (2) of subdivision (a) shall be deemed to be “General Fund revenues appropriated for community college districts,” as defined in subdivision (d) of Section 41202 of the Education Code, for the 2015–16 fiscal year, and included within the “total allocations to school districts and community college districts from General Fund proceeds of

taxes appropriated pursuant to Article XIII B,” as defined in subdivision (e) of Section 41202 of the Education Code, for the 2015–16 fiscal year.

(Added by Stats. 2016, ch. 29 (SB 828), § 31, eff. Jun. 27, 2016.)

### **§ 17582. [REPEALED]**

(Repealed by Stats. 1993, ch. 59 (SB 443), § 5, eff. Jun. 30, 1993, operative Jan. 1, 1996.)

## **ARTICLE 3. Reports To The Legislature**

### **§ 17600. Semiannual report; requirements**

(a) At least twice each calendar year the commission shall report to the Legislature on the number of mandates it has found pursuant to Article 1 (commencing with Section 17550) and the estimated statewide costs of these mandates. This report shall identify the statewide costs estimated for each mandate and the reasons for recommending reimbursement.

(b) The commission shall also include the following in the report required by subdivision (a):

(1) The status of pending parameters and guidelines that include proposed reasonable reimbursement methodologies, as defined in Section 17518.5.

(2) The status of joint proposals between the Department of Finance and a local agency or school district to develop reasonable reimbursement methodologies and statewide estimates of costs in lieu of parameters and guidelines, pursuant to Sections 17557.1 and 17557.2.

(3) The status of joint proposals between the Department of Finance and a local agency or school district to develop legislatively determined mandate reimbursements, pursuant to Sections 17572 to 17574.5, inclusive.

(4) Any delays in the processes described in paragraphs (1) to (3), inclusive.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 2010, Ch. 699, § 2.5, eff. Jan. 1, 2011.)

## **CODE OF REGULATIONS REFERENCES**

Certification of statewide cost estimate, see 2 Cal. Code of Regs. § 1184.2. [Repealed in 2005.]

Statewide cost estimate, see 2 Cal. Code of Regs. § 1183.14.

### **§ 17601. Annual report: test claims**

The commission shall report to the Legislature on January 15, 1986, and each January 15 thereafter, on the number of claims it denied during the preceding calendar year and the basis on which the particular claims were denied.

(Added by Stats. 1984, ch. 1459, § 1.)

### **§ 17602. Annual report of all incorrect reduction claims decided**

On or before January 15, 2007, and on or before each January 15 thereafter, the commission shall report to the Legislature the number of individual and consolidated incorrect reduction claims decided during the preceding calendar year and whether and why the reduction was upheld or overturned.

(Added by Stats. 2006, ch. 168 (AB 2652), § 3, operative Jan. 1, 2007.)

**§ 17604. Evaluation of funding alternatives for election-related state mandates; working group**

(a) The Department of Finance, in collaboration with the Secretary of State and the Legislative Analyst's Office, shall convene a working group to evaluate alternatives for funding election-related state mandates. The working group shall commence no later than September 1, 2015. By September 1, 2016, the Department of Finance shall submit to the Legislature a report that summarizes the findings of the working group, including recommendations to the Legislature.

(b) (1) The Department of Finance shall conduct a survey of county election officials during years in which a statewide general election is held pursuant to Section 1200 of the Elections Code to determine whether or not counties are carrying out the requirements set forth in the following state mandates:

(A) Absentee ballots.

(B) Absentee ballots tabulation by precinct.

(C) Modified primary election.

(D) Permanent absentee voters II.

(E) Voter identification procedures.

(F) Voter registration procedures.

(2) The Department of Finance shall report the results of the survey to the Legislature by each April 1 following a statewide general election.

(c) A report to be submitted pursuant to subdivisions (a) and (b) shall be submitted in compliance with Section 9795 of the Government Code.

(Added by Stats. 2015, ch. 25 (S.B.84), § 31, eff. Jun. 24, 2015.)

**ARTICLE 4. Payment Of Claims**

**§ 17610. [REPEALED]**

(Repealed by Stats. 2004, ch. 890 (AB 2856), § 25.)

(The repealed section, added by Stats. 1984, ch. 1459, § 1, amended by Stats. 1985, ch. 179, § 8; Stats. 1986, ch. 879, § 16; Stats. 1988, ch. 1179, § 5; Stats. 1992, ch. 1041 (AB 1690), § 6, related to statute specifying reimbursement, specification of parameters and guidelines, statewide cost limitation, and definitions.)

**§ 17611. [REPEALED]**

(Repealed by Stats. 1985, ch. 179, § 9, eff. Jul. 8, 1985, operative Jan. 1, 1985.)

**§ 17612. Annual Budget Act; modification of parameters and guidelines; action for declaratory relief**

(a) Upon receipt of the report submitted by the commission pursuant to Section 17600, except as provided in Section 13823.95 of the Penal Code, funding shall be provided in the subsequent

Budget Act for costs incurred in prior years. No funding shall be provided for years in which a mandate is suspended.

(b) The Legislature may amend, modify, or supplement the parameters and guidelines, reasonable reimbursement methodology, and adopted statewide estimate of costs for the initial claiming period and budget year for mandates contained in the annual Budget Act. If the Legislature amends, modifies, or supplements the parameters and guidelines, reasonable reimbursement methodology, and adopted statewide estimate of costs for the initial claiming period and budget year, it shall make a declaration in separate legislation specifying the basis for the amendment, modification, or supplement.

(c) If the Legislature deletes from the annual Budget Act funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement for that fiscal year.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 179, § 10, eff. Jul. 8, 1985, operative Jan. 1, 1985; Stats. 1992, ch. 1041 (AB 1690), § 7; Stats. 2004, ch. 890 (AB 2856), § 26; Stats. 2007, ch. 179 (SB 86), § 22, eff. Aug. 24, 2007; Stats. 2007, ch. 329 (AB 1222), § 14, eff. Jan. 1, 2008; Stats. 2011, ch. 360 (SB 534), § 1.)

### **§ 17613. Augmentation of reimbursement expenditures**

(a) The Director of Finance may authorize the augmentation of the amount available for expenditure to reimburse costs mandated by the state, as defined in Section 17514, as follows:

(1) For augmentation of (A) any schedule in any item to reimburse costs mandated by the state in any budget act, or (B) the amount appropriated in a local government claims bill for reimbursement of the claims of local agencies, as defined by Section 17518, from the unencumbered balance of any other item to reimburse costs mandated by the state in that budget act or another budget act or in an appropriation for reimbursement of the claims of local agencies in another local government claims bill.

(2) For augmentation of (A) any schedule in any budget act item, or (B) any amount appropriated in a local government claims bill, when either of these augmentations is for reimbursement of mandated claims of school districts, as defined in Section 17519, when the source of this augmentation is (A) the unencumbered balance of any other scheduled amount in that budget act or another budget act, or (B) an appropriation in another local government claims bill, when either of these appropriations is for reimbursement of mandate claims of school districts. This paragraph applies only to appropriations that are made for the purpose of meeting the minimum funding guarantee for educational programs pursuant to Section 8 of Article XVI of the California Constitution.

(b) No authorization for an augmentation pursuant to this section may be made sooner than 30 days after the notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations and the chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

(Added by Stats. 1992, ch. 1041 (AB 1690), § 8.. Amended by Stats. 1995, ch. 914 (AB 818), § 1, eff. Oct. 16, 1995; Stats. 2013, ch. 77 (AB 392), § 2, eff. Jan. 1, 2014.)

#### **§ 17614. [REPEALED]**

Repealed by Stats. 2004, ch. 890 (AB 2856), § 27.

(The repealed section, added by Stats. 1984, ch. 1459, § 1, amended by Stats. 1985, ch. 179, § 11, related to creation of the State Mandates Claim Fund.)

### **ARTICLE 5. State Mandates Apportionment System**

#### **§ 17615. Legislative findings and declarations; intent of legislature**

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for actual costs mandated by the state on an annual claim basis is time consuming, cumbersome, and expensive at both the local and state levels. The Controller must process voluminous claims with all claims subject to a desk audit and selected claims also subject to a field audit. Local agencies are required to maintain extensive documentation of all claims in anticipation of such an audit. The volume of these records is substantial and will continue to grow with no relief in sight as new programs are mandated. The cost to local agencies and school districts for filing claims, and for maintaining documentation and responding to the Controller's audits is substantial. The current administrative cost to both state and local governments represents a significant expenditure of public funds with no apparent benefit to the taxpayers.

It is the intent of the Legislature to streamline the reimbursement process for costs mandated by the state by creating a system of state mandate apportionments to fund the costs of certain programs mandated by the state.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

#### **CODE OF REGULATIONS REFERENCES**

State mandates apportionment system, see 2 Cal. Code of Regs. § 1186.1 et seq.

#### **§ 17615.1. Procedure for reviewing mandated cost programs**

The commission shall establish a procedure for reviewing, upon request, mandated cost programs for which appropriations have been made by the Legislature for the 1982-83, 1983-84, and 1984-85 fiscal years, or any three consecutive fiscal years thereafter. At the request of the Department of Finance, the Controller, or any local agency or school district receiving reimbursement for the mandated program, the commission shall review the mandated cost program to determine whether the program should be included in the State Mandates Apportionment System. If the commission determines that the State Mandates Apportionment System would accurately reflect the costs of the state-mandated program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 2004, ch. 890 (AB 2856), § 28.)



**§ 17615.2. Disbursements computed by averaging approved reimbursement claims; adjustment of payments**

(a) Notwithstanding Section 17561, after November 30, 1985, for those programs included in the State Mandates Apportionment System, after approval by the commission, there shall be disbursed by the Controller to each local agency and school district which has submitted a reimbursement claim for costs mandated by the state in the 1982-83, 1983-84, and the 1984-85 fiscal years, or any three consecutive fiscal years thereafter, an amount computed by averaging the approved reimbursement claims for this three-year period. The amount shall first be adjusted according to any changes in the deflator.

The deflator shall be applied separately to each year's costs for the three years which comprise the base period. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1985 and the Budget Act for any subsequent fiscal year thereafter.

For purposes of this article, "base period" means the three fiscal years immediately succeeding the commission's approval.

(b) When the Controller has made payment on claims prior to commission approval of the program for inclusion in the State Mandates Apportionment System, the payment shall be adjusted in the next apportionment to the amount which would have been subvended to the local agency or school district for that fiscal year had the State Mandates Apportionment System been in effect at the time of the initial payment.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 1989, ch. 589, § 3.)

**§ 17615.3. Recalculation of allocations**

Notwithstanding Section 17561, by November 30, 1986, and by November 30 of each year thereafter, for those programs included in the State Mandates Apportionment System, the Controller shall recalculate each allocation for each local agency and school district for the 1985-86 fiscal year, by using the actual change in the deflator for that year. That recalculated allocation shall then be adjusted by the estimated change in the deflator for the 1986-87 fiscal year, and each fiscal year thereafter, to establish the allocation amount for the 1986-87 fiscal year, and each fiscal year thereafter. Additionally, for programs approved by the commission for inclusion in the State Mandates Apportionment System on or after January 1, 1988, the allocation for each year succeeding the three-year base period shall be adjusted according to any changes in both the deflator and workload. The Controller shall then subvene that amount after adjusting it by any amount of overpayment or underpayment in the 1985-86 fiscal year, and each fiscal year thereafter, due to a discrepancy between the actual change and the estimated change in the deflator or workload. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1986 and the Budget Act for any subsequent fiscal year thereafter.

For purposes of this article, "workload" means, for school districts and county offices of education, changes in the average daily attendance; for community colleges, changes in the number of full-time equivalent students; for cities and counties, changes in the population within their boundaries; and for special districts, changes in the population of the county in which the largest percentage of the district's population is located.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 1989, ch. 589, § 4.)

**§ 17615.4. New programs; filing of reimbursement claims; inclusion in state mandates apportionment system**

(a) When a new mandate imposes costs that are funded either by legislation or in local government claims bills, local agencies and school districts may file reimbursement claims as required by Section 17561, for a minimum of three years after the initial funding of the new mandate.

(b) After actual cost claims are submitted for three fiscal years against such a new mandate, the commission shall determine, upon request of the Controller or a local entity or school district receiving reimbursement for the program, whether the amount of the base year entitlement adjusted by changes in the deflator and workload accurately reflects the costs incurred by the local agency or school district. If the commission determines that the base year entitlement, as adjusted, does accurately reflect the costs of the program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System.

(c) The Controller shall make recommendations to the commission and the commission shall consider the Controller's recommendations for each new mandate submitted for inclusion in the State Mandates Apportionment System. All claims included in the State Mandates Apportionment System pursuant to this section are also subject to the audit provisions of Section 17616.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 1989, ch. 589, § 5; Stats. 2004, ch. 890 (AB 2856), § 29.)

**§ 17615.5. Base year entitlement; adjustment; establishment**

(a) If any local agency or school district has an established base year entitlement which does not include costs for a particular mandate, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, adjusted pursuant to Section 17615.3 by changes in the deflator and workload, or entitlement claims covering a minimum of three consecutive years, after which time its base year entitlement may be adjusted by an amount necessary to fund the costs of that mandate.

(b) If any local agency or school district has no base year entitlement, but wishes to begin claiming costs of one or more of the mandates included in the State Mandates Apportionment System, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, or entitlement claims covering the preceding three consecutive years, which shall be adjusted pursuant to Sections 17615.2 and 17615.3 by changes in the deflator and workload, after which time a base year entitlement may be established in an amount necessary to fund the costs of the mandate or mandates.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 1989, ch. 589, § 6.)

**§ 17615.6. Subtractions from annual subventions**

If a local agency or school district realizes a decrease in the amount of costs incurred because a mandate is discontinued, or made permissive, the Controller shall determine the amount of the entitlement attributable to that mandate by determining the base year amount for that mandate for the local agency or school district plus the annual adjustments. This amount shall be subtracted

from the annual subvention which would otherwise have been allocated to the local agency or school district.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

#### **§ 17615.7. Removal of programs from state mandates apportionment system**

If a mandated program included in the State Mandates Apportionment System is modified or amended by the Legislature or by executive order, and the modification or amendment significantly affects the costs of the program, as determined by the commission, the program shall be removed from the State Mandate Apportionment System, and the payments reduced accordingly. Local entities or school districts may submit actual costs claims for a period of three years, after which the program may be considered for inclusion in the State Mandates Apportionment System, pursuant to the provisions of Section 17615.4.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

#### **§ 17615.8. Review of apportionment or base year entitlement; records and documentation; adjustments; costs of review**

(a) The commission shall establish a procedure for reviewing, upon request, any apportionment or base year entitlement of a local agency or school district.

(b) Local agencies and school districts which request such a review shall maintain and provide those records and documentation as the commission or its designee determines are necessary for the commission or its designee to make the required determinations. With the exception of records required to verify base year entitlements, the records may not be used to adjust current or prior apportionments, but may be used to adjust future apportionments.

(c) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state does not accurately reflect the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission shall direct the Controller to adjust the apportionment accordingly. For the purposes of this section, an apportionment or a base year entitlement does not accurately reflect the costs incurred by a local agency or school district if it falls short of reimbursing, or overreimburses, that local agency's or school district's actual costs by 20 percent or by one thousand dollars (\$1,000), whichever is less.

(d) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state accurately reflects the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission may, in its discretion, direct the Controller to withhold, and, if so directed, the Controller shall withhold the costs of the commission's review from the next apportionment to the local agency or school district, if the commission review was requested by the local agency or school district.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

#### **§ 17615.9. Review of programs funded**

The commission shall periodically review programs funded under the State Mandate Apportionments System to evaluate the effectiveness or continued statewide need for each such mandate. (Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985.)

## CODE OF REGULATIONS REFERENCES

Adjustment to apportionment, see 2 Cal. Code of Regs. § 1186.7.

### **§ 17616. Audits; verification of reimbursed activities**

The Controller shall have the authority to do either or both of the following:

(a) Audit the fiscal years comprising the base year entitlement no later than three years after the year in which the base year entitlement is established. The results of such audits shall be used to adjust the base year entitlements and any subsequent apportionments based on that entitlement, in addition to adjusting actual cost payments made for the base years audited.

(b) Verify that any local agency or school district receiving funds pursuant to this article is providing the reimbursed activities.

(Added by Stats. 1985, ch. 1534, § 4, eff. Oct. 2, 1985. Amended by Stats. 2004, ch. 890 (AB 2856), § 30.)

### **§ 17617. Distribution of amounts due; time period**

The total amount due to each city, county, city and county, and special district, for which the state has determined that reimbursement is required under paragraph (2) of subdivision (b) of Section 6 of Article XIII B of the California Constitution, shall be appropriated for payment to these entities over a period of not more than 15 years, commencing with the Budget Act for the 2006–07 fiscal year and concluding with the Budget Act for the 2020–21 fiscal year. There shall be no appropriation for payment of reimbursement claims submitted pursuant to this section for the 2012–13 and 2013–14 fiscal years.

(Added by Stats. 2004, ch. 211 (SB1096), § 8.5, eff. Aug. 5, 2004. Amended by Stats. 2005, ch. 72 (AB138), § 10, eff. Jul. 19, 2005; Stats. 2012, ch. 32 (SB1006), § 19, eff. Jun. 27, 2012; Stats. 2014, ch. 28 (SB854), § 48, eff. Jun. 20, 2014.)

(For legislative intent, findings and declarations, reimbursement relative to State Mandates claims, and urgency effective provisions relating to Stats. 2004, ch. 211 (SB 1096), see Historical and Statutory Notes under Government Code § 6585 in West's California Codes.)

## **CHAPTER 5. CLAIMS FOR OFFSETTING LOCAL SAVINGS AGAINST STATE REIMBURSEMENTS [REPEALED]**

### **§§ 17620 to 17626 [REPEALED]**

(Repealed by Stats. 1993, ch. 216 (AB 843) § 2.)

## **CHAPTER 6. OPERATIVE DATE**

### **§ 17630. Applicability of part; time of submission of claims; transfer of claims to commission**

Except for Article 5, the provisions of this part shall be applicable to claims for state reimbursement of costs mandated by the state on and after January 1, 1985. All claims for state reimbursement filed under Article 1 (commencing with Section 2201), Article 2 (commencing

with Section 2227), and Article 3 (commencing with Section 2240) of Chapter 3 of Part 4 of Division 1 of the Revenue and Taxation Code that have not been included in a local government claims bill pursuant to Section 2255 of the Revenue and Taxation Code enacted before January 1, 1985, shall be transferred to and considered by the commission pursuant to the provisions of this part.

(Added by Stats. 1984, ch. 1459, § 1. Amended by Stats. 1985, ch. 1534, § 5, eff. Oct. 2, 1985; Stats. 2004, ch. 890 (AB 2856), § 31.)

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## STATUTORY HISTORICAL NOTES

### ***For Government Code Section 17500 et seq.:***

(For Governor's signing message regarding Stats. 2002, ch. 1124 (AB 3000), see Historical and Statutory Notes under Bus. & Prof. Code, § 7342, in West's California Codes.)

(For Governor's signing message regarding Stats. 2004, ch. 890 (AB 2856), see Historical and Statutory Notes under Educ. Code, § 44763, in West's California Codes.)

(2010 Legislation - For cost reimbursement and urgency effective provisions relating to Stats. 2010, ch. 719 (SB 856), see Historical and Statutory Notes under Bus. & Prof. Code §154.2.)

(2011 Legislation – For short title and legislative findings and declarations relating to Stats. 2011, ch. 382 (SB 194), see Historical and Statutory notes under Gov. Code §6159.)

(2012 Legislation – (1) Subordination of legislation by Stats. 2012, ch. 728 (SB 71), to other 2012 legislation, see Historical and Statutory Notes under Bus. & Prof. Code §3627, and (2) for letter of intent regarding Stats. 2012, ch. 728 (SB 71), see Historical and Statutory Notes under Bus. & Prof. Code §1917.1)