

**ITEM 10**  
**ADOPTION OF PROPOSED REGULATORY ACTION**  
**GENERAL CLEANUP PROVISIONS**

PROPOSED AMENDMENTS TO  
CALIFORNIA CODE OF REGULATIONS, TITLE 2, DIVISION 2, CHAPTER 2.5  
ARTICLES 1, 2, 3, 4, 5, 6, 7, 8, AND 10

SECTIONS 1181.1 THROUGH 1181.10; 1181.12 THROUGH 1181.13; 1182.13; 1183.1  
THROUGH 1185.6; 1186.2; 1187.1 THROUGH 1187.10; 1187.14 THROUGH 1188.2; 1190.1  
THROUGH 1190.5

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BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

In the Matter of:

Amendments to California Code of Regulations, Title 2, Division 2, Chapter 2.5, Articles 1, 2, 3, 4, 5, 6, 7, 8, and 10

No. 16-01

ORDER TO ADOPT PROPOSED REGULATORY ACTION

*General Cleanup Provisions* (clarifying regulations, eliminating duplicative language, and updating authority and reference citations)

On July 22, 2016, at a duly noticed public hearing held in Room 447 of the State Capitol, Sacramento, California, the Commission on State Mandates (Commission) adopted the proposed regulatory action after close of the public comment period.

**PROPOSED REGULATORY ACTION.** The Commission proposes revised language and citations in Articles 1, 2, 3, 4, 5, 6, 7, 8, and 10 of the California Code of Regulations, Division 2, Title 2, Chapter 2.5 with a proposed effective date of October 1, 2016.

**AUTHORITY AND REFERENCE.** Government Code section 17527(g) authorizes the Commission to adopt the proposed regulations. The purpose of this rulemaking is to clarify Commission regulations, eliminate duplicative language, and update authority and reference citations.

By: \_\_\_\_\_  
Heather Halsey, Executive Director

Dated: July 29, 2016

1 CALIFORNIA CODE OF REGULATIONS

2 TITLE 2. ADMINISTRATION

3 DIVISION 2. FINANCIAL OPERATIONS

4 CHAPTER 2.5. COMMISSION ON STATE MANDATES

5 Article 1. General

6 § 1181.1. Delegation of Certain Functions; Executive Director Appeals.

7 (a) Whenever it is stated in these rules that the "Commission" may or shall exercise or discharge  
8 any power, duty, purpose, function, or jurisdiction, the Commission on State Mandates  
9 specifically has reserved the same for its own exclusive action.

10 (b) Whenever it is stated that the "executive director" may or shall exercise or discharge any  
11 power, duty, purpose, function, or jurisdiction, or it is not expressly stated that the Commission  
12 itself shall so act, the executive director of the Commission has the authority to act thereon.

13 (c) A real party in interest to a matter may appeal to the Commission for review of the actions  
14 and decisions of the executive director on that matter.

15 (1) The appellant shall submit the appeal in writing within 10 days of first being served written  
16 notice of the executive director's action or decision.

17 (2) The appellant shall file and serve the appeal in accordance with section 1181.3 of these  
18 regulations.

19 (3) The appeal shall explain the basis for the appeal, state the action being requested of the  
20 Commission, and include all facts and materials the applicant believes are relevant to the appeal.

21 (4) The executive director shall schedule the appeal for hearing and vote by the Commission as  
22 soon as practicable following receipt of the appeal.

23 (5) Other parties may submit comments on an appeal in accordance with section 1181.3 of these  
24 regulations.

25 (6) The Commission shall determine whether to uphold the executive director's decision by a  
26 majority vote of the members present. The decision shall be final and not subject to  
27 reconsideration.

28 (7) The executive director shall notify the appellant in writing within 10 days of the  
29 Commission's decision.

30 (d) Nothing herein prohibits the executive director from delegating to subordinates as provided  
31 in Government Code section 18572.

32 Note: Authority cited: Sections 17527(g), 17530, and 17531, Government Code. Reference:  
33 Section 17530, Government Code; and *Redevelopment Agency v. Commission on State Mandates*  
34 (1996) 43 Cal.App.4th 1188.

35 § 1181.2. Definitions.

36 Unless otherwise indicated, the following definitions and those found in Government Code  
37 sections 17510 through 17524 apply to this chapter:

- 1 (a) "Affected state agency" means a state department or agency that is responsible, in whole or in  
2 part, for implementation, enforcement, or administration of any statutes or executive orders that  
3 are the subject of a matter.
- 4 (b) "Amendment" of a test claim means the addition of new allegations based on new statutes or  
5 executive orders to an existing test claim. The addition or substitution of parties and supporting  
6 declarations based on the original statutes or executive orders alleged in an existing test claim is  
7 not an "amendment."
- 8 (c) "Claimant" means the local agency or school district filing a test claim or incorrect reduction  
9 claim.
- 10 (d) "Commission staff" means the executive director, legal counsel, or other Commission  
11 employee authorized by the Commission or the executive director to represent the Commission  
12 on a specific claim or request, or to receive filings at the Commission office.
- 13 (e) "Completed" means that all requirements for a new filing for a test claim, proposed  
14 parameters and guidelines, request to amend parameters and guidelines, request for  
15 reconsideration, request to review claiming instructions, incorrect reduction claim or request for  
16 mandate redetermination have been satisfied by the claimant or requester.
- 17 (f) "Filing date" means the date received at the Commission's office during normal business  
18 hours by any of the methods described in section 1181.3 of these regulations.
- 19 (g) "Incorrect reduction claim" means a claim alleging that the Office of State Controller  
20 incorrectly reduced the reimbursement claim of a local agency or school district.
- 21 (h) "Informational hearing" means any hearing designed to gather and assess information to  
22 assist the Commission in formulating policies, informing the public of Commission actions, or  
23 obtaining public comment and opinion.
- 24 (i) "Interested party" means a local agency, school district, or state agency, with a beneficial  
25 interest in the matter.
- 26 (j) "Interested person" means any individual, local agency, school district, state agency,  
27 corporation, partnership, association, or other type of entity, having an interest in the activities of  
28 the Commission.
- 29 (k) "New filing" means a test claim, incorrect reduction claim, request to amend parameters and  
30 guidelines, joint request for reasonable reimbursement methodology, request for review of  
31 claiming instructions, request for removal or inclusion in State Mandates Apportionment System,  
32 or request for mandate redetermination.
- 33 (l) "Party" includes a party's representative of record who is expressly authorized to act on the  
34 party's behalf. Party means the following for each matter as specified below:
- 35 (1) "Party to a Test Claim" means the test claimant, the Department of Finance, and other  
36 affected state agencies.
- 37 (2) "Party to an Incorrect Reduction Claim" means the claimant and the Office of State  
38 Controller.
- 39 (3) "Party to a Request to Amend Parameters and Guidelines" means the requester, the  
40 Department of Finance, the Office of State Controller, affected state and local agencies, and

- 1 affected school districts.
- 2 (4) "Party to a Joint Request for Reasonable Reimbursement Methodology" means the test  
3 claimant and the Department of Finance.
- 4 (5) "Party to a Request for Review of Claiming Instructions" means the requester and the Office  
5 of State Controller.
- 6 (6) "Party to a Request for Removal or Inclusion in State Mandates Apportionment System"  
7 means the requester, the Department of Finance, and the Office of State Controller.
- 8 (7) "Party to a Request for Mandate Redetermination" means the requester, the Department of  
9 Finance, the Office of State Controller, affected state and local agencies, and affected school  
10 districts.
- 11 (m) "Real Party in Interest" means any person or entity whose interest will be directly affected  
12 by the resolution of the matter.
- 13 (n) "Rulemaking proceeding" means any hearing designed to adopt, amend, or repeal any rule,  
14 regulation, or standard of general application that implements, interprets, or makes specific any  
15 provision of Title 2, Division 4, Part 7, beginning with Government Code section 17500 or any  
16 other statute enforced or administered by the Commission.
- 17 (o) "Statewide cost estimate" means the approximate sum of money that local agencies or school  
18 districts may have incurred to implement a state-mandated program or any increased level of  
19 service of an existing mandated program. A statewide cost estimate submitted by a test claimant  
20 shall be an estimate of the first full fiscal year of actual or estimated costs based on the statutes  
21 and executive orders alleged in a test claim, except as provided in Government Code section  
22 17557.1(a). A statewide cost estimate adopted by the Commission shall be an estimate based on  
23 the Commission's determination of a test claim for the initial period of reimbursement to be  
24 reported to the Legislature.
- 25 (p) "Statewide estimate of costs" is based on a reasonable reimbursement methodology proposed  
26 by a test claimant and the Department of Finance, adopted by the Commission, and reported to  
27 the Legislature pursuant to Government Code section 17557.2.
- 28 (q) "Subsequent change in law" means a change in law that requires a finding that an incurred  
29 cost is a cost mandated by the state, as defined by Government Code section 17514, or is not a  
30 cost mandated by the state pursuant to Government Code section 17556, or a change in mandates  
31 law. Amendments to article XIII B, section 6 of the California Constitution that were approved  
32 by the voters on November 2, 2004 and changes in the statutes or executive orders that impose  
33 new state-mandated activities and require a finding pursuant to Government Code section  
34 17551(a) are not a "subsequent change in law."
- 35 (r) "Teleconference" means a conference of individuals in different locations, connected by  
36 electronic means, through audio, video, or both.
- 37 (s) "Test claim" means the first claim filed with the Commission alleging that a particular statute  
38 or executive order imposes costs mandated by the state pursuant to Government Code section  
39 17521 and also includes a claim filed on a legislatively determined mandate pursuant -to  
40 Government Code section 17574(c). The test claim procedure functions similarly to a class  
41 action and has been established to expeditiously resolve disputes affecting multiple agencies.

1 (t) "Written material" means any paper or electronic document relevant to a matter that is filed  
2 with the Commission except that "written material" does not include a "new filing" as defined in  
3 subdivision (k) of this section.

4 Note: Authority cited: Sections 17527(g), 17553(a), and 17570(d), Government Code.  
5 Reference: Sections 11123, 17516-17521, 17527(c), 17529, 17530, 17531, 17551, 17553, 17555,  
6 17557, 17557.1, 17557.2, 17558, 17558.5, 17558.7, 17558.8, 17559, 17561, 17561.5, 17570,  
7 17572, 17573, 17600, and 17612, Government Code; *Redevelopment Agency v. Commission on*  
8 *State Mandates* (1996) 43 Cal.App.4th 1188; and *City of San Jose v. State of California* (1996)  
9 45 Cal.App.4th 1802.

10 **-§ 1181.3. Filing and Service of Written Materials and New Filings.**

11 (a) Filing. Unless otherwise provided in this chapter, new filings and written materials may be  
12 filed electronically or by hard copy as described in this subdivision. If filed by hard copy, the  
13 filer shall simultaneously serve all written material in accordance with subdivision (b) of this  
14 regulation. Filing is complete upon receipt by the Commission. Filings shall not contain personal  
15 identifying information that violates state or federal privacy laws, including, but not limited to  
16 the provisions of California Civil Code section 1798 et seq. New filings and written materials  
17 may be filed by any of the following methods:

18 (1) E-Filing. Submit the original to the Commission by saving the signed original in a PDF file  
19 and submitting it via the Commission's e-filing system, available on the Commission's website.  
20 Documents e-filed with the Commission must be in a legible and searchable format. The filer is  
21 responsible for maintaining the signed original for the duration of the process for the matter,  
22 including any period of appeal. Notwithstanding any other provision in these regulations, if a  
23 new filing or written material is e-filed, no additional copies shall be submitted to Commission  
24 staff. The following shall apply to e-filing:

25 (A) By providing an e-mail address for the mailing list for a matter, a person consents to e-mail  
26 service for that matter.

27 (B) An automated notice that the document was successfully sent is immediately available to the  
28 person who e-files using the Commission's e-filing system and should be saved or printed for the  
29 filer's records. Commission staff shall also reply by e-mail confirming actual receipt of the  
30 legible, searchable document by the Commission within two business day of receipt. In the  
31 absence of a confirmation e-mail from Commission staff, it is the responsibility of the person  
32 who e-files to obtain confirmation that the Commission actually received the filing.

33 (C) By using e-filing, the filing person agrees, in the event of failure of e-filing, to re-file the  
34 document, no later than the business day after the business day on which notice of the failure of  
35 e-filing is received by the filing party, by any means authorized by these rules, in order to  
36 maintain the original filing date. "Failure of e-filing" occurs when the filing person receives  
37 notification, in any manner, of non-receipt of an e-filed document or of any other inability of  
38 Commission staff to access the document. The filer and Commission staff may agree to any form  
39 for re-filing allowed by these regulations.

40 (D) Documents e-filed with the Commission do not need to be served and proof of service does  
41 not need to be provided for persons that have provided an e-mail address for the mailing list.  
42 Nothing in this regulation excuses a filer from serving hard copies of written material on persons  
43 who appear on the mailing list and have not provided an e-mail address for the mailing list or

1 from providing a proof of service with the e-filing to the Commission for the service.  
2 (E) Upon confirmation of actual receipt, Commission staff shall notify all persons on the mailing  
3 list for the matter that written material may be viewed on the Commission's website. For "new  
4 filings" -as defined by section 1181.2(k) of these regulations, Commission staff shall notify all  
5 persons on the mailing list prepared pursuant to section 1181.4 of these regulations, of the  
6 availability of those filings on the Commission's website when Commission staff sends its notice  
7 of complete filing to the filing party.  
8 (F) The Commission may serve any document by e-mail service, or by making it available at a  
9 particular URL, unless doing so would be contrary to state or federal law.  
10 (G) The executive director may issue any order consistent with these rules to govern e-mail  
11 service for a particular matter.  
12 (2) By first class mail. Submit the unbound original and seven copies to the Commission.  
13 (3) By overnight delivery. Submit the unbound original and seven copies to the Commission.  
14 (4) By personal service. Hand the unbound original and seven copies to Commission staff.  
15 (b) -Service. If written materials are filed in hard copy, the filing must simultaneously be served  
16 on everyone on the mailing list using the same method as was used for the filing. Unless  
17 otherwise provided in this section, a proof of service shall be included with any written material  
18 filed with Commission staff. Proof of personal service requires a declaration of the messenger of  
19 the time and place that the written material was served. Service is not required for new filings  
20 because mailing lists for matters are only prepared, pursuant to section 1181.4 of these  
21 regulations, after a new filing is deemed complete. Completed new filings will be served on the  
22 mailing list by Commission staff with the Notice of Complete Filing.  
23 Note: Authority cited: Sections 17527(g), 17553(a), 17570(d), and 11104.5, Government Code.  
24 Reference: Section 1798 et seq., Civil Code; Sections 17530, 17551, 17557(d), 17558.7, 17570,  
25 17573(b), 17574(c), and 17573(g), -Government Code.

26

27 **§ 1181.4. Mailing Lists and Numbering of Matters.**

28 (a) For all matters deemed complete, Commission staff shall prepare a mailing list of the names,  
29 addresses, phone numbers and e-mail addresses of the parties, interested parties, and interested  
30 persons who have requested inclusion on the mailing list. The mailing list will be uploaded to the  
31 Commission's website and an e-mail notification of its availability will be sent to everyone on  
32 the list who has provided an e-mail address. A hard copy will be provided by Commission staff  
33 to persons on the mailing list who have not provided an e-mail address and to any person who  
34 requests a hard copy.

35 (b) By providing an e-mail address for the mailing list for a matter, a person consents to e-mail  
36 service of documents for that matter.

37 (c) For the following new filings received by the Commission, the executive director shall issue  
38 sequential matter numbers, by fiscal year, as follows:

39 (1) Test Claim (TC)

40 (2) Incorrect Reduction Claim (I)

- 1 (3) Request to Amend Parameters and Guidelines (PGA)
- 2 (4) Joint Request for Reasonable Reimbursement Methodology (RRM)
- 3 (5) Request for Review of Claiming Instructions (RCI)
- 4 (6) Request for Removal or Inclusion in State Mandates Apportionment System (SMAS)
- 5 (7) Joint Request for Legislatively Determined Mandate (LDM)
- 6 (8) Request for Mandate Redetermination (MR)

7 Note: Authority cited: Sections 17527(g), 17553(a), 17570(d)<sub>2</sub> and 11104.5, Government Code.  
8 Reference: Sections 17530, 17551, 17557, 17557.1, 17571, 17557.2, 17570, 17573(b), 17573(g),  
9 17574(c)<sub>2</sub> and 17615.1, Government Code.

10 **§ 1181.5. Appointment of Designees and Election and Duties of Officers.**

11 (a) If a Commission member, as defined by Government Code section 17525, with statutory  
12 authority to designate a deputy to represent him or her makes a designation, that designee may  
13 continue to serve on the Commission until the designation is revoked by the current Commission  
14 member.

15 (b) Commission members as defined by Government Code section 17525 shall be officers.  
16 Duties of Officers:

17 (1) Duties of Chairperson. The chairperson shall preside over all meetings of the Commission  
18 when present. The chairperson has all the rights and responsibilities of the other members,  
19 including the right to introduce motions or proposals and to speak and vote on them while  
20 presiding. The chairperson has the power to appoint one or more members of the Commission as  
21 a subcommittee to investigate and report to the Commission on any matter within the scope of  
22 the purposes of the Commission or to form advisory groups to assist the Commission or its  
23 subcommittees in fulfilling their purposes.

24 (2) Duties of Vice Chairperson. The vice chairperson shall preside over all meetings of the  
25 Commission at which the chairperson is not present. The vice chairperson has all the rights and  
26 responsibilities of the other members, including the right to introduce motions or proposals and  
27 to speak and vote on them while presiding.

28 (c) Time of Election. The Commission shall elect a chairperson and vice chairperson at the  
29 January meeting of each year, or at the next regularly scheduled meeting, if no meeting is held in  
30 January. In the calendar year following the statewide election of constitutional officers, the  
31 Commission may postpone its election. The Commission may authorize the executive director to  
32 conduct the election portion of its meeting.

33 (d) Vacancy. If an office (chairperson or vice-chairperson) held by a public member or local  
34 elected official becomes vacant, an election shall be conducted as soon as practicable to fill the  
35 vacant office.

36 (e) When Election Takes Effect. An election shall take effect immediately.

37 Note: Authority cited: Sections 17500 and 17527(g), Government Code. Reference: Sections 7.5,  
38 7.6, 7.9, 17525, 17528<sub>2</sub> and 17530, Government Code.



1 **§ 1181.6. Development and Approval of Commission Forms.**

2 (a) In consultation with interested parties and in accordance with applicable law and these  
3 regulations, the executive director shall develop the test claim form, incorrect reduction claim  
4 form, mandate redetermination form, and other forms, to simplify and improve the efficiency of  
5 the Commission's processes.

6 -(b) The executive director shall conduct at least one workshop with interested parties,  
7 Department of Finance, Office of the State Controller, other affected state agencies, and  
8 interested persons before approval of a form.

9 (c) Upon development of a new form, the executive director shall notify claimants, interested  
10 parties, affected state agencies, and interested persons, and shall disseminate copies at least 10  
11 days before the operative date of a form.

12 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
13 17530, 17553, 17558.7(c), 17558.7(e), and 17570(d)(1), Government Code.

14 **§ 1181.7. Waiver of Requirement to Use Forms.**

15 The executive director may waive a requirement to use any form specified by these regulations.

16 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
17 17530, 17553, 17558.7(c), 17558.7(e), and 17570(d)(1), Government Code.

18 **§ 1181.8. Commission Meeting Quorum and Voting Requirements.**

19 (a) A majority of the existing membership of the Commission shall constitute a quorum.

20 (b) All actions of the Commission, with the exception of requests to reconsider a prior final  
21 decision as provided in section 1187.15, shall require the affirmative vote of at least a majority of  
22 the existing membership of the Commission.

23 (c) In the case of a tie vote, the Commission may:

24 (1) Re-hear the claim when the membership of the Commission changes or when an abstaining  
25 member completes review of the administrative record;

26 (2) Assign the claim to a hearing panel or to a hearing officer, pursuant to section 1187.2 et seq.,  
27 for hearing and preparation of a proposed decision for consideration by the Commission. If the  
28 Commission assigns the claim to a hearing panel, the selection of the hearing panel shall be by  
29 lot, or other means of random and impartial selection; or

30 (3) Direct staff to prepare another proposed decision based on an interpretation of the law and  
31 evidence in the record for consideration by the Commission.

32 (d) A majority of the votes cast by those members assigned to a hearing panel is required for the  
33 approval of a preliminary decision on claims and applications for a finding of significant  
34 financial distress.

35 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
36 17525, 17527(c), and 17532, Government Code; and Section 17000.6, Welfare and Institutions  
37 Code.

1 **§ 1181.9. Commission Meeting Notice, Agenda, and Consent Calendar.**

2 (a) Time and distribution. Notices and agendas of meetings shall be given to all members, to all  
3 parties and interested parties to proceedings on the agenda, and to all persons who request them  
4 in writing. The notice and agenda shall be provided no less than 10 days prior to the scheduled  
5 meeting.

6 (b) Agenda. The meeting agenda shall be prepared by the executive director and shall include  
7 any item proposed by any member, or the executive director.

8 (c) The agenda may include an item designated "the consent calendar."

9 (1) The consent calendar shall include those matters for which there is no known opposition by  
10 any of the parties or interested parties.

11 (2) At the request of any member, party or interested party, any matter shall be removed from the  
12 consent calendar and may be considered at the same meeting as a separate item of business.

13 (3) The chairperson may also remove any matter from a duly noticed meeting agenda and place it  
14 on the consent calendar, provided there is no objection from the parties, interested parties, any  
15 Commission member, or person present and wishing to comment on the matter.

16 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
17 11125, 11125.1, 17527(b), 17527(c), and 17530, Government Code.

18 **§ 1181.10. Commission Meeting Procedures.**

19 (a) Presiding Member. The chairperson shall preside over all meetings of the Commission when  
20 present. In the chairperson's absence, the vice chairperson shall preside. If neither the  
21 chairperson nor the vice chairperson is in attendance, the member present who has the greatest  
22 seniority on the Commission shall preside. The presiding member may yield the chair.

23 (b) Public Comments.

24 (1) Comments in Writing. Any person may submit comments in writing on any agenda item. To  
25 be included as a part of the administrative record for the matter, comments must be provided to  
26 the Commission members and be made available for public review either before or at the  
27 Commission hearing on the matter.

28 (A) Comments received at least 15 days in advance of the meeting shall be included in the  
29 Commission's meeting binders, a copy of which is available for public viewing at the  
30 Commission meeting.

31 (B) Comments received more than five days in advance of the meeting shall be included in the  
32 Commission's meeting binders, if feasible, or shall be provided to the Commission when the item  
33 is called, unless otherwise agreed to by the Commission or the executive director.

34 (C) For written comments received less than five days in advance of the meeting, the commenter  
35 shall provide 12 copies to Commission staff at the meeting. Commission staff shall provide  
36 copies of the comments to the Commission and shall place a copy on a table for public review  
37 when the item is called.

1 (2) Oral Comments. Any person present and so desiring shall be given an opportunity to make  
2 oral comments on any agenda item, provided, however, that the presiding member may limit or  
3 preclude comments as necessary for the orderly conduct of business.

4 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
5 11125.7, 17525<sub>2</sub> and 17526-17528, Government Code.

6 **§ 1181.11. Permanent Record of Commission Meetings.**

7 (a) The Commission shall keep minutes of its meetings. Minutes shall be approved by the  
8 Commission and, upon approval, shall be signed by the chairperson or other person designated  
9 by the chairperson. Signed minutes shall be the original evidence of actions taken at any  
10 meeting, including the text of any resolutions adopted.

11 (b) Commission public meetings shall be recorded by stenographic reporter or electronic  
12 recording or both. The transcript or recordings shall be kept for the period of time required by  
13 applicable law governing the retention of records of state agency public proceedings, or until  
14 conclusion of administrative or judicial proceedings, whichever is later.

15 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Section  
16 17530, Government Code.

17 **§ 1181.12. Default Rules of Commission Meetings.**

18 In all cases not provided for by Government Code Section 17500 et seq., the Bagley-Keene Open  
19 Meeting Act (Government Code Section 11120 et seq.) and the Commission's rules and  
20 regulations, the authority shall be Robert's Rules of Order (revised), unless otherwise designated  
21 by the Commission at the annual election meeting.

22 Note: Authority cited: Sections 17500, 17527(g)<sub>2</sub> and 17553(a), Government Code. Reference:  
23 Sections 11120 et seq.<sub>2</sub> and 17526, Government Code.

24 **§ 1181.13. Commission Meeting by Teleconference.**

25 The Commission may hold an open or closed meeting by teleconference if it is difficult or  
26 impossible for the Commission to achieve a quorum. A meeting held by teleconference shall  
27 comply with the Bagley-Keene Open Meeting Act.

28 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
29 11123, 17526, 17527(b)<sub>2</sub> and 17527(c), Government Code.

30 **Article 2. Applications for a Finding of Significant Financial Distress**

31 **§ 1182.1. Reduction in Aid Levels; Definitions.**

32 When the county has made a compelling case that basic county services cannot be maintained  
33 without a reduction in the level of aid established by Welfare and Institutions Code section  
34 17000.5, the Commission shall make a finding of significant financial distress.

35 In making such a finding, the following definitions shall apply:

36 (a) "Application" means a county application filed pursuant to this article requesting the  
37 Commission determine that the county has made a compelling case that basic county services  
38 cannot be maintained without a reduction in the level of General Assistance aid established by

1 Welfare and Institutions Code section 17000.5, and finding that as a result, the county is in  
2 significant financial distress, as defined in Welfare and Institutions Code section 17000.6.

3 (b) "Applicant" means the county that filed the request for a finding of significant financial  
4 distress.

5 (c) A "compelling case" sufficient to cause a finding of significant financial distress must be  
6 established by clear and convincing evidence.

7 (d) "Basic county services" means those services which are fundamental or essential. The  
8 services shall include, but are not limited to, those services required by state or federal law, and  
9 may vary from county to county.

10 (e) "Maintained" means the level of service which the county must provide in order to adequately  
11 or effectively furnish basic county services.

12 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6(b), Welfare  
13 and Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

14 **§ 1182.2. Filing of an Application for a Finding of Significant Financial Distress.**

15 (a) Pursuant to Welfare and Institutions Code section 17000.6, in order for the board of  
16 supervisors of any county to obtain a finding of significant financial distress, the board of  
17 supervisors must submit a written application to the Commission on State Mandates.

18 (b) The applicant shall file an original application, including supporting documents, with the  
19 Commission in accordance with section 1181.3 of these regulations.

20 (c) All applications shall contain at least the following:

21 (1) A table of contents, indicating page numbers.

22 (2) A copy of a resolution from the county board of supervisors stating that compliance with the  
23 standards set forth in Welfare and Institutions Code section 17000.5 will result in significant  
24 financial distress to the county for a specified period of time, up to 36 months.

25 (3) A written narrative, including a summary, detailing the relevant financial or other budgetary  
26 information and documents necessary for a county to make a compelling case that basic county  
27 services, including public safety, cannot be maintained without a reduction in the standard of aid  
28 as provided in Welfare and Institutions Code section 17000.5. The narrative shall also include:

29 (A) The monthly caseload of General Assistance recipients for each of the 12 months preceding  
30 the date the application is filed.

31 (B) The current monthly rate of the General Assistance Standard of Aid.

32 (C) The proposed reduced rate of the General Assistance Standard of Aid.

33 (D) An overview of county finances, including, but not limited to county revenue sources;  
34 budget reserve data; budget expenditures; mandated expenditures and maintenance of effort  
35 costs.

36 (E) A detailed summary of program needs and expenditure flexibility, including, but not limited  
37 to department-by-department data on unmet program needs for basic county services.

- 1 (F) The county's total population at the time the application is filed, and the total county  
2 population for the two fiscal years prior to the year in which the application was filed.
- 3 (d) The written narrative shall be submitted under penalty of perjury. In addition, the financial  
4 and other budgetary documents shall be certified under penalty of perjury.
- 5 (e) Each page of the application, including all supporting documentation, shall be consecutively  
6 numbered.
- 7 (f) The original application, including all supporting documentation, shall be unbound and  
8 single-sided.
- 9 (g) The executive director shall notify an applicant within 10 days of receipt of an application  
10 whether its application is incomplete. If the application is incomplete, the executive director may  
11 return the application to the county. An application shall be considered incomplete if the  
12 elements in subdivisions (b) through (f) of this section have not been satisfied, are illegible or are  
13 not included. The requirements for Commission public hearings and decisions, as set forth in  
14 Welfare and Institutions Code section 17000.6(c), apply only to complete applications.
- 15 (h) Within 10 days of receipt of a completed application, the executive director shall notify the  
16 applicant that the application is complete, and notify the applicant of the schedule. The executive  
17 director shall also send the application to interested persons located in the applicant county.
- 18 (i) Prior to filing an application, a county may request a tentative date for conducting the hearing  
19 in the county. If a complete application is not received by a specified date, a new tentative  
20 hearing date may be set.

21 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6(b), Welfare  
22 and Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

23 **§ 1182.3. Extension of Period for Preliminary and Final Decision and Current Period of**  
24 **Financial Distress.**

25 (a) If an application is filed while another county's application is pending, the executive director  
26 may extend both the preliminary decision period up to 120 days and the final decision period up  
27 to 150 days from the filing date of the application, unless otherwise provided in the current  
28 Budget Act. If the preliminary and final decision periods are extended, any current period of  
29 significant financial distress of the applicant that has been set, pursuant to Welfare and  
30 Institutions Code Section 17000.6(b), shall also be extended for the same period.

31 (b) Within 10 days of receipt of a county's application, the executive director shall provide  
32 written notice to the applicant of extensions of the preliminary decision and final decision  
33 periods and of any current period of significant financial distress of the applicant.

34 Note: Authority cited: Stats. 1998, c. 324, Item 8885-001-0001, Prov. (2), p. 622 (and subsequent  
35 Budget Acts); Section 17527(g), Government Code; and Section 17000.6(b), Welfare and  
36 Institutions Code. Reference: Section 17000.6(c), Welfare and Institutions Code.

37 **§ 1182.4. Notice.**

38 (a) Upon receipt of a complete application for a finding of significant financial distress, the  
39 Commission shall provide to the applicant a written 30-day notice of the hearing, to be held in  
40 the county.

1 (b) The notice shall be publicly posted by the applicant at the county court house and one county  
2 welfare office where General Assistance recipients are generally present. The Commission shall  
3 publish two notices in a newspaper of general circulation in the county. The first notice shall be  
4 published at least 30 days prior to the hearing date. The second notice shall be published at least  
5 10 days prior to the hearing date. The cost of publishing the notices shall be paid for by the  
6 Commission. Notice shall also be posted on the Commission's website.

7 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6(b), Welfare  
8 and Institutions Code. Reference: Section 11125, Government Code; and Section 17000.6(c),  
9 Welfare and Institutions Code.

10 **§ 1182.5. Pre-Hearing Conference.**

11 A pre-hearing conference may be scheduled by the executive director for the purpose of  
12 identifying issues and determining methods of resolving the issues. The county and other parties  
13 known to have an interest in the county's application shall be invited to participate. This  
14 conference shall not limit the issues that can be presented to or considered by the Commission at  
15 public hearing.

16 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
17 Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code; and Section  
18 17530, Government Code.

19 **§ 1182.6. Assignment to Hearing Panels/Hearing Officers.**

20 The chairperson may assign an application to a hearing panel consisting of one or more members  
21 of the Commission, which shall act on behalf of the Commission, or to a hearing officer for  
22 hearing and preparation of a preliminary decision. Assignments by the chairperson of members  
23 on the hearing panels shall be rotated among the members with the composition of the members  
24 so assigned being varied and changed to assure that there shall never be a fixed and continued  
25 composition of members.

26 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
27 Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code; and Sections  
28 17528 and 17532, Government Code.

29 **§ 1182.7. Request for Supplemental Information.**

30 (a) The executive director may request supplemental information from the applicant to assist the  
31 Commission in its review and analysis of the application. The applicant shall provide the  
32 supplemental information under the timeline established by the executive director.

33 (b) The supplemental information shall be submitted under penalty of perjury. Any attached  
34 financial or other budgetary documents shall be certified under penalty of perjury.

35 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
36 Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code, and Section  
37 17530, Government Code.

1 **§ 1182.8. Review of Completed Application for a Finding of Significant Financial Distress**  
2 **and Preparation of Staff Analysis.**

3 (a) Before the hearing is conducted in the applicant county, the executive director shall prepare  
4 and distribute a staff analysis of the application, which shall include, but not be limited to, a  
5 review of written comments filed by interested persons, and rebuttals filed by the applicant. The  
6 staff analysis may also include a review of the applicant's revenue sources, including the  
7 applicant's flexibility in directing its resources; review of the applicant's budget expenditures,  
8 statutory relief, contingencies, and fund balances; an analysis of the applicant's department-by-  
9 department evaluation of unmet need in basic county services; and a preliminary  
10 recommendation whether the Commission should approve or deny the application. The staff  
11 analysis shall describe the application and assist the Commission in determining whether or not  
12 to make a finding of significant financial distress.

13 (b) The executive director shall send the staff analysis out for comment at least 10 days prior to  
14 the hearing conducted in the applicant county.

15 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
16 Institutions Code. Reference: Section 17530, Government Code; and Section 17000.6, Welfare  
17 and Institutions Code.

18 **§ 1182.9. Written Comments.**

19 The applicant and any interested persons may file written comments concerning the staff analysis  
20 with the Commission. Written comments shall be filed with the Commission in accordance with  
21 section 1181.3 of these regulations. The written comments shall be reviewed by Commission  
22 staff and may be incorporated into any revised or supplemental staff analysis of the application.

23 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
24 Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

25 **§ 1182.10. Conduct of Hearing.**

26 (a) Each party shall have the right to present witnesses, to introduce exhibits, and to propose  
27 questions to the chairperson, hearing panel, or hearing officer for opposing witnesses in support  
28 or rebuttal of any matter relevant to the issues even though that matter was not covered in the  
29 direct examination.

30 (b) The hearings will not be conducted according to technical rules relating to evidence and  
31 witnesses. Any relevant non-repetitive evidence shall be admitted if it is the sort of evidence on  
32 which responsible persons are accustomed to rely in the conduct of serious affairs. Irrelevant and  
33 unduly repetitious evidence shall be excluded. Hearsay evidence may be used for the purpose of  
34 supplementing or explaining other evidence but shall not be sufficient in itself to support a  
35 finding unless it would be admissible over objection in civil actions.

36 (c) The Commission, hearing panel, or hearing officer may question any party or witness, may  
37 admit any relevant and material evidence, and may limit the length of testimony to a specific  
38 amount of time for any party or witness.

39 (d) The taking of evidence and testimony in a hearing shall be controlled by the Commission,  
40 hearing panel, or hearing officer in the manner best suited to ascertain the facts.

1 (e) Oral or written representations of fact offered by any person shall be under oath  
2 or affirmation. Written representations of fact must be signed under penalty of perjury by  
3 persons who are authorized and competent to do so and must be based upon the declarant's  
4 personal knowledge or information or belief.

5 (f) Public hearings, pursuant to this article, shall be recorded by stenographic reporter or  
6 electronic recording or both. The transcript or recordings shall be kept for the period of time  
7 required by applicable law governing the retention of records of state agency public proceedings,  
8 or until conclusion of administrative or judicial proceedings, whichever is later.

9 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
10 Institutions Code. Reference: Section 11125.7, Government Code; and Section 17000.6, Welfare  
11 and Institutions Code.

12 **§ 1182.11. Representation at Hearing.**

13 (a) The board of supervisors of a county shall designate a county representative.

14 (b) The county representative shall be the lead spokesperson and shall present all matters  
15 respecting the interest of the county in the proceeding.

16 (c) Withdrawal of appearance of any representative may be effected by filing a written notice of  
17 withdrawal and by serving a copy on the Commission.

18 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
19 Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

20 **§ 1182.12. Continuance of Hearings and Further Hearings.**

21 (a) The Commission, hearing panel, or hearing officer may continue a hearing to another time or  
22 place.

23 (b) Due to the strict time frames contained in Welfare and Institutions Code section 17000.6(c),  
24 continuances will be granted only under compelling and urgent circumstances.

25 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
26 Institutions Code. Reference: Section 11129, Government Code; and Section 17000.6,  
27 Welfare and Institutions Code.

28 **§ 1182.13. Preliminary and Final Decisions; Action on Decisions.**

29 (a) Within 60 days after receipt of an application, the executive director shall notify the county of  
30 the Commission, hearing panel, or hearing officer's preliminary decision that the county did or  
31 did not make a compelling case that it will incur significant financial distress pursuant to Welfare  
32 and Institutions Code section 17000.6. If the time period is extended pursuant to section 1182.3  
33 of these regulations, notice of the preliminary decision shall be provided within 120 days after  
34 receipt of an application, or as otherwise provided by the current Budget Act.

35 (b) If an application is heard by a hearing panel, the panel shall direct staff to prepare the  
36 preliminary decision in a form that may be adopted as the final decision by the Commission.  
37 When an application is heard by a hearing officer, a preliminary decision shall be presented in a  
38 form that may be adopted by the Commission as its final decision on the application. When an  
39 application is heard before the Commission itself the Commission shall direct staff to prepare a



1 final decision in accord with the Commission's vote, which will be presented to the Commission  
2 for adoption as its final decision.

3 (c) Within 90 days after receipt of an application, the executive director shall give notice to the  
4 county of the Commission's final decision that the county did or did not make a compelling case  
5 that it will incur significant financial distress pursuant to Welfare and Institutions Code section  
6 17000.6. If the time period is extended pursuant to section 1182.3 of these regulations, notice of  
7 the final decision shall be provided within 150 days after receipt of an application, or as  
8 otherwise provided by the current Budget Act.

9 (d) If the preliminary decision prepared by the hearing panel or hearing officer is not adopted by  
10 the Commission as its final decision, the Commission may direct appropriate modification of the  
11 preliminary decision and thereafter adopt it as the Commission final decision or decide the  
12 application upon the record, with or without taking additional evidence, or may refer the  
13 application to a hearing panel or hearing officer to take additional evidence. If the application is  
14 so assigned to a hearing panel or hearing officer, the hearing panel or hearing officer shall  
15 prepare a preliminary decision, as provided in subdivision (b), which shall be based upon the  
16 additional evidence and the transcript and other papers which are a part of the record of the prior  
17 hearing.

18 (e) The affirmative vote of at least a majority of the existing membership of the Commission is  
19 required for the adoption of a final decision by the Commission. A copy of the final decision  
20 shall be filed by the Commission as a public record.

21 (f) A Commission final decision which makes a finding of significant financial distress will be  
22 effective for a period not to exceed 36 months. The final decision shall specify whether the  
23 effective date of the period of significant financial distress shall commence on the date of the  
24 final decision or on a date no more than 60 days from the date of the final decision.

25 Note: Authority cited: Stats. 1998, c. 324, Prov. (2), Item 8885-001-0001, p. 622 (and  
26 subsequent Budget Acts); Section 17527(g), Government Code; and Section 17000.6, Welfare  
27 and Institutions Code. Reference: Sections 17527(c), 17530<sub>2</sub> and 17532, Government Code; and  
28 Section 17000.6, Welfare and Institutions Code.

29 **§ 1182.14. Form of Decision.**

30 The final decision shall be based on the record, shall be in writing, and shall include a statement  
31 of reasons for the decision, findings, and conclusions. A copy of the final decision shall be  
32 mailed to or served on the applicant county.

33 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
34 Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

35 **§ 1182.15. Reapplications.**

36 (a) A county may file a reapplication for a finding of significant financial distress with the  
37 Commission.

38 (b) The application and hearing procedures prescribed in article 2 of these regulations shall also  
39 apply to reapplications. The applicant shall also provide the following information in its  
40 reapplication:

1 (1) How the applicant utilized the savings in reduction of the General Assistance Standard of Aid  
2 realized from the preceding finding of significant financial distress.

3 (2) The difference in the county's total population between the date the preceding application was  
4 filed and the date the reapplication is filed.

5 (3) Any staff changes or changes to working conditions, including but not limited to reduced  
6 work hours or salary increases or decreases that occurred since the date the preceding application  
7 was filed.

8 (4) Any statutes enacted since the date the preceding application was filed that change county  
9 revenue sources or expenditures, or impose new mandates upon the county.

10 (5) Tables that include the difference between proposed and approved unmet need in the  
11 preceding application, and the proposed unmet need in the reapplication. Tables may also be  
12 submitted by a predetermined computer medium.

13 (c) A county filing a reapplication of a previously approved finding of significant financial  
14 distress must present a compelling case of significant financial distress continuing since the last  
15 approved finding by the Commission.

16 (d) For a previously denied application, a county may file a reapplication when the fiscal  
17 situation in the county has changed.

18 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
19 Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

20 **§ 1182.16. Withdrawal of Applications.**

21 An application may be withdrawn by written notice any time before a final decision is issued or  
22 upon request at the time of hearing. When the Commission receives a notice or request to  
23 withdraw, the Commission may issue a decision dismissing the application.

24 Note: Authority cited: Section 17527(g), Government Code; and Section 17000.6, Welfare and  
25 Institutions Code. Reference: Section 17000.6, Welfare and Institutions Code.

26 **Article 3. Test Claims**

27 **§ 1183.1. Test Claim Filing.**

28 (a) In order to obtain a mandate determination, a local agency or school district shall file a test  
29 claim with the Commission. A local agency or school district may file a test claim as follows:

30 (1) A county auditor, auditor-controller, or director of finance who has assumed the duties of  
31 controller, may file of behalf of a county.

32 (2) A city manager, director of finance, or other officer with a delegation by ordinance or  
33 resolution from the city council, may file on behalf of a city.

34 (3) A district superintendent may file on behalf of a school district.

35 (4) A chancellor, vice chancellor, director of finance, or other officer with authority delegated by  
36 the governing body by ordinance or resolution, may file on behalf of a community college  
37 district.

- 1 (5) A general manager or other officer with authority delegated by the governing body by  
2 ordinance or resolution may file on behalf of a special district.
- 3 (b) Claimants may agree to submit a test claim as a joint effort, as provided in section 1183.1(g)  
4 of these regulations. Otherwise, the first claim filed on a statute or executive order by a similarly  
5 situated claimant is the test claim and no duplicate test claims will be accepted by the  
6 Commission. Other similarly situated affected agencies may participate in the process by  
7 submitting comments in writing on any agenda item as provided in section 1181.10 of these  
8 regulations, and may attend any Commission hearing on the test claim and provide written or  
9 oral comments to the Commission. Affected agencies that are not similarly situated, meaning  
10 that test claim statutes affect them differently, may file a test claim on the same statutes as the  
11 first claim, but must demonstrate how and why they are affected differently.
- 12 -(c) Except as provided in Government Code sections 17573 and 17574, any test claim or  
13 amendment filed with the Commission must be filed not later than 12 months following the  
14 effective date of a statute or executive order, or within 12 months of first incurring increased  
15 costs as a result of a statute or executive order, whichever is later. For purposes of claiming  
16 based on the date of first incurring costs, "within 12 months" means by June 30 of the fiscal year  
17 following the fiscal year in which increased costs were first incurred by the test claimant.
- 18 (d) All test claims, or amendments thereto, shall be filed on a form developed by the executive  
19 director and shall contain all of the elements and supplemental documents required by statute,  
20 regulation and the form. When an omnibus bill is pled, claimant shall file only the relevant pages  
21 of the statute, including the Legislative Counsel's Digest and the specific statutory changes at  
22 issue.
- 23 (e) The claimant shall file the test claim, or amendment thereto, and accompanying documents  
24 with the Commission in accordance with section 1181.3 of these regulations.
- 25 (f) Within 10 days of receipt of a test claim, or amendment thereto, Commission staff shall notify  
26 the claimant if the test claim is complete or incomplete. Test claims will be considered  
27 incomplete if any of the elements required in subdivisions (c) and (d) of this section are illegible  
28 or are not included. If a complete test claim is not received within 30 calendar days from the date  
29 the incomplete test claim was returned, the executive director may disallow the original test  
30 claim filing date. A new test claim may be accepted on the same statute or executive order  
31 alleged to impose a reimbursable state-mandated program.
- 32 (g) Test claims may be prepared as a joint effort between two or more claimants and filed with  
33 the Commission if the claimants attest to all of the following in the test claim filing:
- 34 (1) The claimants allege state-mandated costs result from the same statute or executive order;  
35 (2) The claimants agree on all issues of the test claim; and  
36 (3) The claimants have designated one contact person to act as the resource for information  
37 regarding the test claim.
- 38 (h) Any test claim, or portion of a test claim, that the Commission lacks jurisdiction to hear for  
39 any reason may be dismissed by the executive director with a written notice stating the reason for  
40 dismissal.
- 41 ~~(i) Any party may appeal to the Commission for review of the actions and decisions of the~~  
42 ~~executive director under this section pursuant to section 1181.1 of these regulations.~~

1 Note: Authority cited: Sections 17527(g) and 17553, Government Code. Reference: Sections  
2 17521, 17530, 17551, 17553, 17557(e), 17573, 17574, 24000, 24300.5, 26881, 26900, 26970,  
3 26972, 34852, 35034, 35035, 37209, 40805.5, and 56723, Government Code.

4 **§ 1183.2. Review of Test Claim.**

5 (a) Within 10 days of receipt of a completed test claim, or amendment thereto, Commission staff  
6 shall make a copy of the test claim or amendment available to those named on the mailing list  
7 prepared in accordance with section 1181.4 of these regulations and shall post it on the  
8 Commission's web site.

9 (b) Written comments concerning the test claim shall be filed and served within 30 days from the  
10 date the test claim or amendment is issued for comment and in accordance with the provisions of  
11 section 1181.3 of these regulations.

12 (c) Content and Form. Written comments on the test claim shall contain the following  
13 documentary evidence, if applicable:

14 (1) If representations of fact are made, they must be supported by documentary evidence  
15 submitted with the comments in accordance with section 1187.5 of these regulations.

16 (2) A copy of relevant portions of state constitutional provisions, federal statutes, and executive  
17 orders, and a copy of administrative decisions and court decisions that may impact the alleged  
18 mandate, unless the authorities are also cited in the test claim. The specific statutes and chapters,  
19 articles, sections, regulatory registers, and page numbers must be identified. Published court  
20 decisions arising from state mandate determinations by the Board of Control and the  
21 Commission on State Mandates, article XIII B, section 6 of the California Constitution, and  
22 Government Code sections 17500 et seq., are exempt from the requirements of this subdivision.

23 (d) The written comments and supporting documentation shall be signed at the end of the  
24 document by an authorized representative, with the declaration that it is true and complete to the  
25 best of the representative's personal knowledge or information or belief. The date of signing, the  
26 representative's title, address, and telephone number shall be included. If the authorized  
27 representative can be reached via e-mail, the e-mail address shall also be included.

28 -Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
29 17530 and 17553(a), Government Code.

30 **§ 1183.3. Claimant's Rebuttal.**

31 (a) Written rebuttals to written comments concerning a test claim may be filed, and shall be  
32 served in accordance with section 1181.3 of these regulations within 30 days of service of the  
33 written comments.

34 (b) Content and Form. A written rebuttal shall contain the following documentary evidence, if  
35 applicable:

36 (1) If new representations of fact are made, they must be supported by documentary evidence  
37 submitted with the rebuttal. All documentary evidence shall be in accordance with section  
38 1187.5 of these regulations.

39 (2) A copy of relevant portions of state constitutional provisions, federal statutes, and executive  
40 orders, and a copy of administrative decisions and court decisions that are cited in the rebuttal,  
41 unless the authorities are also cited in the test claim or any opposition thereto. The specific

1 statutes and chapters, articles, sections, regulatory registers, and page numbers shall be  
2 identified. Published court decisions arising from state mandate determinations by the Board of  
3 Control and the Commission on State Mandates, article XIII B, section 6 of the California  
4 Constitution, and Government Code sections 17500 et seq., are exempt from the requirements of  
5 this subsection.

6 -(c) The rebuttal shall be signed at the end of the document by the claimant or its authorized  
7 representative, with the declaration that the rebuttal is true and complete to the best of the  
8 declarant's personal knowledge or information or belief. The date of signing, and the declarant's  
9 title, address, and telephone number shall be included. If the declarant can be reached by e-mail,  
10 the declarant's e-mail address shall also be included.

11 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
12 17530 and 17553(a), Government Code.

13 **§ 1183.4. Claimant's Motion to Consolidate or Sever Test Claims.**

14 Within 30 days of the filing date of a test claim deemed complete, a claimant may file a motion  
15 with the executive director to consolidate part or all of any test claim with another test claim, or  
16 to sever any part of any test claim, if necessary to ensure the complete, fair, or timely  
17 consideration of any test claim.

18 (a) Any motion to consolidate or to sever shall be filed and served in accordance with section  
19 1181.3 of these regulations.

20 (b) Within 30 days after receipt of a motion to consolidate or sever, the executive director may  
21 consolidate or sever any test claim.

22 Note: Authority cited: Section 17527(g) and 17553(a), Government Code. Reference: Sections  
23 17530, 17553, and 17554, Government Code.

24 **§ 1183.5. Executive Director's Authority to Consolidate or Sever Test Claims.**

25 (a) The executive director may consolidate part or all of any test claim with another test claim or  
26 sever a test claim, if necessary to ensure the complete, fair, or timely consideration of any test  
27 claim.

28 (b) At least 10 days before the action is taken, the executive director shall simultaneously serve  
29 on the parties and interested parties on the mailing list described in section 1181.2 of these  
30 regulations, and post on the Commission's website, a notice of any proposed action to  
31 consolidate or sever.

32 Note: Authority cited: Section 17527(g), 17553, and 17554, Government Code. Reference:  
33 Sections 17530, 17553, and 17554, Government Code.

34 **§ 1183.6. Review of Completed Test Claim and Preparation of Proposed Decision.**

35 (a) Before the hearing on the test claim, Commission staff shall prepare a proposed decision for  
36 the test claim, which shall include but not be limited to a review of the written comments filed.  
37 The proposed decision shall describe and analyze the test claim to assist the Commission in  
38 determining whether the alleged statutes or executive orders contain a reimbursable state-  
39 mandated program under article XIII B, section 6 of the California Constitution.

1 (b) At least eight weeks before the hearing, or at a time required by the executive director or  
2 stipulated to by the parties, Commission staff shall prepare a draft proposed decision and  
3 distribute it to the parties, interested parties, and those on the mailing list described in section  
4 1181.3 of these regulations, and shall post it on the Commission's website.

5 (c) Anyone may file written comments concerning the draft proposed decision. If representations  
6 of fact are made, they must be supported by documentary evidence submitted with the comments  
7 in accordance with section 1187.5 of these regulations. Written comments shall be filed and  
8 served as described in section 1181.3 of these regulations, by the date determined and publicized  
9 by the executive director. A three-week period for comments shall be given, subject to the  
10 executive director's authority to expedite all matters pursuant to Government Code section  
11 17530. All written comments timely filed shall be reviewed by Commission staff and may be  
12 incorporated into the proposed decision for the test claim.

13 (d) It is the Commission's policy to discourage the introduction of late comments, exhibits, or  
14 other evidence filed after the three-week comment period described in subdivision (c) of this  
15 section. The Commission need not rely on, and staff need not respond to, late comments,  
16 exhibits, or other evidence submitted in response to a draft proposed decision after the comment  
17 period expires.

18 Note: Authority cited: Sections 17527(g) and 17553, Government Code. Reference: Sections  
19 17514, 17530, 17551, and 17553, Government Code.

20 **§ 1183.7. Content of Parameters and Guidelines.**

21 The parameters and guidelines shall describe the claimable reimbursable costs and contain the  
22 following information:

23 (a) Summary of the Mandate. A summary of the mandate identifying the statutes or executive  
24 orders that contain the mandate and the increased level of service and activities found to be  
25 required under those statutes or executive orders.

26 (b) Eligible Claimants. A description of the local governmental entities eligible to file for  
27 reimbursement.

28 (c) Period of Reimbursement. A description of the period of reimbursement specifying the  
29 beginning and ending (if applicable) of the reimbursement period.

30 (d) Reimbursable Activities. A description of the specific costs and types of costs that are  
31 reimbursable, including one-time costs and on-going costs, and reasonably necessary activities  
32 required to comply with the mandate. "Reasonably necessary activities" are those activities  
33 necessary to comply with the statutes, regulations and other executive orders found to impose a  
34 state-mandated program. Activities required by statutes, regulations and other executive orders  
35 that were not pled in the test claim may only be used to define reasonably necessary activities to  
36 the extent that compliance with the approved state-mandated activities would not otherwise be  
37 possible. Whether an activity is reasonably necessary is a mixed question of law and fact. All  
38 representations of fact to support any proposed reasonably necessary activities shall be supported  
39 by documentary evidence submitted in accordance with section 1187.5 of these regulations.

40 (e) Claim Preparation. Instruction on claim preparation, including instructions for direct and  
41 indirect cost reporting for actual costs incurred, or application of a reasonable reimbursement  
42 methodology.

1 (f) Record Retention. Notice of the Office of the State Controller's authority to audit claims and  
2 the amount of time supporting documents must be retained during the period subject to audit.

3 (g) Any Offsetting Revenues and Reimbursements that reduce the cost of any reimbursable  
4 activity, including the identification of:

5 (1) Dedicated state and federal funds appropriated for this program.

6 (2) Non-local agency funds dedicated for this program.

7 (3) Local agency's general purpose funds for this program.

8 (4) Fee authority to offset part of the costs of this program.

9 (h) Any Offsetting Savings. Identification of any offsetting savings provided by the test claim  
10 statute or executive order, or other statute or executive order, which decreases the cost of any  
11 reimbursable activity and permits or requires the discontinuance or reduction in the level of  
12 service of the program.

13 (i) Claiming Instructions. Notice of the Office of the State Controller's duty to issue claiming  
14 instructions, which constitutes notice of the right of local agencies and school districts to file  
15 reimbursement claims, based upon the decision and parameters and guidelines adopted by the  
16 Commission.

17 (j) Remedies Before the Commission. Instructions for filing requests to review claiming  
18 instructions and requests to amend parameters and guidelines with the Commission.

19 (k) Legal and Factual Basis. Notice that the legal and factual basis for the parameters and  
20 guidelines are found in the administrative record for the test claim, which is on file with the  
21 Commission.

22 Note: Authority cited: Sections 17517.5, 17527(g), and 17553(a), Government Code. Reference:  
23 Sections 17518.5, 17530, 17553, 17556(e), 17557, and 17558, Government Code.

24 **§ 1183.8. Submission and Review of Proposed Parameters and Guidelines; Submission of**  
25 **Comments.**

26 (a) Within 30 days of adoption of the decision on a test claim, or the early termination or  
27 expiration of a reasonable reimbursement methodology, the successful test claimant shall submit,  
28 to the Commission, proposed parameters and guidelines, pursuant to Government Code section  
29 17557-(a).

30 (b) If any of the elements described in section 1183.7 are missing or are not adequately  
31 addressed, Commission staff shall, within 10 days of receipt, deem the proposed parameters and  
32 guidelines incomplete and shall return the proposal to the claimants with a description of the  
33 subjects that are to be redrafted or supplemented.

34 (c) Within 10 days of receipt of completed proposed parameters and guidelines, Commission  
35 staff shall send a copy to those who are on the mailing list described in section 1181.4 of these  
36 regulations, and shall post it on the Commission's website.

37 (d) Commission staff shall notify all recipients that they shall have the opportunity to review and  
38 provide written comments concerning the proposed parameters and guidelines within 15 days of  
39 service.

1 (e) Written comments shall be filed and served in accordance with section 1181.3 of these  
2 regulations.

3 (f) Within 15 days of service of the comments, parties, interested parties, and interested persons  
4 may submit written rebuttals to the Commission, and shall file and serve their rebuttals in  
5 accordance with section 1181.3 of these regulations.

6 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
7 17530, 17553(a), 17557, and 17557.2, Government Code.

8 **-§ 1183.9. Expedited Process for Proposed Parameters and Guidelines.**

9 (a) After adoption of a decision on a test claim, but before claimant submits proposed parameters  
10 and guidelines, Commission staff may expedite the parameters and guidelines process by  
11 preparing and issuing draft expedited parameters and guidelines to assist the claimant. The draft  
12 expedited parameters and guidelines shall be served to everyone on the mailing list described in  
13 section 1181.4 of these regulations, and shall be posted on the Commission's website.

14 In lieu of filing an original proposal pursuant to Government Code section 17557-(a), the  
15 successful test claimant may file comments on the draft expedited parameters and guidelines  
16 with the Commission which may include proposed modifications.

17 (b) Parties, interested parties, and interested persons may file comments on the draft expedited  
18 parameters and guidelines within 20~~1~~ days of service of Commission staff's draft proposal.

19 (c) Within 15 days of service of the comments submitted pursuant to subdivision (b) of this  
20 section, parties, interested parties, and interested persons may file and serve rebuttals in  
21 accordance with section 1181.3 of these regulations.

22 Note: Authority cited: Sections 17517.5, 17527(g), 17530, and 17553(a), Government Code.  
23 Reference: Sections 17553(a), 17556(e), and 17557, Government Code.

24 **§ 1183.10. Reasonable Reimbursement Methodology.**

25 (a) Government Code section 17518.5 defines a "reasonable reimbursement methodology" as a  
26 formula for reimbursing local agencies and school districts for costs mandated by the state, as  
27 defined in Section 17514.

28 (b) For purposes of developing a reasonable reimbursement methodology pursuant to  
29 Government Code sections 17557 or 17557.1, the following definitions apply:

30 (1) "Costs to implement the mandate in a cost-efficient manner" include only those costs for the  
31 activities that were determined to be reimbursable by the Commission in the decision on the test  
32 claim, and the costs for the most reasonable methods of complying with the mandate pursuant to  
33 section 1183.12-(d), of these regulations.

34 (2) When surveying or otherwise gathering cost data to develop a formula, "representative  
35 sample of claimants" does not include eligible claimants that do not respond to surveys or  
36 otherwise participate in submitting cost data.

37 (c) An interested party may submit cost information or other cost projections that can be the  
38 basis of a reasonable reimbursement methodology, and letters in support of a draft reasonable  
39 reimbursement methodology submitted pursuant to Government Code section 17557.1.



1 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
2 17518.5, 17557, and 17557.1, Government Code.

3 **§ 1183.11. Joint Reasonable Reimbursement Methodology and Statewide Estimate of Costs.**

4 (a) Notwithstanding Government Code section 17557, within 30 days of the adoption of a  
5 decision on a test claim, the successful test claimant and the Department of Finance may notify  
6 the executive director in writing of their intent to follow the process described in Government  
7 Code sections 17557.1-17557.2 to develop a reasonable reimbursement methodology and  
8 statewide estimate of costs.

9 (b) The written notification shall provide all information and filing dates, as specified in  
10 Government Code section 17557.1(a).

11 (c) At the request of the test claimant and the Department of Finance, the executive director may  
12 provide for up to four extensions of the 180-day period for submittal of the draft reasonable  
13 reimbursement methodology and proposed statewide estimate of costs for the initial claiming  
14 period and budget year. Any request must be based on good cause as described in section 1187.9  
15 and also include an update of all information and filing dates provided in the original written  
16 notification submitted pursuant to Government Code section 17557.1(a). If no submittal of a  
17 draft and no request for an extension has been made by the filing date specified in the notice of  
18 intent to develop a reasonable reimbursement methodology, or if all extensions have been  
19 exhausted, the executive director shall issue a letter notifying the test claimant of the duty to  
20 submit proposed parameters and guidelines within 30 days under Government Code section  
21 17557-(a).

22 (d) The test claimant and Department of Finance shall file and serve any filings made pursuant to  
23 Government Code section 17557.1 in accordance with section 1181.3 of these regulations.

24 (e) Commission staff shall notify all recipients that they shall have the opportunity to review and  
25 provide written comments concerning the draft reasonable reimbursement methodology and  
26 proposed statewide estimate of costs within 15 days of service.

27 (f) Written comments may be filed in accordance with section 1181.3 of these regulations.

28 (g) Within seven days of service of the written comments, the test claimant and Department of  
29 Finance may submit written rebuttals which shall be filed and served in accordance with section  
30 1181.3 of these regulations.

31 (h) At least 10 days prior to the next hearing, Commission staff shall review comments and issue  
32 a staff recommendation on whether the Commission should approve the draft reasonable  
33 reimbursement methodology and adopt the proposed statewide estimate of costs pursuant to  
34 Government Code section 17557.2.

35 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
36 17557, 17557.1, and 17557.2, Government Code.

37 **§ 1183.12. Reasonable Reimbursement Methodology, Included in Parameters and**  
38 **Guidelines.**

39 (a) If the claimant indicates in the proposed parameters and guidelines or comments that a  
40 reasonable reimbursement methodology, as defined in Government Code section 17518.5,  
41 should be considered for inclusion in the parameters and guidelines, or if the Department of

1 Finance, Office of the State Controller, any affected state agency, or eligible claimant proposes  
2 consideration of a reasonable reimbursement methodology, Commission staff may schedule an  
3 informal conference in accordance with section 1187.4 of these regulations to discuss the  
4 methodology and plan for submittal of a reasonable reimbursement methodology.

5 (b) A proposed reasonable reimbursement methodology, as described in Government Code  
6 section 17518.5, shall include any documentation or assumption relied upon to develop the  
7 proposed methodology.

8 (c) Commission staff shall notify all recipients that they shall have the opportunity to review and  
9 provide written comments concerning the proposed reasonable reimbursement methodology  
10 within 15 days of service.

11 (d) Proposed reasonable reimbursement methodologies and comments regarding those proposals  
12 shall be filed and served in accordance with section 1181.3 of these regulations.

13 (e) Within 15 days of service of the written comments prepared by other parties and interested  
14 parties, the party that proposed the reasonable reimbursement methodology may submit a written  
15 rebuttal to the Commission, and shall file and serve the rebuttal in accordance with section  
16 1181.3 of these regulations.

17 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
18 17518.5, 17557, 17557.1, and 17557.2, Government Code.

19 **§ 1183.13. Adoption of Parameters and Guidelines.**

20 (a) After review of the test claim decision, claimant's proposed parameters and guidelines or  
21 draft expedited parameters and guidelines, written comments, and rebuttals, Commission staff  
22 shall prepare a draft proposed decision and parameters and guidelines. Commission staff's  
23 recommendation may include a reasonable reimbursement methodology developed pursuant to  
24 Government Code section 17518.5.

25 (b) Written comments on the draft proposed decision and parameters and guidelines shall be filed  
26 and served in accordance with section 1181.3 of these regulations, by the date noticed by the  
27 executive director. A three-week period for comments shall be given, subject to the executive  
28 director's authority to expedite all matters pursuant to Government Code section 17530. All  
29 written comments timely filed shall be reviewed by Commission staff and may be incorporated  
30 into the proposed decision and parameters and guidelines.

31 (c) It is the Commission's policy to discourage the introduction of late comments, exhibits, or  
32 other evidence filed after the three-week comment period described in subdivision (b) of this  
33 section. The Commission need not rely on, and staff need not respond to, late comments,  
34 exhibits, or other evidence submitted in response to a draft proposed decision and parameters and  
35 guidelines after the comment period expires.

36 (d) The Commission shall conduct a hearing in accordance with article 7 of these regulations  
37 before adoption of the proposed decision and parameters and guidelines.

38 (e) Within 10 days of the adoption of decision and parameters and guidelines, the executive  
39 director shall send copies to the Office of the State Controller and to everyone on the mailing list  
40 described in section 1181.4 of these regulations, and shall post a copy on the Commission's  
41 website.

1 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
2 17518.5, 17530, 17553(a), and 17557, Government Code.

3 **§ 1183.14. Statewide Cost Estimate.**

4 (a) If the Commission determines that there are state-mandated costs pursuant to Government  
5 Code sections 17514, it shall adopt a statewide cost estimate of the amount within 12 months  
6 after receipt of a completed test claim unless extended to 18 months by the Commission or  
7 executive director.

8 (b) Commission staff may develop the statewide cost estimate based on initial reimbursement  
9 claims filed with the Office of the State Controller, application of a reasonable reimbursement  
10 methodology, or use a different methodology based on recommendations from the test claimant,  
11 the Department of Finance, or other interested parties.

12 (c) Before presenting a statewide cost estimate to the Commission for adoption, Commission  
13 staff shall disclose to the parties and interested parties the methodology, basis for any  
14 assumptions made, and sources of any data used to develop the estimate.

15 (d) Before adopting the statewide cost estimate, the Commission shall hold at least one  
16 informational hearing under article 8 of these regulations.

17 (e) Upon adoption of the statewide cost estimate by the Commission, a summary of the  
18 parameters and guidelines and the statewide cost estimate shall be included in the Commission's  
19 report to the Legislature required by Government Code section 17600.

20 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
21 17518.5, 17553, 17557(a), 17557.2, and 17600, Government Code.

22 **§ 1183.15. Jointly Proposed Request for Early Termination of Reasonable Reimbursement**  
23 **Methodology.**

24 (a) The test claimant and the Department of Finance may file a joint request for early termination  
25 of a reasonable reimbursement methodology with the Commission by submitting a request made  
26 pursuant to Government Code section 17557.2(e) which shall be filed and served in accordance  
27 with section 1181.3 of these regulations.

28 (b) Commission staff shall notify all recipients that they shall have the opportunity to review and  
29 provide written comments on the joint request for early termination of a reasonable  
30 reimbursement methodology within 15 days of service.

31 (c) Written comments may be filed and served in accordance with section 1181.3 of these  
32 regulations.

33 (d) Within seven days of service of the written comments, the test claimant and Department of  
34 Finance may submit written rebuttals which shall be filed and served in accordance with section  
35 1181.3 of these regulations.

36 (e) At least 10 days prior to the next hearing, Commission staff shall review comments and issue  
37 recommendation on whether the Commission should approve the joint request for early  
38 termination of a reasonable reimbursement methodology pursuant to Government Code section  
39 17557.2-(e).

1 (f) If the Commission approves a joint request for early termination, the Commission shall notify  
2 the test claimant of the duty to submit proposed parameters and guidelines to the Commission  
3 pursuant to Government Code section 17557(a), and section 1183.13 of these regulations.

4 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Section  
5 17557.2, Government Code.

6 **§ 1183.16. Expiration of Reasonable Reimbursement Methodology.**

7 (a) At least one year before the expiration of a reasonable reimbursement methodology,  
8 Commission staff shall notify the test claimant and the Department of Finance, that they may do  
9 one of the following within 60 days:

10 (1) Jointly propose amendments to the reasonable reimbursement methodology by submitting:  
11 (A) the draft reasonable reimbursement methodology, (B) a description of the steps the test  
12 claimant and the Department of Finance undertook to determine the level of support by local  
13 agencies or school districts for the draft reasonable reimbursement methodology, (C) an  
14 agreement that the reasonable reimbursement methodology developed and approved  
15 under Government Code section 17557.2 shall be in effect for a period of five years unless a  
16 different term is approved by the Commission, and (D) an estimate of the mandate's annual cost  
17 for the subsequent budget year.

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

19 (3) Allow the reasonable reimbursement methodology to expire and notify the Commission that  
20 the test claimant will submit proposed parameters and guidelines to the Commission pursuant to  
21 Government Code section 17557(a) and section 1183. 8 of these regulations or request that  
22 Commission staff prepare expedited parameters and guidelines pursuant to section 1183.9 of  
23 these regulations to replace the reasonable reimbursement methodology.

24 (b) Copies of the notice provided under subdivision (a) shall be filed and served in accordance  
25 with section 1181.3 of these regulations.

26 (c) The test claimant and the Department of Finance may jointly propose amendments to the  
27 reasonable reimbursement methodology or the continuation of a reasonable reimbursement  
28 methodology by submitting a request made pursuant to Government Code section 17557.2(f),  
29 which shall be filed and served in accordance with section 1181.3 of these regulations.

30 (d) Commission staff shall notify all recipients that they shall have the opportunity to review and  
31 provide written comments on the jointly proposed amendments or request for continuation of the  
32 reasonable reimbursement methodology within 30 days of service.

33 (e) Written comments shall be filed and served in accordance with section 1181.3 of these  
34 regulations.

35 (f) Within 15 days of service of the written comments prepared by other parties and interested  
36 parties, the test claimant and Department of Finance may submit written rebuttals which shall be  
37 filed and served in accordance with section 1181.3 of these regulations.

38 (g) At least 10 days prior to the next hearing, Commission staff shall review comments and issue  
39 a staff recommendation on whether the Commission should approve the jointly proposed  
40 amendments or the continuation of a reasonable reimbursement methodology pursuant to  
41 Government Code section 17557.2(g).

1 (h) Within 10 days of the adoption of the jointly proposed amendments or the continuation of a  
2 reasonable reimbursement methodology, the executive director shall send copies to the Office of  
3 the State Controller, and to parties and interested parties who are on the mailing list described in  
4 section 1181.4 of these regulations.

5 (i) If the test claimant or the Department of Finance fail to respond within 60 days to the notice  
6 described in subdivision (a) of this section, Commission staff shall prepare and issue draft  
7 expedited parameters and guidelines, pursuant to section 1183.9 of these regulations, within 30  
8 days of the parties' failure to respond.

9 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
10 17557, 17557.1, and 17557.2, Government Code.

11 **§ 1183.17. Amendments to Parameters and Guidelines.**

12 (a) All requests pursuant to Government Code section 17557 to amend parameters and guidelines  
13 shall include the proposed language for the specific sections of the existing parameters and  
14 guidelines that are to be changed, and include a narrative explaining why the amendment is  
15 required.

16 A request to amend parameters and guidelines may be filed to make any of the following  
17 changes to the parameters and guidelines:

18 (1) Delete any reimbursable activity that is repealed by statute or executive order after the  
19 adoption of the original or last amended parameters and guidelines.

20 (2) Update offsetting revenue and offsetting savings that apply to the mandated program and do  
21 not require a new legal finding that there are "no costs mandated by the state" under Government  
22 Code section 17556(e).

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

25 (4) Clarify reimbursable activities consistent with the original decisions on the test claim and  
26 parameters and guidelines.

27 (5) Add new reimbursable activities that are reasonably necessary for the performance of the  
28 original state-mandated program pursuant to section 1183.1(d) of these regulations.

29 (6) Define what is not reimbursable consistent with the original decisions on the test claim and  
30 parameters and guidelines.

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

32 (8) Amend the "boilerplate" language.

33 (b) For purposes of this section, "boilerplate" language is defined as the language in the  
34 parameters and guidelines that is not unique to the state-mandated program that is the subject of  
35 the parameters and guidelines.

36 (c) The addition or substitution of requesters and supporting declarations based on the original  
37 facts alleged in an existing parameters and guidelines amendment request is not an  
38 "amendment." However, new proposals for amendments must be submitted as a new parameters  
39 and guidelines amendment request.

- 1 (d) A claimant or state agency requesting an amendment to existing parameters and guidelines  
2 shall file in accordance with section 1181.3 of these regulations.
- 3 (e) Within 10 days of receipt of a request to amend parameters and guidelines, Commission staff  
4 shall send a copy to those who are on the mailing list described in section 1181.4 of these  
5 regulations, and shall post the request on the Commission's website.
- 6 (f) Commission staff shall notify all recipients that they shall have the opportunity to review and  
7 provide written comments concerning the proposed amendment of the parameters and guidelines  
8 within ~~30~~21 days of service.
- 9 (g) Written comments on the request to amend the parameters and guidelines shall be filed and  
10 served in accordance with section 1181.3 of these regulations.
- 11 (h) Written rebuttals to the comments may be filed within ~~30~~21 days of service of the comments.  
12 Written rebuttals shall be filed and served in accordance with section 1181.3 of these regulations.
- 13 (i) After review of the proposed amendment to the parameters and guidelines, written comments,  
14 and rebuttals submitted, Commission staff shall prepare a draft proposed decision and  
15 recommend whether the requester's proposed amendment to the parameters and guidelines  
16 should be adopted.
- 17 -(j) Written comments on the draft proposed decision and recommendation on the proposed  
18 amendment to the parameters and guidelines shall be filed and served with the Commission in  
19 accordance with section 1181.3 of these regulations, by the date noticed by the executive  
20 director. A three-week period for comments shall be given, subject to the executive director's  
21 authority to expedite all matters pursuant to Government Code section 17530. All written  
22 comments timely filed shall be reviewed by Commission staff and may be incorporated into the  
23 proposed decision and recommendation on the proposed amendment to the parameters and  
24 guidelines.
- 25 (k) It is the Commission's policy to discourage the introduction of late comments, exhibits, or  
26 other evidence filed after the three-week comment period described in subdivision (j) of this  
27 section. The Commission need not rely on, and staff need not respond to, late comments,  
28 exhibits, or other evidence submitted in response to a draft proposed decision after the comment  
29 period expires.
- 30 (l) An amendment shall be made only after the Commission has conducted a hearing in  
31 accordance with article 7 of these regulations.

32 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
33 17530, 17553, and 17557, Government Code.

34 **§ 1183.18. Timelines.**

35 (a) In computing any period of time prescribed by these regulations and applicable statutes,  
36 including the filing date as defined in section 1181.2 of these regulations, the following rules  
37 shall apply:

38 (1) The day of the act, event, or default from which the designated period of time begins to run  
39 shall not be included. The last day of the period so computed shall be included, unless it is a  
40 Saturday, Sunday, or state holiday.

1 (2) Days representing extensions of time and postponements of hearings granted to the parties  
2 shall be tolled and may not be counted toward the date on which a statewide cost estimate must  
3 be adopted by the Commission.

4 (3) Days following a test claimant's submission of incomplete information to the Commission,  
5 from the date on which Commission staff returns the incomplete information to the claimant up  
6 to the date on which the Commission receives complete information from the test claimant, shall  
7 be tolled and may not be counted toward the date on which a statewide cost estimate must be  
8 adopted by the Commission.

9 (4) If a party or interested party to a test claim notifies Commission staff that a reasonable  
10 reimbursement methodology may be developed for inclusion in pending parameters and  
11 guidelines, the days following the date of the notification up to the date on which a reasonable  
12 reimbursement methodology is developed, shall be tolled and may not be counted toward the  
13 date on which a statewide cost estimate must be adopted by the Commission. The days tolled  
14 shall not exceed 60 days from the date of the notification.

15 (5) If the test claimant and the Department of Finance notify the Commission staff in writing of  
16 their intent to develop a reasonable reimbursement methodology and statewide estimate of costs  
17 for the initial claiming period and budget year for reimbursement pursuant to Government Code  
18 section 17557.1, the days following the date of the notification up to the date on which a draft  
19 reasonable reimbursement methodology and proposed statewide estimate of costs are developed  
20 and submitted to the Commission, shall be tolled and may not be counted toward the date on  
21 which a statewide cost estimate must be adopted by the Commission. The days tolled shall not  
22 exceed 180 days from the date of the notification.

23 (6) Three days shall be added to any prescribed period in which a party or interested party is  
24 required or permitted to do an act after service of a document upon that party or interested party  
25 by mail. The three days added for mail service shall be tolled and may not be counted toward the  
26 date on which a statewide cost estimate must be adopted.

27 (7) Solely for the purpose of determining when a statewide cost estimate shall be adopted, test  
28 claims that are amended, severed, or consolidated shall be deemed received on the effective date  
29 of the last amendment, severance, or consolidation, unless otherwise stipulated by the parties and  
30 approved by the executive director.

31 (8) Days between the effective date of the parameters and guidelines and the date the initial  
32 reimbursement claims are due to the Office of the State Controller shall be tolled and may not be  
33 counted toward the date on which a statewide cost estimate must be adopted by the Commission.

34 (b) The following timelines shall be used by Commission staff as a reference for the timely  
35 processing of test claims, adoption of statewide cost estimates or statewide estimates of costs:

36 (1) Timeline for a Test Claim, Parameters and Guidelines, and Statewide Cost Estimate (12  
37 Months)

38 *PARTY/ACTIVITIES*

*DAY NUMBER*

39 TEST CLAIM

40 CLAIMANT files test claim with the commission.	0
41 COMMISSION staff begins counting days on the first day after receipt.	1
42 COMMISSION staff reviews test claim to determine if complete	by 10

1	COMMISSION staff sends test claim to state agencies for review.	by 10
2	COMMISSION staff convenes informal conference with parties, if	
3	necessary.	by 30
4	STATE AGENCIES file comments on test claim.	by 40
5	CLAIMANT submits rebuttal.	by 70
6	COMMISSION staff prepares the draft proposed	
7	decision on the test claim and serves on parties.	by 100
8	PARTIES submit comments on draft proposed decision	
9	on the test claim.	by 130
10	COMMISSION staff completes analysis and issues <del>pProposed Statement</del>	
11	<del>of dDecision.</del>	by 160
12	COMMISSION hears test claim and adopts a <del>Statement of D</del> decision.	by 180
13	COMMISSION staff issues <del>Statement of D</del> decision and serves on parties.	by 190
14	COMMISSION staff notifies Legislature of <del>Statement of D</del> decision	by 210

15 **PARAMETERS AND GUIDELINES**

16	CLAIMANT submits proposed Parameters and Guidelines.	by 210
17	STATE AGENCIES AND PARTIES may file comments.	by 235
18	CLAIMANT rebuts comments.	by 250
19	COMMISSION staff <del>issues</del> <del>completes</del> draft <u>proposed decision and</u>	
20	<u>Pparameters and Gguidelines</u> and serves on parties.	by 265
21	PARTIES submit comments on <del>staff's</del> draft <u>proposed decision and</u>	
22	<u>Pparameters and Gguidelines</u> .	by 275
23	COMMISSION staff <del>issues</del> <del>completes</del> <u>proposed decision and</u>	
24	<u>Pparameters and Gguidelines</u> and serves on parties.	by 279
25	COMMISSION conducts hearing and adopts <u>proposed decision and</u>	
26	<u>Pparameters and Gguidelines</u> .	by 293
27	COMMISSION staff issues <del>adopted</del> <del>decision and</del>	
28	<u>Pparameters and Gguidelines</u> .	by 303

29 **STATEWIDE COST ESTIMATE**

30	COMMISSION staff <del>prepares</del> <del>develops</del> draft <u>sstatewide ccost eEstimate</u> .	by 335
31	ALL PARTIES comment on <u>draft sStatewide cCost eEstimate</u> .	by 345
32	COMMISSION staff <del>revises</del> <u>prepares proposed sStatewide cCost eEstimate</u> .	by 350
33	COMMISSION conducts hearing and adopts <u>sStatewide cCost eEstimate</u> .	by 365
34	COMMISSION staff reports Statewide Cost Estimate to the Legislature.	by 395

35  
36 (2) Timeline for a Test Claim, Reasonable Reimbursement Methodology, and Statewide  
37 Estimate of Costs

38 PARTY/ACTIVITIES

DAY NUMBER

39 TEST CLAIM WITH REASONABLE REIMBURSEMENT METHODOLOGY (RRM) AND  
40 STATEWIDE ESTIMATE OF COSTS (SEC)

41	CLAIMANT files test claim with the Commission.	0
42	COMMISSION staff begins counting days on the first day after receipt.	1
43	COMMISSION staff reviews test claim to determine if complete.	by 10



1 COMMISSION staff sends test claim to state agencies for review. by 10  
2 COMMISSION staff convenes informal conference with parties,  
3 if necessary. by 30  
4 STATE AGENCIES file comments on test claim. by 40  
5 CLAIMANT submits rebuttal. by 70  
6 COMMISSION staff prepares the draft proposed decision  
7 on the test claim and serves on parties. by 100  
8 PARTIES submit comments on the draft proposed decision  
9 on the test claim. by 130  
10 COMMISSION staff completes analysis and issues ~~p~~Proposed  
11 ~~d~~Decision. by 160  
12 COMMISSION hears test claim and adopts a ~~D~~decision. by 180  
13 COMMISSION staff issues ~~A~~adopted ~~D~~decision and serves on parties. by 190  
14 COMMISSION staff notifies Legislature of ~~d~~Decision. by 2210

15 REASONABLE REIMBURSEMENT METHODOLOGY (RRM)  
16 AND STATEWIDE ESTIMATE OF COSTS (SEC)

17 CLAIMANT AND DEPARTMENT OF FINANCE (DOF) notify  
18 Commission in writing of their intent to follow the process in 17557.1 to  
19 develop a RRM and SEC (within 30 days after adoption of test claim decision). by 2120  
20 CLAIMANT AND DOF submit plan no later than 6 months after the date of  
21 letter of intent and sixty (60) days before hearing. by 400  
22 COMMISSION staff notifies parties of comment period. by 410  
23 INTERESTED PARTIES submit comments on the draft RRM and SEC. by 425  
24 CLAIMANT AND DOF submit written rebuttal. by 432  
25 COMMISSION staff issues submitted~~review~~ comments and staff  
26 recommendation. by 450  
27 COMMISSION conducts hearing, approves the draft RRM, and adopts the  
28 proposed SEC for the initial claiming period and budget year. by 460  
29 COMMISSION staff submits RRM to the CONTROLLER. by 470  
30 COMMISSION staff reports SEC to the Legislature. by 490

31 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
32 17527, 17532, 17553, 17555, 17557(e), 17557.1, and 17557.2, Government Code.

33 **Article 4. Review of Office of State Controller's Claiming Instructions**

34 **§ 1184.1. Review of Office of State Controller's Claiming Instructions.**

- 35 (a) Upon request of a local agency or school district, the Commission shall review claiming  
36 instructions issued by the Office of State Controller.
- 37 (b) A request to review claiming instructions shall include the following:
- 38 (1) A copy of the disputed claiming instructions.
- 39 (2) If available, correspondence or other documentation that verifies the local agency or school  
40 district sought to resolve the dispute through the Office of State Controller.
- 41 (3) A narrative that details the suggested changes and the reasons why the local agency or school  
42 district finds the claiming instructions need to be modified.

- 1 (4) The name, address, telephone number, and e-mail address of the agency contact person.
- 2 (c) An original request to review claiming instructions shall be submitted to the Commission by  
3 the local agency or school district in accordance with section 1181.3 of these regulations.
- 4 (d) Within 10 days of receipt of a request to review claiming instructions, Commission staff shall  
5 notify the local agency or school district that submitted the request if the submittal is complete or  
6 incomplete. A request to review the claiming instructions shall be considered incomplete if any  
7 of the elements required in subdivision (b) or (c) of this section are illegible or not included.  
8 Incomplete requests shall be returned to the local agency or school district. If a complete request  
9 is not received by the Commission within 30 days from the date the incomplete request was  
10 returned, the Commission shall deem the request to be withdrawn.
- 11 (e) Within 10 days of receipt of a complete request to review claiming instructions, Commission  
12 staff shall send a copy to all persons who are on the mailing list described in section 1181.4 of  
13 these regulations. Commission staff shall provide notice that written comments concerning the  
14 request to review claiming instructions may be submitted within 30 days of service of the notice  
15 of complete filing. A copy of the notice shall also be posted on the Commission's website.
- 16 (f) Written comments shall be filed and served in accordance with section 1181.3 of these  
17 regulations.
- 18 (g) Within 30 days of service of the written comments, the requester may submit a written  
19 rebuttal to the Commission which shall be filed and served in accordance with section 1181.3 of  
20 these regulations.
- 21 (h) Before hearing a request to review claiming instructions, Commission staff shall prepare a  
22 draft proposed decision that shall include a review of the request and any comments filed, and a  
23 staff recommendation on whether the request should be approved or denied.
- 24 (i) The requester and any state agency or interested party may file written comments on the draft  
25 proposed decision. Written comments shall be filed and served as described in section 1181.3 of  
26 these regulations, by the date determined and publicized by the executive director. If  
27 representations of fact are made, they must be supported by documentary evidence submitted  
28 with the comments in accordance with section 1187.5 of these regulations. A three-week period  
29 for comments shall be given, subject to the executive director's authority to expedite all matters  
30 pursuant to Government Code section 17530. All written comments timely filed shall be  
31 reviewed by Commission staff and may be incorporated into the proposed decision on the  
32 request to review and modify the claiming instructions.
- 33 (j) It is the Commission's policy to discourage the introduction of late comments, exhibits, or  
34 other evidence filed after the three-week comment period described in subdivision (i) of this  
35 section. The Commission need not rely on, and staff need not respond to, late comments,  
36 exhibits, or other evidence submitted in response to a draft proposed decision after the comment  
37 period expires.
- 38 (k) The Commission shall conduct a hearing in accordance with article 7 of these regulations on  
39 the request to review claiming instructions.
- 40 (l) If the Commission determines that the claiming instructions need to be modified, the  
41 Commission shall direct the Office of State Controller to modify the claiming instructions to  
42 conform to the parameters and guidelines.

1 (m) An approved change to the claiming instructions shall be subject to the following schedule:

2 (1) A request for review filed before the deadline for initial claims as specified in the claiming  
3 instructions shall apply to all years eligible for reimbursement as defined in the original  
4 parameters and guidelines.

5 (2) A request for review filed after the initial claiming deadline must be submitted on or before  
6 the annual reimbursement claim filing deadline set out in Government Code section 17560  
7 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

8 (n) A request to review claiming instructions may be withdrawn by written application to the  
9 executive director any time before a decision is adopted or by oral application at the time of  
10 hearing. The requesters shall file and serve the written application in accordance with section  
11 1181.3 of these regulations. Commission staff shall post a copy of the notice on the  
12 Commission's website for 60 days prior to dismissal of the request to review claiming  
13 instructions. If no other local agency or school district takes over the request to review claiming  
14 instructions by substitution of parties within 60 days of service and posting of the application to  
15 withdraw, the executive director shall issue a letter to everyone on the mailing list described in  
16 section 1181.4 of these regulations dismissing the request to review claiming instructions and  
17 shall post the letter on the Commission's website.

18 Note: Authority cited: Sections 17527(g) and 17527(h), Government Code. Reference: Sections  
19 17530, 17560, and 17571, Government Code.

## 20 **Article 5. Incorrect Reduction Claims**

### 21 **§ 1185.1. Incorrect Reduction Claim Filing.**

22 (a) To obtain a determination that the Office of State Controller incorrectly reduced a  
23 reimbursement claim, a claimant shall file an "incorrect reduction claim" with the Commission  
24 as follows:

25 (1) A county auditor, auditor-controller, or director of finance who has assumed the duties of  
26 controller, may file on behalf of a county.

27 (2) A city manager, director of finance, or other officer with a delegation by ordinance or  
28 resolution from the city council, may file on behalf of a city.

29 (3) A district superintendent may file on behalf of a school district.

30 (4) A chancellor, vice chancellor, director of finance, or other officer with authority delegated by  
31 the governing body by ordinance or resolution, may file on behalf of a community college  
32 district.

33 (5) A general manager or other officer with authority delegated by the governing body by  
34 ordinance or resolution may file on behalf of a special district.

35 (b) If a claimant intends to pursue an incorrect reduction claim on behalf of a class of claimants,  
36 it must notify the Commission of its intent to do so at the time it files its incorrect reduction  
37 claim and meet the requirements of section 1185.3 of these regulations.

38 (c) All incorrect reduction claims shall be filed with the Commission no later than three years  
39 following the date a claimant first receives from the Office of State Controller's a final state  
40 audit report, letter, remittance advice, or other written notice of adjustment to a reimbursement

1 claim, which complies with Government Code section 17558.5(c) by specifying the claim  
2 components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the  
3 overall reimbursement to the claimant, and the reason for the adjustment. The filing shall be  
4 returned to the claimant for lack of jurisdiction if this requirement is not met.

5 (d) An incorrect reduction claim shall pertain to alleged incorrect reductions in a reimbursement  
6 claim filed by one claimant. The incorrect reduction claim may be for more than one fiscal year.

7 (e) All incorrect reduction claims, or amendments thereto, shall be filed on a form provided by  
8 the Commission.

9 (f) All incorrect reduction claims, or amendments thereto, shall contain at least the following  
10 elements and documents:

11 (1) A copy of the Office of State Controller's claiming instructions that were in effect during the  
12 fiscal years of the reimbursement claims.

13 (2) A written detailed narrative that describes the alleged incorrect reductions. The narrative shall  
14 include a comprehensive description of the reduced or disallowed areas of costs.

15 (3) All representations of fact shall be supported by testimonial or documentary evidence and  
16 shall be submitted with the claim in accordance with section 1187.5 of these regulations.

17 (4) A copy of any final state audit report, letter, ~~remittance advice~~, or other written notice of  
18 adjustment from the Office of State Controller that explains the claim components adjusted,  
19 amounts reduced, and the reasons for the reduction or disallowance.

20 (5) A copy of the subject reimbursement claims the claimant submitted to the Office of State  
21 Controller.

22 (g) An incorrect reduction claim, or amendment thereto, shall be signed at the end of the  
23 document, under penalty of perjury by the claimant or its authorized representative, with the  
24 declaration that the incorrect reduction claim is true and complete to the best of the declarant's  
25 personal knowledge or information or belief. The date signed, the declarant's title, address,  
26 telephone number, and; e-mail address shall be included.

27 (h) The claimant shall file the original incorrect reduction claim, or amendment thereto, and  
28 accompanying documents with the Commission in accordance with section 1181.3 of these  
29 regulations.

30 -Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
31 17530, 17551(d), ~~and~~ 17553(d), 17558.5(c), and 17558.7(a), Government Code.

## 32 **§ 1185.2. Review of Incorrect Reduction Claims.**

33 (a) Within 10 days of receipt of an incorrect reduction claim, Commission staff shall notify the  
34 claimant if the incorrect reduction claim is complete or incomplete. Incorrect reduction claims  
35 will be considered incomplete if any of the elements ~~required~~ in section 1185.1 (a) and (b) and  
36 (d) through (h) are illegible or not included or if the requirements of those subdivisions are not  
37 met. Incomplete incorrect reduction claims shall be returned to the claimant. If a complete  
38 incorrect reduction claim is not received by the Commission within 30 days from the date the  
39 incomplete claim was returned to the claimant, the executive director shall deem the filing to be  
40 withdrawn.

1 (b) Any incorrect reduction claim, or portion of an incorrect reduction claim, that the  
2 Commission lacks jurisdiction to hear for any reason, including that the incorrect reduction claim  
3 was not filed within the period of limitation required by section 1185.1(c) of these regulations,  
4 may be dismissed by the executive director with a written notice stating the reason for dismissal.

5 ~~(c)~~ Within 10 days of receipt of a complete incorrect reduction claim, Commission staff shall  
6 provide a copy of the claim to the Office of State Controller.

7 ~~(d)~~ Commission staff shall notify the Office of State Controller that written comments and  
8 supporting documentation in connection with an incorrect reduction claim shall be filed no more  
9 than 90 days from the date the copy of the claim is provided to the Office of State Controller.  
10 Written comments and supporting documentation may be filed in accordance with section  
11 1181.3. If the written comments make representations of fact, the representations shall be  
12 supported by documentary evidence and shall be submitted with the comments in accordance  
13 with section 1187.5 of these regulations.

14 ~~(e)~~ The claimant and interested parties may submit written rebuttals to the Office of State  
15 Controller's comments within 30 days of service of the Office of State Controller's comments.  
16 Written rebuttals and supporting documentation shall be filed and served pursuant to section  
17 1181.3. If the written rebuttal involves representations of fact, the representations shall be  
18 supported by documentary evidence and shall be submitted with the rebuttal in accordance with  
19 section 1187.5 of these regulations.

20 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
21 17551(d), ~~and~~ 17553(d), 17558.5(c), and 17558.7(a), Government Code.

### 22 **§ 1185.3. Consolidation of Claims Initiated by an Individual Claimant.**

23 (a) On behalf of a class of claimants, an individual claimant may initiate the consolidation of  
24 claims alleging an incorrect reduction as described in Government Code section 17558.7, if all of  
25 the following apply:

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

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

31 (3) The consolidation of similar claims by individual claimants would result in consistent  
32 decision making by the Commission.

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

35 (b) A claimant that seeks to file a consolidated incorrect reduction claim shall notify the  
36 Commission of its intent at the time of filing on a form provided by the Commission. The  
37 consolidated incorrect reduction claim shall be filed in accordance with section 1185.1 of these  
38 regulations and contain a narrative that explains the elements in subdivision (a) of this section.

39 ~~-(c) Within 10 days of receipt of a consolidated incorrect reduction claim, Commission staff shall~~  
40 ~~notify the claimant if the consolidated incorrect reduction claim is complete or incomplete~~  
41 ~~pursuant to section 1185.1, and request the Office of the State Controller to provide the~~

1 ~~Commission, within 30 days, a list of claimants for whom the Controller has reduced similar~~  
2 ~~claims under the same mandate, and the date each claimant was notified of an adjustment. A~~  
3 ~~consolidated incorrect reduction claim is incomplete if the claim has not been filed in accordance~~  
4 ~~with subdivision (b) of this section, or is illegible. Incomplete consolidated incorrect reduction~~  
5 ~~claims shall be returned to the claimant. If a complete consolidated incorrect reduction claim is~~  
6 ~~not received by the Commission within 30 days from the date the incomplete claim was returned~~  
7 ~~to the claimant, the executive director shall deem the filing to be withdrawn.~~

8 (d) Any consolidated incorrect reduction claim, or portion of a consolidated incorrect reduction  
9 claim, that the Commission lacks jurisdiction to hear for any reason may be dismissed by the  
10 executive director in accordance with section 1185.2(b) of these regulations.

11 (e) If the consolidated incorrect reduction claim is complete, Commission staff shall request the  
12 Office of the State Controller to provide the Commission, within 30 days, a list of claimants for  
13 whom the Controller has reduced similar claims under the same mandate, and the date each  
14 claimant was notified of an adjustment.

15 ~~(d)~~ Upon receipt of the list from the Office of the State Controller, the Commission shall notify  
16 the list of other claimants experiencing similar reductions by the Controller under the same  
17 mandate and other interested parties of the original claimant's intent to consolidate an incorrect  
18 reduction claim.

19 Note: Authority cited: Sections 17527(g), 17553(a)<sub>2</sub> and 17558.7(g), Government Code.  
20 Reference: Sections 17558.5(c) and 17558.7, Government Code.

#### 21 **§ 1185.4. Joining a Consolidated Incorrect Reduction Claim.**

22 (a) Within 30 days of receipt of the Commission's notice regarding the original claimant's notice  
23 of intent to consolidate an incorrect reduction claim, any other eligible claimant may, on a form  
24 provided by the Commission, file a notice of intent to join the consolidated incorrect reduction  
25 claim.

26 (b) All notices of intent to join a consolidated incorrect reduction claim shall comply with  
27 section 1185.1(c) and contain at least the following elements and documents:

28 (1) A copy of the final state audit report, letter, ~~remittance advice~~, or other written notice of  
29 adjustment from the Office of State Controller that explains the claim components adjusted,  
30 amounts reduced, and the reasons for the reduction or disallowance.

31 (2) A copy of the subject reimbursement claims submitted to the Office of State Controller.

32 (3) A notice of intent to join a consolidated incorrect reduction claim shall include a certification  
33 by the joining claimant authorizing the original claimant to act as its representative in the  
34 consolidated incorrect reduction claim, and a declaration under penalty of perjury that the filing  
35 is true and complete to the best of the declarant's personal knowledge or information or belief.  
36 The date signed, the declarant's title, address, telephone number, and, e-mail address shall be  
37 included. All representations of fact shall be supported by testimonial or documentary evidence  
38 and shall be submitted in accordance with section 1187.5 of these regulations.

39 (4) The joining claimant shall file one original notice of intent to join and accompanying  
40 documents with the Commission in accordance with section 1181.3 of these regulations.

1 (c) Within 10 days of receipt of a notice of intent to join a consolidated incorrect reduction claim,  
2 Commission staff shall notify the joining claimant if the notice of intent to join is complete or  
3 incomplete. Notices of intent to join a consolidated incorrect reduction claim will be considered  
4 incomplete if any of the elements required in subdivision (b) of this section are illegible or not  
5 included. Incomplete notices of intent shall be returned to the joining claimant. If a complete  
6 notice of intent to join a consolidated incorrect reduction claim is not received by the  
7 Commission within 30 days from the date the incomplete notice of intent was returned to the  
8 joining claimant, the Commission shall deem the filing to be withdrawn.

9 (d) Any notice of intent to join the consolidated incorrect reduction claim, or portion thereof, that  
10 the Commission lacks jurisdiction to hear for any reason, including that the notice was not filed  
11 within the period of limitation required by section 1185.1(c) of these regulations, may be  
12 dismissed by the executive director with a written notice stating the reason for dismissal.

13 Note: Authority cited: Sections 17527(g), 17553(a), and 17558.7(g), Government  
14 Code. Reference: Sections 17558.5(c) and 17558.7, Government Code.

### 15 **§ 1185.5. Opting Out of a Consolidated Incorrect Reduction Claim.**

16 Pursuant to Government Code section 17558.7(f), each claimant that files a notice of intent to  
17 join a consolidated incorrect reduction claim may opt out and not be bound by any determination  
18 made on the consolidated claim.

19 (a) To opt out of a consolidated incorrect reduction claim, claimants shall file a written notice  
20 with the Commission within 15 days of service of the Office of State Controller's comments. A  
21 copy of the notice must be served in accordance with section 1181.3.

22 (b) No later than one year after opting out, or within the ~~statute~~period of limitations under section  
23 1185.1(c), whichever is later, a claimant that opts out of a consolidated claim shall file an  
24 individual incorrect reduction claim in accordance with section 1185.1 of these regulations in  
25 order to preserve its right to challenge a reduction made by the Controller on that same mandate.

26 (c) If a claimant opts out of a consolidated incorrect reduction claim and an individual incorrect  
27 reduction claim for that entity is already on file with the Commission, the individual filing is  
28 automatically reinstated.

29 Note: Authority cited: Sections 17527(g), 17553(a), and 17558.7(g), Government Code.  
30 Reference: Sections 17558.5 and 17558.7, Government Code.

### 31 **§ 1185.6. Executive Director's Authority to Consolidate or Sever Incorrect Reduction** 32 **Claims.**

33 The executive director may consolidate or sever part or all of any incorrect reduction claim with  
34 another incorrect reduction claim, if necessary to ensure the complete, fair, or timely  
35 consideration of any incorrect reduction claim.

36 (a) At least 30 days before the action is taken, the executive director shall simultaneously serve  
37 on all persons on the mailing list described in section 1181.4 of these regulations a notice of any  
38 proposed action to consolidate or sever and shall post the notice on the Commission's website.

39 (b) During the 30-day notice period, a claimant may serve and file a written request that an  
40 individual incorrect reduction claim be severed from a proposed consolidation. Timely requests  
41 to sever shall be approved by the executive director.

1 (c) Late requests for severing an individual incorrect reduction claim shall be denied.

2 Note: Authority cited: Sections 17527(g), 17553(a), and 17558.8(b), Government Code.

3 Reference: Sections 17530, 17554, and 17558.8, Government Code.

4 **§ 1185.7. Review of Completed Incorrect Reduction Claims and Preparation of Proposed**  
5 **Decision.**

6 (a) The Commission shall conduct a hearing in accordance with article 7 of these regulations  
7 before adopting a decision on an individual or consolidated incorrect reduction claim.

8 (b) Before hearing an individual or consolidated incorrect reduction claim, Commission staff  
9 shall prepare a proposed decision for the incorrect reduction claim that shall include a review of  
10 the incorrect reduction claim, comments and rebuttals filed on the claim and, to the extent that it  
11 is relevant to the claim, a review of the test claim decision and decision and parameters and  
12 guidelines. The proposed decision shall also include a staff recommendation on whether the  
13 claimant's reimbursement claim was incorrectly reduced.

14 (c) At least eight weeks before the hearing or at a time required by the executive director or  
15 stipulated to by the claimant and the Office of State Controller, Commission staff shall distribute  
16 the draft proposed decision to all those on the mailing list described in section 1181.4 of these  
17 regulations.

18 (d) Written comments shall be filed and served as described in section 1181.3 of these  
19 regulations, by the date determined and publicized by the executive director. A three-week  
20 period for comments shall be given, subject to the executive director's authority to expedite all  
21 matters pursuant to Government Code section 17530. All written comments timely filed shall be  
22 reviewed by Commission staff and may be incorporated into the proposed decision for the  
23 incorrect reduction claim.

24 (e) It is the Commission's policy to discourage the introduction of late comments, exhibits, or  
25 other evidence filed after the three-week comment period described in subdivision (d) of this  
26 section. The Commission need not rely on, and staff need not respond to, late comments,  
27 exhibits, or other evidence submitted in response to a draft proposed decision after the comment  
28 period expires.

29 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
30 17530 and 17551(d), Government Code.

31 **§ 1185.8. Withdrawal of Incorrect Reduction Claims.**

32 (a) An incorrect reduction claim, except for a claim by the original claimant in a consolidated  
33 incorrect reduction claim, may be withdrawn by written application any time before a decision is  
34 adopted or by oral application at the time of hearing. If an application is made, the executive  
35 director shall issue a letter to the claimant and the State Controller dismissing the claim.

36 (b) An incorrect reduction claim, by the original claimant in a consolidated incorrect reduction  
37 claim, may be withdrawn by written application any time before a decision is adopted or by oral  
38 application at the time of hearing. The original claimant shall file and serve the written  
39 application in accordance with section 1181.3 of these regulations and Commission staff shall  
40 post a copy of the notice on the Commission's website for 60 days prior to dismissal of the  
41 incorrect reduction claim. If one of the joint claimants takes over the claim, it shall, within 60



1 days of providing notice of its intent to take over the claim, perfect the filing by submitting the  
2 written narrative as required by section 1185.1. If none of the joint claimants takes over the claim  
3 by substitution of parties within 60 days of service and posting of the application to withdraw,  
4 the executive director shall issue a letter to everyone on the mailing list described in section  
5 1181.4 of these regulations dismissing the claim and providing the joint claimants with an  
6 opportunity to perfect their individual claims within 60 days of service by submitting the written  
7 narrative as required by section 1185.1. The letter shall be posted on the Commission's website.

8 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Section  
9 17551(d), Government Code.

10 **§ 1185.9. Reinstatement of Costs.**

11 If the Commission determines that a reimbursement claim was incorrectly reduced, the  
12 Commission shall send the decision to the Office of State Controller and request that the Office  
13 of State Controller reinstate the costs that were incorrectly reduced.

14 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Section  
15 17551(d), Government Code.

16 **Article 6. State Mandates Apportionment System**

17 **§ 1186.1. Definitions: State Mandates Apportionment System.**

18 (a) Request for Inclusion. A Request for Inclusion is a factual statement about a mandated cost  
19 program and a petition for a review of the described program by the Commission on State  
20 Mandates. The review is intended to result in a decision whether or not to include the program in  
21 the State Mandates Apportionment System.

22 (b) Stable costs. Stable costs are those costs incurred by local agencies or school districts as a  
23 result of implementing a mandated cost program which, when reviewed on a statewide basis over  
24 a three-year period, have not fluctuated significantly.

25 (c) Request for Removal. A Request for Removal is a factual statement about significant  
26 modifications or amendments to a program which is part of the State Mandates Apportionment  
27 System. The statement is intended to result in the discontinuance of the program in the State  
28 Mandates Apportionment System.

29 Note: Authority cited: Sections 17527(g) and 17615, Government Code. Reference: Sections  
30 17615 and 17615.1, Government Code.

31 **§ 1186.2. Request for Inclusion.**

32 (a) Any local agency, school district, the Department of Finance or the State Controller's Office  
33 may request that the Commission review a mandated cost program for possible inclusion in the  
34 State Mandates Apportionment System in accordance with Government Code section 17615.1.

35 (b) In order to obtain a review and determination regarding inclusion in the system, a local  
36 agency, school district or state agency must file a "Request for Inclusion" with the Commission.

37 (c) The request for inclusion must contain at least the following:

38 (1) The chapter number of the law which established the mandated cost program(s).

1 (2) A detailed narrative describing the mandated cost program with an explanation of the reasons  
2 why the mandated cost program should be included in the State Mandates Apportionment  
3 System.

4 (3) Any other pertinent information which will substantiate the request or which would have a  
5 bearing on the decision of the Commission in this matter.

6 (d) The Commission shall consider the recommendation submitted from the Controller for each  
7 new mandate submitted for inclusion in the State Mandates Apportionment System in  
8 accordance with Government Code section 17615.4(c).

9 (e) Requests for inclusion will be considered incomplete if any of the preceding elements or  
10 documents required in subdivision (c) of this section are illegible or not included. Incomplete  
11 requests for inclusion shall be returned to the requester for completion.

12 (f) Requests for inclusion filings and any state agency recommendations shall be subject to the  
13 requirements of article 7 of these regulations beginning at section 1187.1.

14 Note: Authority cited: Sections 17527(g), 17615<sub>2</sub> and 17615.1, Government Code. Reference:  
15 Sections 17615, 17615.1<sub>1</sub> and 17615.4, Government Code.

16 **§ 1186.3. Adoption of Finding for Request for Inclusion.**

17 (a) The Commission, after reviewing the request for inclusion and conducting at least one  
18 hearing in accordance with article 7 of these regulations, shall adopt a finding that the mandated  
19 program will or will not be included in the State Mandates Apportionment System.

20 (b) The primary criteria to be used by the Commission in making a determination will include a  
21 review of the mandated program to determine if the program has a history of stable costs for  
22 most claimants, if the mandated program has been recently modified, and if inclusion would  
23 accurately reflect the costs of the state mandated program.

24 (c) Upon adoption of a finding that a mandated program should be included in the State  
25 Mandates Apportionment System, the Commission shall direct the Controller to include the  
26 program in the system.

27 Note: Authority cited: Sections 17527(g) and 17615.1, Government Code. Reference: Sections  
28 17615.1 and 17615.4, Government Code.

29 **§ 1186.4. Request for Removal.**

30 (a) Any local agency, school district, or state agency may request that the Commission review a  
31 mandated program included in the State Mandates Apportionment System that has been modified  
32 or amended by the Legislature or an executive order for possible removal of the program from  
33 the system in accordance with Section 17615.7 of the Government Code.

34 (b) In order to obtain a review and determination regarding removal of a program from the  
35 system, a local agency, school district, or state agency must file a "Request for Removal" with  
36 the Commission.

37 (c) The request for removal must contain at least the following elements:

38 (1) The chapter number or executive order of the law which established the mandated cost  
39 program.

1 (2) The chapter number of the law or the executive order which significantly modified or  
2 amended the costs of the program or a detailed description of the circumstances or events which  
3 have caused the changes.

4 (3) A detailed narrative describing the mandated cost program with an explanation of the reasons  
5 why the mandated program should no longer be included in the State Mandates Apportionment  
6 System.

7 (4) Any other information which will substantiate the request or which would have a bearing on  
8 the decision of the Commission in this matter.

9 (d) Requests for Removal will be considered incomplete if any of the preceding elements or  
10 documents required in subdivision (c) of this section are illegible or not included. Incomplete  
11 Requests for Removal shall be returned to the requester for completion.

12 (e) Request for removal filings and any state agency recommendations shall be subject to the  
13 requirements of article 7 of these regulations beginning at section 1187.

14 Note: Authority cited: Sections 17527(g) and 17615.7, Government Code. Reference: Section  
15 17615.7, Government Code.

16 **§ 1186.5. Adoption of Finding for Request for Removal.**

17 (a) The Commission, after reviewing the request for removal and conducting at least one hearing  
18 in accordance in article 7 of these regulations, shall adopt a finding that the mandated program  
19 will or will not continue to be included in the State Mandates Apportionment System.

20 (b) The primary criteria to be used by the Commission in making a determination regarding  
21 removal will include whether the mandated program was significantly modified or amended by  
22 the Legislature or by executive order so as to affect the ongoing costs of the program in a way  
23 that the historical costs of the program are no longer an accurate reflection of continuing costs.

24 (c) Upon adoption of a finding that a mandated program should be removed from the system, the  
25 Commission shall direct the Controller to remove the program from the system. In that direction  
26 to the Controller, the Commission shall specify if the program will be removed temporarily or  
27 for an indefinite period of time.

28 Note: Authority cited: Sections 17527(g) and 17615.5, Government Code. Reference: Sections  
29 17615.5 and 17615.7, Government Code.

30 **§ 1186.6. Reviewing an Apportionment or Base Year Entitlement.**

31 (a) Upon request of a local agency, school district or state agency the Commission shall review  
32 the apportionment or base year entitlement pursuant to Government Code section 17615.8(a).

33 (b) In order to obtain a review of an apportionment or base year entitlement a "Request for  
34 Review" shall be filed with the Commission.

35 (c) The request for review shall contain at least the following elements:

36 (1) Identification of the mandated program that is alleged to require review.

37 (2) A detailed narrative describing the need to modify the apportionment or base year  
38 entitlement.

- 1 (3) A statement to the effect that the other mandated programs included in the local agency or  
2 school district's apportionment are not overfunded in an amount sufficient to offset any  
3 underfunding.
- 4 (4) Cost information that outlines the amount of the funding for the total apportionment and the  
5 calculations necessary to show that the program needing modification either under or over  
6 reimburse the local agency or school district's actual costs by 20 percent or by \$1,000, whichever  
7 is less.
- 8 Note: Authority cited: Sections 17527(g) and 17615.8(a), Government Code. Reference: Section  
9 17615.8, Government Code.

10 **§ 1186.7. Adjustment to Apportionment.**

- 11 (a) The Commission, after reviewing an apportionment or base year entitlement and conducting  
12 at least one hearing in accordance with article 7 of these regulations, shall adopt a finding that  
13 the apportionment or base year entitlement will or will not be adjusted.
- 14 (b) If the Commission determines that a local agency or school district's apportionment falls  
15 short of reimbursing for all mandates upon which the apportionment or base year entitlement is  
16 based by 20 percent or by \$1,000, whichever is less, then the Commission shall direct the  
17 Controller to adjust the apportionment accordingly.
- 18 (c) If the Commission determines that a local agency or school district's apportionment  
19 adequately reflects the costs incurred by the local agency or school district for all mandates upon  
20 which that apportionment is based, the Commission may, in its discretion, direct the Controller  
21 to withhold the costs of the Commission's review from the next apportionment to the local  
22 agency or school district. A direction to withhold costs from the next apportionment will be  
23 made only when the Commission determines that the request to review an apportionment was  
24 frivolous and without merit.

25 Note: Authority cited: Sections 17527(g) and 17615.8(a), Government Code. Reference: Section  
26 17615.8, Government Code

27 **Article 7. Quasi-Judicial Hearing Procedures and Decisions**

28 **§ 1187.1. Scheduling and Noticing the Hearing.**

- 29 (a) A "matter," subject to hearings and decisions under article 7 of these regulations, shall  
30 include test claims, proposed parameters and guidelines, requests to amend parameters and  
31 guidelines, incorrect reduction claims, requests for inclusion or removal from the State Mandates  
32 Apportionment System, requests for review of apportionment or base year entitlement for  
33 programs included in the State Mandates Apportionment System, requests for review of the  
34 Office of State Controller's claiming instructions, and requests for mandate redetermination.
- 35 (b) A matter is set for hearing when Commission staff issues its draft proposed decision. A  
36 written notice of the date, time, and place of hearing shall be provided to everyone on the  
37 mailing list as described in section 1181.4 of these regulations and shall be posted on the  
38 Commission's web site.

39 Note: Authority cited: Sections 17527(g), 17553(a), 17558.7(g), and 17558.8(b), Government  
40 Code. Reference: Sections 17551, 17553(a), 17557, 17571, 17615.1, 17615.4, 17615.7, 17615.8,  
41 and 17615.9, Government Code.

1 **§ 1187.2. Assignment to Hearing Panels/Hearing Officers.**

2 (a) After an informational hearing, in accordance with Article 8 of these regulations, the  
3 Commission's chairperson may assign a matter before the Commission to a hearing panel  
4 consisting of one or more members or to a hearing officer for hearing and preparation of a  
5 proposed decision that may be adopted as the decision in the case.

6 (b) Assignments by the Commission chairperson of members on hearing panels shall be rotated  
7 among the members with the composition of the members so assigned being varied and changed  
8 to assure that there shall never be a fixed and continued composition of members.

9 (c) A matter shall be heard and decided by the Commission itself at the request of any two  
10 members of the Commission.

11 Note: Authority cited: Sections 17527(c), 17527(g)<sub>2</sub> and 17553(a), Government Code. Reference:  
12 Sections 17532 and 17551, Government Code.

13 **§ 1187.3. Objection to Hearing Panel, Hearing Officer, or Commission Member.**

14 (a) Any party may ask that a matter be heard by the Commission itself rather than by a hearing  
15 panel or hearing officer.

16 (b) Any party may request the disqualification of any hearing officer or Commission member  
17 before the taking of evidence at a hearing by filing an affidavit stating with particularity the  
18 grounds upon which it is claimed that a fair and impartial hearing cannot be accorded. Where the  
19 request concerns a Commission member, the issue shall be determined by the other members of  
20 the Commission. Where the request concerns the hearing officer, the issue shall be determined  
21 by the Commission itself, if the Commission itself hears the case with the hearing officer;  
22 otherwise the issue shall be determined by the hearing officer.

23 Note: Authority cited: Sections 17527(c), 17527(g)<sub>2</sub> and 17553(a), Government Code. Reference:  
24 Sections 17527, 17532<sub>2</sub> and 17551, Government Code.

25 **§ 1187.4. Informal Conference.**

26 (a) An informal conference may be scheduled by the Commission or the executive director of  
27 their own accord or by request of a party or interested party to the matter in question. The parties  
28 and interested parties to the matter shall be invited to participate. With the consent of the parties,  
29 the informal conference may be a teleconference.

30 -(b) At least 10 days before any informal conference, Commission staff shall serve notice of the  
31 conference to those on the mailing list for the matter in question as established pursuant to  
32 section 1181.4 of these regulations.

33 (c) The purpose of an informal conference may be to:

34 (1) Set dates for receiving comments or claimant rebuttal; completing the proposed decision; and  
35 hearing the matter.

36 (2) Give the claimant or requester the opportunity to present the matter and to respond to  
37 questions from Commission staff and parties and interested parties for the purpose of resolving  
38 or clarifying issues of fact or law.

1 (3) Consider whether a reasonable reimbursement methodology may be developed and included  
2 in the parameters and guidelines.

3 (4) Review a draft reasonable reimbursement methodology and proposed statewide estimate of  
4 costs that are jointly prepared by the test claimant and the Department of Finance pursuant to  
5 Government Code section 17557.1.

6 (5) Identify issues and determine methods of resolving those issues.

7 -(d) Any party may notify the executive director of any interested parties who should be invited  
8 to attend an informal conference.

9 -(e) Anything said, any document disclosed, and any new representations of fact made during an  
10 informal conference shall not be made part of the administrative record of a test claim unless  
11 properly admitted into the record through the submission of an amendment to a test claim,  
12 written comment, rebuttal, or public testimony.

13 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
14 17518.5, 17530, 17551, 17553(a), and 17557.1, Government Code.

15 **§ 1187.5. Evidence Submitted to the Commission.**

16 (a) The hearings will not be conducted according to technical rules relating to evidence and  
17 witnesses. Any relevant non-repetitive evidence shall be admitted if it is the sort of evidence on  
18 which responsible persons are accustomed to rely in the conduct of serious affairs. Irrelevant and  
19 unduly repetitious evidence shall be excluded. Hearsay evidence may be used for the purpose of  
20 supplementing or explaining other evidence but shall not be sufficient in itself to support a  
21 finding unless it would be admissible over objection in civil actions.

22 (b) Oral or written representations of fact offered by any person at an article 7 hearing shall be  
23 under oath or affirmation. All written representations of fact submitted to the Commission must  
24 be signed under penalty of perjury by persons who are authorized and competent to do so and  
25 must be based upon the declarant's personal knowledge or information or belief.

26 (c) Official notice may be taken in the manner and of the information described in Government  
27 Code Section 11515.

28 (d) Each party shall have the right to present witnesses, introduce exhibits, and propose to the  
29 chairperson questions for opposing witnesses. Evidence may be submitted to support or rebut  
30 any issue. If declarations are to be used in lieu of testimony, the party proposing to use the  
31 declaration shall comply with Government Code Section 11514.

32 Note: Authority cited: Sections 17527(e), 17527(g), 17553, 17557, 17610, 17621, and 17622,  
33 Government Code. Reference: Sections 11514, 11515, 17527(e), 17553, and 17557, Government  
34 Code.

35 **§ 1187.6. Conduct of Hearing.**

36 (a) Each party shall have the right to present witnesses, to introduce exhibits, and to propose to  
37 the chairperson questions for opposing witnesses in support or rebuttal of any matter relevant to  
38 the issues even though that matter was not covered in the direct examination.

39 (b) The presiding member, Commission members, hearing panel member or hearing officer may  
40 question any party or witness and may admit any relevant and material evidence.

1 (c) The taking of evidence in a hearing shall be controlled by the Commission or hearing officer  
2 in the manner best suited to ascertain the facts and safeguard the rights of the parties. Prior to  
3 taking evidence, the issues and the order of presenting evidence will be explained.

4 (d) The hearing will ordinarily proceed in the following manner. Staff of the Commission will  
5 summarize the matter. The claimant will state its position and present its evidence. The  
6 Department of Finance or other affected state agency will thereafter state its position and present  
7 its evidence. The claimant will then be given an opportunity to reply.

8 (e) The Commission or hearing officer may call a party, or any other person who is present, to  
9 testify under oath or affirmation. Any member of the Commission, its executive director, or  
10 hearing officer may question witnesses.

11 (f) The Commission or the executive director may require that prepared written testimony or  
12 other evidence be submitted in advance of any hearing, for the purpose of facilitating the orderly  
13 consideration of issues at the hearing.

14 -(g) Commission public hearings shall be recorded by stenographic reporter or electronic  
15 recording or both. The transcript or recordings shall be kept for the period of time required by  
16 applicable law governing the retention of records of state agency public proceedings, or until  
17 conclusion of administrative or judicial proceedings, whichever is later.

18 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
19 17527(c), 17532, 17551, and 17553(a), Government Code.

#### 20 **§ 1187.7. Witnesses and Subpoenas.**

21 (a) A party shall arrange for the presence of its own witnesses at a hearing on a claim.

22 (b) A subpoena may be issued upon a majority vote of the Commission. A party requesting a  
23 subpoena shall submit a written application to the Commission at least six weeks prior to the  
24 Commission meeting at which the request will be considered.

25 (c) An application for a subpoena to compel the attendance of a witness shall be made by  
26 affidavit and shall give the name and address of the person to be subpoenaed, shall describe the  
27 matters to be testified on, shall set forth in detail the relevance to the issues involved in the claim,  
28 shall specify the date, time, and place of the hearing on the claim and that, to the best of the  
29 applicant's personal knowledge or information or belief, the person to be subpoenaed has  
30 knowledge of the matters. If the applicant is unable to obtain the name of the person who has  
31 knowledge of the matters, the name of the director of the state or local agency or superintendent  
32 of a school district may be used for the application.

33 (d) An application for subpoena duces tecum for the production by a witness of books, papers,  
34 correspondence, memoranda, or other records, including records of the claimant, shall be made  
35 by affidavit and shall give the name and address of the person to be subpoenaed, shall describe  
36 the matters or things desired to be produced, shall set forth in detail the relevance to the issues  
37 involved in the claim, shall specify the date on which the matters shall be produced, and that, to  
38 the best of the applicant's personal knowledge or information or belief, the witness has the  
39 matters or things in his or her possession or under his or her control and that none of the matters  
40 or things desired to be produced are public records accessible to the public pursuant to Section  
41 6250 et seq., of the Government Code. If the applicant is unable to obtain the name of the person  
42 who has possession or control of the matters or things desired to be produced, the name of the

1 director or superintendent or custodian of records of the state or local agency or school district  
2 may be used for the application.

3 (e) When a request for subpoena or subpoena duces tecum is approved by the Commission, the  
4 subpoena or subpoena duces tecum shall be issued signed by the executive director, but  
5 otherwise be blank.

6 (f) Before service, all appropriate portions of the blank subpoena or subpoena duces tecum shall  
7 be completed by the requesting party, and the name, address, and telephone number of the  
8 requesting party shall be included on the form. Service of subpoenas and subpoenas duces tecum  
9 shall be made with a copy of the affidavit and shall be arranged for by requesting parties.

10 (g) Except as otherwise provided in this section, service of subpoenas or subpoenas duces tecum  
11 shall be in accordance with the provisions of Section 1985 et seq., of the Code of Civil  
12 Procedure.

13 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
14 17527(d), 17551, and 17553(a), Government Code.

15 **§ 1187.8. Representation at Hearing.**

16 (a) A party may appear in person or through an authorized representative. When using an  
17 authorized representative, a party shall designate in writing the authorized representative to act as  
18 its sole representative and shall file and serve written notice identifying the authorized  
19 representative in accordance with section 1181.3 of these regulations.

20 (b) A representative of a party shall be deemed to control all matters respecting the interest of  
21 that party in the proceeding. All correspondence and communications shall be forwarded to the  
22 authorized representative.

23 (c) Withdrawal of appearance of any representative may be effected by filing and serving a  
24 written notice of withdrawal in accordance with section 1181.3 of these regulations. Any change  
25 in representation shall be authorized by the party in writing and filed and served in accordance  
26 with section 1181.3 of these regulations.

27 Note: Authority cited: 17527(c), 17527(g), 17551, 17553(a), 17555, 17620, 17621, and 17622,  
28 Government Code. Reference: Sections 17527(c), 17551, and 17553, Government Code.

29 **§ 1187.9. Extensions of Time to File Comments or Rebuttals and Postponements and**  
30 **Continuances of Hearings.**

31 (a) Requests for Extensions of Time

32 Any party or interested party to a matter may request an extension of time by filing a request  
33 with the executive director before the date set for filing of comments or rebuttals with  
34 Commission staff on that matter. The request shall fully explain the reasons for the extension,  
35 propose a new date for filing, and be simultaneously served in accordance with section 1181.3 of  
36 these regulations. So long as a postponement of a hearing would not be required, there is no  
37 prejudice to any party or interested party, and there is no other good reason for denial, the  
38 request shall be approved. A party to a matter may request an extension of time that would  
39 necessitate rescheduling a hearing, but shall also include a request for postponement of the  
40 hearing, pursuant to section 1187.9(b). Within two business days of receipt of the request, the



1 executive director shall determine whether the extension will be granted and notify all persons on  
2 the mailing list prepared pursuant to section 1181.4 of these regulations.

3 (b) -Requests for Postponement of Hearing

4 A party to an article 7 matter may request a postponement of a hearing on that matter, until the  
5 next regularly scheduled hearing. Although postponements of hearings are disfavored, each  
6 request for a postponement must be considered on its own merits. The request shall fully explain  
7 the reasons for the postponement, and be filed and served in accordance with section 1181.3 of  
8 these regulations. Within two business days of receipt of the request, the executive director shall  
9 determine whether the postponement will be granted and notify all persons on the mailing list  
10 prepared pursuant to section 1181.4 of these regulations. The executive director may postpone  
11 the matter only on an affirmative showing of good cause.

12 (1) Circumstances that may indicate good cause include:

13 (A) The unavailability of a party, party representative, or witness because of death, illness, or  
14 other excusable circumstances;

15 (B) The substitution of a party representative, but only where there is an affirmative showing that  
16 the substitution is required in the interests of justice;

17 (C) The addition of a new party if:

18 1. The new party has not had a reasonable opportunity to prepare for hearing; or

19 2. The other parties have not had a reasonable opportunity to prepare for hearing in regard to the  
20 new party's involvement in the matter;

21 (D) A party's excused inability to obtain essential testimony, documents, or other material  
22 evidence despite diligent efforts;

23 (E) A significant, unanticipated change in the status of the matter as a result of which the matter  
24 is not ready for hearing; or

25 (F) The number and complexity of the issues.

26 (2) Other factors to be considered: In determining whether to grant a postponement, the  
27 executive director shall consider the facts and circumstances that are relevant to the  
28 determination. These may include:

29 (A) The proximity of the hearing date;

30 (B) Whether there was any previous postponement, extension of time, or delay of hearing due to  
31 any party;

32 (C) The length of the postponement requested;

33 (D) The availability of alternative means to address the problem that gave rise to the request for a  
34 postponement;

35 (E) The prejudice that parties or witnesses will suffer as a result of the postponement;

36 (F) If the matter was granted expedited scheduling, the reasons for that status and whether the  
37 need for a postponement outweighs the need to avoid delay;

- 1 (G) The Commission’s backlog of matters and the impact of granting a postponement on other  
2 pending matters;
- 3 (H) Whether the claimant or requester representative is engaged in a trial or other hearing that  
4 conflicts with the Commission hearing;
- 5 (I) Whether, pursuant to Government Code 17554, all parties have stipulated to a postponement;  
6 and
- 7 (J) Whether the interests of justice are best served by a postponement, by moving forward with  
8 the hearing on the matter, or by imposing conditions on the postponement.

9 (3) Approval of Requests for Postponement

10 (A) A request filed by the claimant or requester at least 15 days before the hearing shall be  
11 approved by the executive director for good cause.

12 (B) A request filed by stipulation of the parties, including the claimant or requester, shall be  
13 approved by the executive director for good cause.

14 (C) A request filed by the claimant or requester less than 15 days before the hearing may be  
15 approved by the executive director for good cause.

16 (D) A request filed by an interested party may be approved by the executive director for good  
17 cause. If a state agency makes a request before filing comments on the test claim, that request  
18 shall be accompanied by a notice of intent to oppose the test claim in whole or in part.

19 (4) Postponement on Commission Staff’s Own Motion: The executive director may postpone a  
20 hearing on a matter for good cause and shall notify all persons on the mailing list prepared  
21 pursuant to section 1181.4 of these regulations.

22 (c) -Continuance of a Hearing

23 (1) Prior to the adoption of its written decision on the matter being heard, the Commission on its  
24 own motion, or upon a clear showing of good cause at the request of a party, may continue a  
25 hearing to another time or place. Written notice of the time and place of the continued hearing,  
26 except as provided herein, shall be in accordance with section 1187.1 of these regulations. When  
27 a continuance is ordered during a hearing, oral notice of the time and place of the continued  
28 hearing may also be given to each party present at the hearing.

29 -(2) In determining whether there is good cause for a continuance within the meaning of  
30 subdivision (a) the following policy should be taken into consideration: Continuances are not  
31 favored by the Commission. The parties are expected to submit for decision all matters in  
32 controversy at a single hearing and to produce at the hearing all necessary evidence, including  
33 witnesses, documents and all other matters considered essential in the proof of a party's  
34 allegations. Continuances will be granted only upon a clear showing of good cause.

35 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
36 17527, 17551, and 17553(a), Government Code; and California Rules of Court, Rule 3.1332.

37 **§ 1187.10. Decision; Action on Proposed Decision.**

38 (a) The Commission shall adopt a decision for all matters subject to hearings and decisions under  
39 article 7 of these regulations.

- 1 (b) If a matter is heard before the Commission itself, the Commission may adopt the proposed  
2 decision on the same day as the hearing.
- 3 (c) If a matter is heard by a hearing panel or a hearing officer alone, the panel or hearing officer  
4 shall prepare a proposed decision that may be adopted as the decision of the Commission at the  
5 next Commission meeting.
- 6 (d) A copy of the proposed decision shall be filed by Commission staff as a public record and a  
7 copy of the proposed decision shall be served by Commission staff on each party. The  
8 Commission itself may adopt the proposed decision or decide the case itself, provided that the  
9 Commission itself shall decide no matters provided for in this subdivision without affording the  
10 parties the opportunity to present either oral or written argument before the Commission.
- 11 (e) If the proposed decision of Commission staff is not adopted by the Commission, as provided  
12 in subsections (b) or (c), the Commission shall direct appropriate modification of the proposed  
13 decision and thereafter adopt it as the Commission's decision.
- 14 (f) Except as provided for in subdivision (b), the proposed decision shall be prepared within a  
15 reasonable time following submission of the matter to the hearing officer or panel, and within a  
16 reasonable time after the evidentiary hearing. It shall be served on the parties promptly  
17 thereafter.

18 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
19 17532, 17551, and 17553(a), Government Code.

20 **§ 1187.11. Form of Decision.**

- 21 (a) Any decision adopted pursuant to evidence introduced at an adjudicatory hearing shall be in  
22 writing, be based on the record, and shall include a statement of reasons for the decision,  
23 findings and conclusions. A copy of the decision shall be served on those identified on the  
24 mailing list established pursuant to section 1181.4 of these regulations. The effective date of the  
25 decision is the date it is first mailed or served.
- 26 (b) After a decision has been adopted and served, it shall not be changed except to correct  
27 clerical errors, in which case a corrected decision shall be prepared and served on all persons on  
28 the mailing list prepared pursuant to section 1181.4 of these regulations.

29 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code; and *Topanga*  
30 *Association for a Scenic Community v. County of Los Angeles* (1974) 11 Cal.3d 506. Reference:  
31 Sections 17551 and 17553(a), Government Code.

32 **§ 1187.12. Withdrawal of a Matter.**

33 A matter, or any portion of a matter, other than a test claim, may be withdrawn by written  
34 application of the claimant or requester any time before a decision is adopted, or by oral  
35 application at the time of hearing. A test claim, or portion thereof, may be withdrawn by the  
36 claimant upon written application to the executive director any time before a decision is adopted  
37 or after enactment of a legislatively determined mandate on the same statute or executive order  
38 pursuant to Government Code section 17574. The claimant or requester shall file and serve the  
39 written application in accordance with section 1181.3 of these regulations. Dismissal of items  
40 withdrawn pursuant to this section shall be in accordance with the procedures described in  
41 section 1187.15 of these regulations.

1 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
2 17551 and 17553, Government Code.

3 **§ 1187.13. Abandonment of a Matter.**

4 (a) The executive director may deem a matter "abandoned" if any of the following events occurs:

5 (1) The claimant does not respond, within 60 days of service, to a written notification sent to the  
6 superintendent of the school district or chief administrative officer of the local agency or director  
7 of a state agency that the matter will be deemed "abandoned."

8 (2) The claimant or requester provides written notification to the Commission of its withdrawal  
9 from a test claim.

10 (3) The matter has been postponed or placed on inactive status by the claimant or requester for a  
11 period of more than one year. However, delays or postponements under the following  
12 circumstances will not be considered for purposes of computing whether a matter has been  
13 postponed or placed on inactive status by the claimant for more than one year:

14 (A) Delays or postponements made at the request of the Commission or opposing party to the  
15 claim or request;

16 (B) Delays or postponements, made at the request of the claimant or requesting party, pending  
17 the resolution of a matter currently before the Commission of an issue similar to or related to the  
18 postponed matter; and

19 (C) Delays or postponements, made at the request of the claimant or requesting party, pending  
20 the resolution of litigation of an issue similar to or related to the postponed matter.

21 Note: Authority cited: Sections 17527(g) and 17553(a), Government Code. Reference: Sections  
22 17530 and 17553(a), Government Code.

23 **§ 1187.14. Substitution of Parties and Dismissal of a Matter.**

24 (a) –A matter, other than a test claim, that has been withdrawn in accordance with 1187.12 or  
25 deemed abandoned in accordance with section 1187.13, may be dismissed by the executive  
26 director. Commission staff shall provide written notice of dismissal to everyone on the mailing  
27 list for the matter to be dismissed.

28 (b) A test claim that has been withdrawn or deemed abandoned may be dismissed by the  
29 Commission on its own motion or by a motion of a party after notice and an opportunity to be  
30 heard has been made to the claimant, parties and interested parties as provided below.

31 (1) For test claims that are withdrawn, deemed abandoned, or filed by an agency that is not  
32 eligible to seek reimbursement because it is not subject to the taxing and spending limitations of  
33 article XIII A and B of the California Constitution, Commission staff shall serve written notice to  
34 initiate dismissal of the test claim to everyone on the mailing list for the matter. The notice shall  
35 announce that another local agency or school district may take over the claim by substitution of  
36 parties within 60 days of the issuance of the notice. The notice shall also announce the  
37 opportunity to provide written comments on the proposed dismissal of the test claim. A copy of  
38 the notice shall also be posted on the Commission's website.

39 (2) Written comments shall be filed and served in accordance with section 1181.3 of these  
40 regulations.

1 (3) If no other local agency or school district takes over the test claim by substitution of parties  
2 within 60 days of the issuance of the notice, the Commission shall hear the proposed dismissal of  
3 the test claim.

4 (c) The hearing on a dismissal of a matter shall be conducted in accordance with article 7 of  
5 these regulations.

6 -Note: Authority cited: Sections 17527(c), 17527(g), and 17553(a), Government Code.  
7 Reference: Sections 17551 and 17553(a), Government Code.

8 **§ 1187.15. Reconsideration of an Adopted Decision.**

9 (a) Notwithstanding section 1187.11(b) of these regulations, the Commission may make  
10 substantive changes to an adopted decision under this section or order a reconsideration of all or  
11 part of a matter on petition of any party. The power to order a reconsideration or amend a test  
12 claim decision shall expire 30 days after the adopted decision is delivered or mailed to the  
13 claimant. If additional time is needed to evaluate a petition for reconsideration filed before the  
14 expiration of the 30-day period, the Commission may grant a stay of that expiration for no more  
15 than 30 days, solely for the purpose of considering the petition. A request for reconsideration  
16 shall be deemed automatically stayed for the 30-day period. If no action is taken on a petition  
17 within the time allowed for ordering reconsideration, the petition shall be deemed denied.

18 (b) Except as provided elsewhere in this section, any party, interested party, or Commission  
19 member may request that the Commission reconsider and change an adopted decision -to correct  
20 an error of law.

21 (c) All requests for reconsideration shall be submitted to the Commission in accordance with  
22 section 1181.3 of these regulations and shall contain the following:

23 (1) The name and address of the requesting party;

24 (2) A copy of the Commission's adopted decision;

25 (3) A detailed statement of the reasons for the request, including:

26 (A) An explanation of the reasons for the request for reconsideration; and,

27 (B) All documentation the requester intends to submit to support the request;

28 (4) A description of the proposed change; and

29 -(d) Commission member requests may be made orally during a regularly scheduled Commission  
30 meeting. Commission staff shall prepare the written request, as specified in subsections (c)(1-4)  
31 above.

32 (e) Any signatory to a written agreement that settles a matter may not request reconsideration of  
33 that matter if the matter is settled with prejudice.

34 (f) Before the Commission considers the request for reconsideration, Commission staff shall  
35 prepare a written analysis regarding whether the adopted decision is contrary to law which shall  
36 include but not be limited to a review of the written comments filed by other state agencies,  
37 interested parties, and the requester. Commission staff shall make a -recommendation in the  
38 analysis on whether the request for reconsideration should be granted. The Commission shall  
39 consider the request for reconsideration at a scheduled meeting. Five affirmative votes shall be  
40 required to grant the request for reconsideration.

1 (g) If the Commission grants the request for reconsideration, a hearing shall be conducted to  
2 determine if the adopted decision in question must be revised to correct an error of law.

3 (1) The following procedures shall govern the Commission's reconsideration of the adopted  
4 decision:

5 (A) At least eight weeks before the Commission is scheduled to consider whether an adopted  
6 decision is contrary to law, or at another time required by the executive director, Commission  
7 staff shall prepare a draft proposed decision and distribute it to those identified on the mailing list  
8 for the matter established pursuant to section 1181.4 of these regulations and any person who  
9 requests a copy.

10 (B) Written comments may be filed with Commission staff concerning the draft proposed  
11 decision. All representations of fact shall be supported by documentary evidence in accordance  
12 with section 1187.5 of these regulations. Written comments shall be filed and served in  
13 accordance with section 1181.3 of these regulations. A three-week period for comments shall be  
14 given, subject to the executive director's authority to expedite all matters pursuant to  
15 Government Code section 17530. All written comments timely filed shall be reviewed by  
16 Commission staff and may be incorporated into the proposed decision regarding whether the  
17 adopted decision is contrary to law and presented to the Commission before the scheduled  
18 meeting.

19 (2) The procedures set forth in article 7 shall govern the Commission's hearings and decisions  
20 process, except that five affirmative votes shall be required to change an adopted decision.

21 (h) If the Commission changes an adopted decision, the procedures set forth in Sections 1183.7  
22 through 1183.14 of these regulations shall govern the adoption of parameters and guidelines and  
23 the statewide cost estimate, if applicable.

24 (i) Failure to seek Commission reconsideration of an adopted decision shall not affect a  
25 claimant's or state agency's right to seek judicial review pursuant to Government Code section  
26 17559-(b).

27 (j) This section only applies to reconsiderations requested pursuant to Government Code section  
28 17759-(a); it does not apply to remands or reconsiderations directed by the courts or by statute.

29 Note: Authority cited: Sections 17527(c), 17527(g), 17553(a)<sub>2</sub> and 17559(a), Government Code.  
30 Reference: Sections 17532, 17551<sub>2</sub> and 17559, Government Code.

## 31 **Article 8. Rulemaking and Informational Hearings**

### 32 **§ 1188.1. Scheduling and Noticing of an Informational Hearing**

33 (a) The Commission may, upon its own motion, set an informational hearing on any subject  
34 within its jurisdiction. Matters subject to informational hearings under article 8 of these  
35 regulations include: a proposed assignment of an article 7 matter to a hearing officer, a  
36 rulemaking proceeding, the adoption of a statewide cost estimate, and any other subject that  
37 meets the definition of "informational hearing" in section 1181.2 of these regulations and is not  
38 subject to hearings under article 7 of these regulations.

39 (b) An article 8 matter is set for hearing when Commission staff issues its notice and agenda  
40 providing the date, time, and place of the hearing to everyone on the mailing list described in  
41 section 1181.4 of these regulations.

- 1 (c) Commission staff shall provide notice of an informational hearing in accordance with  
2 Government Code section 11120 et seq. The notice shall include the following:
- 3 (1) A statement of the authority pursuant to which the hearing is ordered, and a reference to any  
4 code sections or other provisions of law pursuant to which the information is to be gathered or  
5 disseminated;
  - 6 (2) A statement of the nature and purpose of the proceedings;
  - 7 (3) A statement requiring the presence and participation of any persons the Commission may  
8 direct, consistent with the nature and purpose of the proceedings;
  - 9 (4) A statement indicating the time during which written comments will be received and the  
10 manner by which the comments shall be filed;
  - 11 (5) A statement that any person may make oral comments on the subject of the hearing; and
  - 12 (6) A statement setting forth additional procedures deemed necessary by the Commission and not  
13 inconsistent with these regulations.

14 Note: Authority cited: Sections 17527(c) and 17527(g), Government Code. Reference: Sections  
15 11125, 17527(c), and 17532, Government Code.

16 **§ 1188.2. Rulemaking.**

17 (a) Petitions:

18 (1) Any person may petition the Commission to request rulemaking hearings. The petition shall  
19 be filed and served in accordance with section 1181.3 of these regulations and shall include:

20 (A) The name, address, and telephone number of the petitioner;

21 (B) The substance or nature of the regulation, amendment, or repeal requested;

22 (C) The reasons for the request; and

23 (D) Reference to the authority of the Commission to take the action requested.

24 (2) The petition shall be filed with the executive director who shall, within seven days after its  
25 filing, determine whether the petition contains the information specified in subsection (1).

26 (A) If the executive director determines that the petition is complete, it shall be certified in  
27 writing as complete and the petitioner shall be so notified.

28 (B) If the executive director determines that the petition is not complete, it shall be returned to  
29 the petitioner accompanied by a statement of its defects. The petitioner may correct the petition  
30 and resubmit it at any time.

31 (3) Upon certification by the executive director, the Commission shall, within 60 days from the  
32 filing of the petition, deny the petition, stating the reason for the denial in writing, or grant the  
33 petition, directing staff to prepare an appropriate order pursuant to subdivision (b) of this section.

34 (b) Commission Order to Institute a Rulemaking Proceeding. The Commission may, upon its  
35 own motion or upon granting a petition filed pursuant to subdivision (a) of this section, adopt an  
36 order to institute a rulemaking proceeding in accordance with the procedures of Government  
37 Code sections 11346.2, 11346.4, 11346.8, and 11346.9.

38 (c) Notice.

- 1 (1) Notice of a rulemaking proceeding shall be given in accordance with Government Code  
2 section 11346.4.
- 3 (2) At least 10 days prior to the first hearing in a proceeding ordered pursuant to subdivision (b)  
4 of this section, the executive director shall cause notice of the hearing to be mailed to every  
5 person requested to participate in the proceedings, and to any person who the executive director  
6 determines to be concerned with the subject matter of the proceeding, and shall post a copy of  
7 the notice on the Commission's website.
- 8 (3) In addition to the requirements of subsections (c)(1) and (2) of this section, notice of  
9 additional hearing shall be required at least 10 days prior to the commencement of the hearing  
10 unless continuation is orally announced in a public hearing.
- 11 (4) Nothing in this section shall preclude the Commission from publishing notice in additional  
12 forms or media as the executive director may prescribe.
- 13 (5) A copy of the order adopted pursuant to subdivision (b) of this section shall accompany the  
14 initial notice prepared and mailed pursuant to this section, unless a copy of the order has been  
15 previously mailed to those persons who would receive the notice.
- 16 Note: Authority cited: Section 17527(g), Government Code. Reference: Sections 11340.6,  
17 11346.2, 11346.4, 11346.8, 11346.9, 17527(c), 17527(g), 17530, 11346.4, and 17551,  
18 Government Code.

## 19 **Article 10. Mandate Redetermination Process**

### 20 **§ 1190.1. Filing a Request to Adopt a New Test Claim Decision.**

- 21 (a) A local agency or a school district, statewide association of local agencies or school -districts,  
22 the Department of Finance, Office of the State Controller, or other affected state agency, may file  
23 a request to adopt a new test claim decision to supersede a previously adopted test claim decision  
24 by making a showing that the state's liability pursuant to Article XIII B, section 6-(a) of the  
25 California Constitution for the previously adopted test claim decision has been modified based  
26 on a "subsequent change in law" as defined by Government Code section 17570(a)(2). Such a  
27 request is known as a "request for mandate redetermination."
- 28 (b) All requests for mandate redetermination shall be filed on a form developed by the executive  
29 director and shall contain a detailed analysis of how and why the state's liability for mandate  
30 reimbursement has been modified pursuant to article XIII B, section 6(a) of the California  
31 Constitution and all of the elements and accompanying documents required by the form and  
32 Government Code section 17570(d).
- 33 (c) -The detailed analysis of how and why the state's liability for mandate reimbursement has  
34 been modified pursuant to article XIII B, section 6-(a) of the California Constitution based on a  
35 "subsequent change in law" as defined by Government Code section 17570 requires more than a  
36 written narrative or simple statement of the facts and law. It requires the application of the law  
37 (Gov. Code § 17570 (a) and (b)) to the facts (i.e. the alleged subsequent change in law)  
38 discussing, for each activity addressed in the prior test claim decision, how and why the state's  
39 liability for that activity has been modified. Specific references shall be made to statutes and  
40 chapters, articles, sections, and page numbers that are alleged to impose or not impose a  
41 reimbursable state-mandated program.



1 (d) The requester shall file a request for mandate redetermination and accompanying documents  
2 with the Commission in accordance with section 1181.3 of these regulations.

3 -(e) Within 10 days of receipt of a request for mandate redetermination, Commission staff shall  
4 notify the requester if the request is complete or incomplete and refer the requester to these  
5 regulations. Requests for mandate redetermination shall be considered incomplete if any of the  
6 elements required in subdivisions (b), (c), or (d) of this section are illegible or are not included. If  
7 a complete request for mandate redetermination is not received within 30 calendar days from the  
8 date the incomplete request was returned, the executive director shall disallow the original  
9 request filing date. New requests for mandate redetermination may be accepted on the same  
10 subsequent change in law alleged to modify the state's liability pursuant to article XIII B, section  
11 6(a) of the California Constitution.

12 (f) -A request for mandate redetermination shall be filed on or before June 30 following a fiscal  
13 year in order to establish eligibility for reimbursement or loss of reimbursement for that fiscal  
14 year.

15 (g) A requester may not add a new subsequent change in law to a request for mandate  
16 redetermination after the request has been deemed complete.

17 (h) -Any request for mandate redetermination that fails to allege a "subsequent change in law," as  
18 defined by Government Code section 17570, shall be returned by the executive director with a  
19 written notice stating the reason that the request is being returned. These filings may include, but  
20 are not limited to, requests that meet the requirements for a proposed parameters and guidelines  
21 amendment or a new test claim filing.

22 Note: Authority cited: Sections 17527(g), 17553(a), and 17570(d), Government Code.  
23 Reference: Sections 17530 and 17570, Government Code.

24 **§ 1190.2. Review and Response.**

25 (a) Within 10 days of receipt of a complete request for mandate redetermination, Commission  
26 staff shall send a written notice to the Department of Finance, Office of the State Controller, any  
27 affected state agency, the original test claimant, and any known interested party, that:

28 (1) A copy of the request for mandate redetermination has been posted on the Commission's  
29 website, and

30 (2) Written comments concerning the request for mandate redetermination may be filed within  
31 30 days and evidence may also be presented at the hearing on the request for mandate  
32 redetermination.

33 (b) Content and Form. Written comments on the request for mandate redetermination shall  
34 contain the following documentary evidence, if applicable:

35 (1) If representations of fact are made, they must be supported by documentary evidence which  
36 shall be submitted with the response. All documentary evidence shall be authenticated by  
37 declarations under penalty of perjury signed by persons who are authorized and competent to do  
38 so and must be based on the declarant's personal knowledge or information or belief.

39 (2) A copy of relevant portions of state constitutional provisions, state and federal statutes, and  
40 executive orders, and a copy of administrative decisions and court decisions that may impact the  
41 alleged mandate, unless the authorities are also cited in the request to adopt a new test claim

1 decision. The specific statutes and chapters, articles, sections, and page numbers must be  
2 identified. Published court decisions arising from state mandate determinations by the Board of  
3 Control and the Commission, article XIII B, section 6 of the California Constitution, and  
4 Government Code sections 17500 et seq., are exempt from the requirements of this subsection.  
5 When an omnibus bill is relevant to the response, only the relevant pages of the statute, including  
6 the Legislative Counsel's Digest and the specific statutory changes at issue shall be filed.

7 (c) The written comments and supporting documentation shall be signed at the end of the  
8 document, under penalty of perjury by an authorized representative, with the declaration that it is  
9 true and complete to the best of the representative's personal knowledge or information or belief.  
10 The date of signing, the representative's title, address, telephone number, and e-mail address  
11 shall be included.

12 (d) Filing. Written comments and supporting documentation concerning a request for mandate  
13 redetermination shall be filed and served in accordance with Section 1181.3 of these regulations.  
14 Any representations of fact shall be supported by documentary evidence, submitted with the  
15 comments, in accordance with section 1187.5 of these regulations.

16 Note: Authority cited: Sections 17527(g), 17553(a), and 17570(d), Government Code. Reference:  
17 Section 17570, Government Code.

### 18 **§ 1190.3. Rebuttal.**

19 (a) Parties and interested parties shall be given an opportunity to rebut written comments  
20 concerning a request for mandate redetermination by filing written rebuttals within 30 days of  
21 service of the comments.

22 (b) Content and Form. A written rebuttal shall contain the following documentary evidence, if  
23 applicable:

24 (1) If new representations of fact are made, they must be supported by documentary evidence  
25 which shall be submitted with the rebuttal in accordance with section 1187.5 of these regulations.

26 (2) A copy of relevant portions of state constitutional provisions, federal statutes, and executive  
27 orders, and a copy of administrative decisions and court decisions that are cited in the rebuttal,  
28 unless the authorities are also cited in the request to adopt a new test claim decision or any  
29 response thereto. The specific statutes and chapters, articles, sections, and page numbers shall be  
30 identified. Published court decisions arising from state mandate determinations by the Board of  
31 Control and the Commission, article XIII B, section 6 of the California Constitution, and  
32 Government Code sections 17500 et seq., are exempt from the requirements of this subsection.  
33 When an omnibus bill is relevant to the rebuttal, only the relevant pages of the statute, including  
34 the Legislative Counsel's Digest and the specific statutory changes at issue shall be filed.

35 (c) The rebuttal to a comment concerning a request for mandate redetermination shall be filed  
36 with Commission staff and served in accordance with section 1181.3 of these regulations.

37 (d) The rebuttal shall be signed at the end of the document, under penalty of perjury, with the  
38 declaration that the rebuttal is true and complete to the best of the declarant's personal knowledge  
39 or information or belief. The date of signing, the declarant's title, address, and telephone number,  
40 and e-mail address shall be included.

41 Note: Authority cited: Sections 17527(g), 17553(a), and 17570(d), Government Code.  
42 Reference: Section 17570, Government Code.

1 **§ 1190.4. Executive Director's Authority to Consolidate Requests for Mandate**  
2 **Redetermination.**

3 (a) The executive director may consolidate two or more requests for mandate redetermination for  
4 the second hearing, if some or all of the same statutes, regulations or executive orders are at  
5 issue, if necessary to ensure the complete, fair, or timely consideration of any request for  
6 mandate redetermination.

7 (b) At least 10 days before the action is taken, the executive director shall serve on the parties  
8 and interested parties on the mailing list described in section 1181.4 of these regulations, and  
9 post on the Commission's website, a notice of any proposed action to consolidate.

10 Note: Authority cited: Section 17527(g), 17553(a), and 17570(d), Government Code. Reference:  
11 Sections 17530, 17554, and 17570, Government Code.

12 **§ 1190.5. Hearing Process and Form of Decision.**

13 Notwithstanding any other provision of these regulations, mandate redetermination process  
14 hearings and decisions shall be subject to article 7 of these regulations. There shall be a two-step  
15 hearing process for requests to adopt a new test claim decision as follows:

16 (a) The First Hearing:

17 (1) The first hearing shall be limited to the issue of whether the requester has made an adequate  
18 showing which identifies a subsequent change in law as defined by Government Code section  
19 17570, material to the prior test claim decision, that may modify the state's liability pursuant to  
20 article XIII B, section 6-(a) of the California Constitution. The Commission shall find that the  
21 requester has made an adequate showing if it finds that the request, when considered in light of  
22 all of the written comments and supporting documentation in the record of this request, has a  
23 substantial possibility of prevailing at the second hearing.

24 (2) At least eight weeks before the hearing or at another time required by the executive director  
25 or stipulated to by the parties, Commission staff shall prepare a draft proposed decision and  
26 distribute it to the parties, interested parties, and any person who requests a copy, and shall post  
27 it on the Commission's website. A request for mandate redetermination is set for the first hearing  
28 when Commission staff issues its draft proposed decision. A written notice of the date, time, and  
29 place of the first hearing shall be served on everyone on the mailing list described in section  
30 1181.4 of these regulations and posted on the Commission's website.

31 (3) Written comments concerning the draft proposed decision may submitted to Commission  
32 staff. Written comments shall be filed and served as described in section 1181.3 of these  
33 regulations, by the date determined and publicized by the executive director. A three-week  
34 period for comments shall be given, subject to the executive director's authority to expedite all  
35 matters pursuant to Government Code section 17530. All written comments timely filed shall be  
36 reviewed by Commission staff and may be incorporated into the proposed decision of the request  
37 to adopt a new test claim decision.

38 (A) It is the Commission's policy to discourage the introduction of late comments, exhibits, or  
39 other evidence filed after the three-week comment period described in subdivision (a)(3) of this  
40 section. The Commission need not rely on, and staff need not respond to, late comments,  
41 exhibits, or other evidence submitted in response to a draft proposed decision.

1 (4) Before the first hearing on the request for mandate redetermination, Commission staff shall  
2 prepare a proposed decision limited to the issue of whether the requester has made a showing  
3 that identifies a subsequent change in law, material to the prior test claim decision, which may  
4 modify the state's liability pursuant to article XIII B, section 6(a) of the California Constitution.  
5 This proposed decision shall consider the request, written comment, rebuttals, and supporting  
6 documentation filed by the parties and interested parties. The proposed decision for the first  
7 hearing shall find that the requester has made an adequate showing if staff finds that the request,  
8 when considered in light of all of the written comments and supporting documentation in the  
9 record of this request, has a substantial possibility of prevailing at the second hearing.

10 (5) If, at the first hearing, the Commission finds that:

11 (A) -The requester has not made an adequate showing, when considered in light of all of the  
12 written comments, rebuttals and supporting documentation in the record and testimony at the  
13 hearing, that the request for mandate redetermination has a substantial possibility of prevailing at  
14 the second hearing, the Commission shall publish a decision denying the request for mandate  
15 redetermination.

16 (B) The requester has made an adequate showing, when considered in light of all of the written  
17 comments, rebuttals, and supporting documentation in the record and testimony at the hearing,  
18 the Commission shall publish a decision finding that an adequate showing has been made and  
19 setting the second hearing on whether the Commission shall adopt a new test claim decision to  
20 supersede the previously adopted test claim decision.

21 (6) Everyone on the mailing list described in section 1181.4 of these regulations shall be  
22 provided written notice that the Commission's decision has been posted on the -Commission's  
23 website and, if applicable, that the date, time, and place of the second hearing have also been  
24 posted on the Commission's website.

25 (b) The Second Hearing:

26 (1) If the Commission proceeds to the second hearing, it shall consider whether the state's  
27 liability pursuant to article XIII B, section 6(a) of the California Constitution has been modified  
28 based on the subsequent change in law alleged by the requester, thus requiring adoption of a new  
29 test claim decision to supersede the previously adopted test claim decision. If the Commission  
30 finds that the state's liability pursuant to article XIII B, section 6(a) of the California Constitution  
31 has been modified based on the subsequent change in law alleged by the requester, it shall adopt  
32 a new decision that reflects the modified liability of the state.

33 (2) Before the second hearing, Commission staff shall prepare a proposed decision. At least eight  
34 weeks before the hearing or at another time required by the executive director or stipulated to by  
35 the parties, Commission staff shall prepare a draft proposed decision and distribute it to everyone  
36 on the mailing list described in section 1181.4 of these regulations and post it on the  
37 Commission's website. The proposed decision shall consider the request, and any written  
38 comments and rebuttals and supporting documentation filed.

39 (3) Any party or interested party may file written comments concerning the draft proposed  
40 decision with Commission staff. Written comments shall be filed and served as described in  
41 Section 1181.3 of these regulations, by the date determined and publicized by the executive  
42 director. A three-week period for comments shall be given, subject to the executive director's  
43 authority to expedite all matters pursuant to Government Code section 17530. All written

1 comments timely filed shall be reviewed by Commission staff and may be incorporated into the  
2 proposed decision.

3 (A) It is the Commission’s policy to discourage the introduction of late comments, exhibits, or  
4 other evidence filed after the three-week comment period described in subdivision (b)(3) of this  
5 section. The Commission need not rely on, and staff need not respond to, late comments,  
6 exhibits, or other evidence submitted in response to a draft proposed decision.

7 (4) If, at the second hearing, the Commission finds that the state’s liability pursuant to article  
8 XIII B, section 6(a) of the California Constitution:

9 (A) has not been modified based on a subsequent change in law as defined by Government Code  
10 section 17570 (a)(2), the Commission shall publish a decision denying the request.

11 (B) has been modified based on a subsequent change in law, as defined by Government Code  
12 section 17570 (a)(2) the Commission shall adopt a new decision to supersede the prior decision.  
13 The new decision shall be prepared in writing, based on the record, and shall include a statement  
14 of reasons for the decision, findings, and conclusions.

15 (5) Everyone on the mailing list described in section 1181.4 of these regulations shall be  
16 provided written notice that a copy of the decision has been posted on the Commission’s  
17 website.

18 (6) After a decision or proposed decision has been served or posted on the Commission’s  
19 website, it shall not be changed except to correct clerical errors, in which case a corrected  
20 decision or proposed decision shall be prepared and posted on the Commission’s website.  
21 Everyone on the mailing list described in section 1181.4 of these regulations shall be provided  
22 written notice that a copy of the revised decision has been posted on the Commission’s website.

23 (7) If a new decision is adopted that finds that the State’s liability under article XIII B, section  
24 -6(a) of the California Constitution has been modified, the amount and method of reimbursement  
25 shall be determined in accordance with article 3 of these regulations.

26 Note: Authority cited: Section 17527(g), 17553(a), and 17570(d), Government Code. Reference:  
27 Sections 17530 and 17570, Government Code.

TITLE 2. ADMINISTRATION  
DIVISION 2. FINANCIAL OPERATIONS  
CHAPTER 2.5. COMMISSION ON STATE MANDATES

**NOTICE OF PROPOSED RULEMAKING**

The Commission on State Mandates (Commission) proposes to adopt the regulations described below after considering all comments, objections, and recommendations regarding the proposed action.

**PUBLIC HEARING**

The Commission has not scheduled a public hearing for this proposed action. However, if it receives a written request for a public hearing from any interested person or his or her authorized representative no later than 15 days before the close of the written comment period, the Commission will conduct a public hearing on this proposed action on June 24, 2016, and will notify all persons of the date, time, and location of the hearing pursuant to Government Code section 11346.8(a).

**WRITTEN COMMENT PERIOD**

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Commission. The written comment period closes at **5:00 p.m. on May 23, 2016**. The Commission will consider only comments received at the Commission offices by that time. Submit comments to:

Jill Magee, Program Analyst  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

Written comments may be submitted electronically via the Commission website "Drop Box" at [http://www.csm.ca.gov/dropbox\\_procedures.php](http://www.csm.ca.gov/dropbox_procedures.php)

**AUTHORITY AND REFERENCE**

Government Code section 17527 (g), authorizes the Commission to adopt the proposed regulations. The purpose of this rulemaking is to: (1) clarify and streamline Commission regulations; (2) update language for consistency; (3) clarify the period of limitation for filing an incorrect reduction claim consistent with the statutory scheme; (4) clarify the review of consolidated incorrect reduction claims; (5) clarify the procedure when a claimant changes authorized representatives for a matter (6) update authority and reference citations; and (7) update punctuation for consistency throughout the regulations. Reference citations: Government Code sections 11123, 11346.4, 11347, 11347.1, and 17500 et seq.

**INFORMATIVE DIGEST/POLICY STATEMENT OVERVIEW**

The Commission is a seven-member quasi-judicial body authorized to resolve disputes regarding the existence of state-mandated local programs (Gov. Code, § 17500 et seq.) and to hear matters involving applications for a finding of significant financial distress (Welf. & Inst. Code, § 17000.6). The purpose of this rulemaking is to: (1) clarify and streamline Commission regulations; (2) update language for consistency; (3) clarify the period of limitation for filing an incorrect reduction claim consistent with the statutory scheme; (4) clarify the review of

consolidated incorrect reduction claims; (5) clarify the procedure when a claimant changes authorized representatives for a matter (6) update authority and reference citations; and (7) update punctuation for consistency throughout the regulations.

Therefore, the Commission proposes revised language and citations in Articles 1, 2, 3, 4, 5, 6, 7, 8, and 10 of the California Code of Regulations, Division 2, Title 2, Chapter 2.5 with a proposed effective date of October 1, 2016.

#### Anticipated Benefits of the Proposed Regulation

The specific benefits anticipated from the regulation are increased clarity for local governments, school districts, state agencies and other interested parties/persons participating in the Commission's processes and to increase the speed of completing specific processes required by statute.

#### Consistency and Compatibility with Existing State Regulations

The Commission has conducted an evaluation for any other regulations on this area and has concluded that these are the only regulations concerning the Commission's process. Therefore, the proposed regulations are neither inconsistent nor incompatible with any other existing state regulations.

### **DESCRIPTION OF PROPOSED REGULATIONS**

#### **I. Service of Claimant's Rebuttal to Comments on a Test Claim**

##### Section 1183.3. Claimant's Rebuttal to Comments on a Test Claim

The proposed amendment adds the words "shall be" before the words "served in accordance with section 1181.3 of these regulations within 30 days of service of the written comments," to clarify that rebuttal comments, if filed, are required to be served in accordance with section 1181.3 of the regulations.

#### **II. Comment Period on Draft Expedited Parameters and Guidelines**

##### Section 1183.9. Expedited Process for Proposed Parameters and Guidelines

The proposed amendment increases the comment period in which parties, interested parties, and interested persons may file comments on draft expedited parameters and guidelines from 20 days to 21 days after the service of the Commission draft proposed decision.

#### **III. Comment Period on Proposed Amendment to Parameters and Guidelines**

##### Section 1183.17. Amendment to Parameters and Guidelines

The proposed amendment decreases the comment and rebuttal periods for proposed amendments to parameters and guidelines from 30 days to 21 days after the service of the Commission's proposed amendment of the parameters and guidelines.

#### **IV. Timeline for Test Claim Filings**

##### Section 1183.18. Timelines

The proposed amendment incorporates the proposed changes to the comment periods for expedited parameters and guidelines and requests to amend parameters and guidelines as described above. In addition, the days on the timeline are corrected to incorporate the 30-day deadline for the Commission to provide notification to the Legislature of its decisions on test

claims pursuant to Government Code section 17555 [i.e., decision adopted on day 190, with notification to the Legislature on day 210, instead of on day 220]. The days on the timeline are also corrected to incorporate the 30-day deadline after the adoption of a decision approving a test claim for the claimant and the Department of Finance to notify the Commission in writing of their intent to develop a joint reasonable reimbursement methodology (RRM) pursuant to Government Code section 17557.1 [i.e. test claim decision adopted on day 190, with notification of a joint RRM on day 210, rather than day 220]. Other non-substantive, clarifying changes are also made to the language.

## **V. Incorrect Reduction Claim Filings**

### **Section 1185.1. Period of Limitation for Filing an Incorrect Reduction Claim**

The proposed amendment clarifies that the three-year limitation period begins to accrue when the claimant first receives written notice from the State Controller, which complies with Government Code section 17558.5(c) by specifying the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the claimant, and the reason for the adjustment. In addition, the proposed amendment removes “remittance advice” from the list of written notices of adjustment in accordance with Government Code section 17558.5(c), which states that “[r]emittance advices and other notices of payment action shall not constitute notice of adjustment from an audit or review.” The proposed amendment also clarifies that filings made beyond the statute of limitation, will be returned to the claimant for lack of jurisdiction.

### **Section 1185.2. Review of Incorrect Reduction Claims**

The proposed amendment clarifies that an incorrect reduction claim filing is considered incomplete if any of the elements are illegible, not included or if the requirements of the subdivisions this section are not met. In addition, the proposed amendment specifies that any incorrect reduction claim or portion of an incorrect reduction claim, that the Commission lacks jurisdiction to hear for any reason, including that the incorrect reduction claim was not filed within the period of limitation required by section 1185.1(c) of these regulations, may be dismissed by the executive director with a written notice stating the reason for dismissal.

### **Section 1185.3. Consolidation of Claims Initiated by an Individual Claimant**

The proposed amendment clarifies that a consolidated incorrect reduction claim shall comply with the filing requirements outlined in section 1185.1 for any incorrect reduction claim, including the three-year period of limitation for filing such claims. In addition, the proposed language clarifies that a consolidated incorrect reduction claim shall be deemed complete if it contains a narrative that describes all the elements required for a consolidation and satisfies the requirements in section 1185.1. The proposed language further clarifies that Commission staff shall review a consolidated incorrect reduction claim for completeness and jurisdiction consistent with the other regulations in this article, that incomplete consolidated incorrect reduction claims shall be returned to the claimant and if a complete consolidated incorrect reduction claim is not received by the Commission within 30 days from the date the incomplete claim was returned to the claimant, the executive director shall deem the filing to be withdrawn, and that any consolidated incorrect reduction claim or portion of a consolidated incorrect reduction claim that the Commission lacks jurisdiction to hear for any reason may be dismissed by the executive director with a written notice stating the reason for dismissal.



#### Section 1185.4. Joining Consolidated Incorrect Reduction Claim

The proposed amendments clarify that the notice of intent to join a consolidated incorrect reduction claim is required to include the Controller's notice of adjustment provided in accordance with Government Code section 17558.5(c), and that the notice of intent to join will be reviewed by Commission staff for completeness and jurisdiction, consistent with the other regulations addressing incorrect reduction claims. In addition, the proposed amendment specifies that any notice of intent to join the consolidated incorrect reduction claim, or portion thereof, that the Commission lacks jurisdiction to hear for any reason, including that the notice was not filed within the period of limitation required by section 1185.1(c) of these regulations, may be dismissed by the executive director with a written notice stating the reason for dismissal.

#### Section 1185.5. Opting Out of a Consolidated Incorrect Reduction Claim.

The proposed language clarifies that a claimant that opts out of a consolidated claim shall file an individual incorrect reduction claim in accordance with section 1185.1 of these regulations.

### **VI. Designation in Writing of Authorized Representative at Hearing**

#### Section 1187.8. Representation at Hearing

The proposed amendment requires the party to designate in writing the authorized representative to act as its sole representative and to file and serve written notice of representation in accordance with section 1181.3 of these regulations. The proposed changes also specify that all correspondence and communications shall be forwarded to this representative. In addition, any change in representation must be authorized by the party in writing, and notice of the change shall be filed and served in accordance with section 1181.3 of the regulations.

### **VII. Technical and Non-Substantive Proposed Changes**

In an effort to "clean-up" the Commission's regulations, the proposed rulemaking makes terminology consistent, corrects punctuation and spacing, updates authority and reference citations, and fixes clerical or internal reference errors from prior rulemakings.

#### **A. Eliminate Duplicative Language and Increase Clarity**

Language in the section listed below is proposed for elimination because it is duplicative of language elsewhere in the governing regulations.

#### Section 1183.1. Test Claim Filing

The proposed amendment deletes subsection (i), which states that any party may appeal to the Commission regarding the actions and decisions of the executive director pursuant to this section, because it is duplicative. Section 1181.1 already provides that any action and decision of the executive director may be appealed to the Commission for review.

#### **B. Use Consistent Terminology**

Language has been changed for consistent use of terminology throughout the regulations. For example, replacing instances of "statement of decision" and "adopted decision" with "decision" to eliminate any ambiguity in the Commission's terminology and processes.

**C. Make Clerical Changes of Internal References, Punctuation and Style**

Minor and non-substantive changes in internal references, punctuation and style are proposed to improve the readability and clarity of the regulations.

**D. Update Authority and Reference Citations**

Citations have been updated to maintain consistency in punctuation throughout the regulations.

**DISCLOSURES REGARDING THE PROPOSED ACTION**

The Commission has made the following initial determinations:

Mandate on local agencies and school district:	None
Cost or savings to any state agency:	None
Cost to any local agency or school district which must be reimbursed in accordance with Government Code sections 17500 through 17630:	None
Other non-discretionary cost or savings imposed on local agencies:	None
Cost or savings in federal funding to the state:	None
Significant, statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states:	None
Significant effect on housing costs:	None
Cost impacts on a representative private person or business: The Commission is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.	

Results of the Economic Impact Analysis/Assessment

The Commission concludes that the proposal will: (1) not create or eliminate jobs within California; (2) not create new businesses or eliminate existing businesses within California; and (3) not affect the expansion of businesses currently doing business within California. The proposed regulations may indirectly benefit the health and welfare of California residents by clarifying participation in the Commission's processes and by preventing the inclusion of personal identifying information in written material filed with the Commission.

Small Business Determination

Because the Commission has no jurisdiction over small businesses and small businesses are not parties before the Commission, the proposed regulatory action will have no impact on small businesses.

**CONSIDERATION OF ALTERNATIVES**

In accordance with Government Code section 11346.5 (a)(13), the Commission must determine that no reasonable alternative it considered or that has otherwise been identified and brought to the attention of the Commission would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

The Commission invites interested persons to present statements or arguments with respect to alternatives to the proposed regulations during the written comment period.

### **CONTACT PERSONS**

Inquiries concerning the proposed administrative action may be directed to:

Jill Magee, Program Analyst  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814  
Telephone: (916) 323-3562  
(jill.magee@csm.ca.gov)

The backup contact person for these inquiries is:

Heidi Palchik, Assistant Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814  
Telephone: (916) 323-3562  
(heidi.palchik@csm.ca.gov)

Please direct requests for copies of the proposed text (the “express terms”) of the regulations, the initial statement of reasons, the modified text of the regulations, if any, or other information upon which the rulemaking is based to Ms. Jill Magee at the above address or download it from the Commission's website at <http://www.csm.ca.gov/rulemaking.php>.

### **AVAILABILITY OF STATEMENT OF REASONS AND TEXT OF PROPOSED REGULATIONS**

The Commission will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulations, the initial statement of reasons, and the Commission order to initiate rulemaking proceedings.

Copies may be obtained on the Commission's website (see below) or by contacting Ms. Jill Magee at the address or phone number listed above. All persons on the Commission’s interested persons mailing list will be provided a copy of the rulemaking file by making it available on the Commission’s website and providing notice of how to locate it.

### **AVAILABILITY OF CHANGED OR MODIFIED TEXT**

After considering all timely and relevant comments received, and holding a public hearing, if necessary, the Commission may adopt the proposed regulations substantially as described in this notice. If the Commission makes modifications which are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before the Commission adopts the regulations as revised. Please send requests for copies of any modified regulations to the attention of Ms. Jill Magee at the address indicated above. The Commission will accept written comments on the modified regulations for 15 days after the date on which they are made available.

### **AVAILABILITY OF THE FINAL STATEMENT OF REASONS**

Upon its completion, copies of the Final Statement of Reasons may be obtained by contacting Ms. Jill Magee at the above address.

### **AVAILABILITY OF DOCUMENTS ON THE INTERNET**

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations in underline and strikeout can be accessed through the Commission's website at <http://www.csm.ca.gov/rulemaking.php>.



Date: April 19, 2016

To: Commission on State Mandates Rulemaking Mailing List

**Exhibit D**

From: Heather Halsey, Executive Director  
Commission on State Mandates

Re: Extension of Written Comment Period for Rulemaking 16-01

The written comment period for the Commission on State Mandates' (Commission's) proposed rulemaking 16-01 has been extended from May 23, 2016 to **May 27, 2016**. Commenters will now have until May 12, 2016, which is 15 days before the close of the *revised* written comment period, to request a public hearing.

If you have questions about the rulemaking package, please contact Heidi Palchik at (916) 323-3562 or via e-mail at Heidi.Palchik@csm.ca.gov.

Sincerely,

Heather Halsey  
Executive Director

**INITIAL STATEMENT OF REASONS  
CALIFORNIA CODE OF REGULATIONS**

**Exhibit E**

**TITLE 2. ADMINISTRATION  
DIVISION 2. FINANCIAL OPERATIONS  
CHAPTER 2.5. COMMISSION ON STATE MANDATES**

**GENERAL CLEANUP PROVISIONS, AUTHORITY AND REFERENCE**

**ARTICLES 1, 2, 3, 4, 5, 6, 7, 8, AND 10,**

**SECTIONS 1181.1 THROUGH 1181.10; 1181.12 THROUGH 1181.13; 1182.13; 1183.1  
THROUGH 1185.6; 1186.2; 1187.1 THROUGH 1187.10; 1187.14 THROUGH 1188.2;  
AND 1190.1 THROUGH 1190.5**

**SPECIFIC PURPOSE OF THE REGULATIONS**

The Commission on State Mandates (Commission) is a seven-member quasi-judicial body authorized to resolve disputes regarding the existence of state-mandated local programs (Gov. Code, § 17500 et seq.) and to hear matters involving applications for a finding of significant financial distress (Welf. & Inst. Code, § 17000.6).

The purpose of the proposed regulations is to: (1) clarify and streamline Commission regulations; (2) update language for consistency; (3) clarify the period of limitation for filing an incorrect reduction claim consistent with the statutory scheme; (4) clarify the review of consolidated incorrect reduction claims; (5) clarify the procedure when a claimant changes authorized representatives for a matter; (6) update authority and reference citations; and (7) update punctuation for consistency throughout regulations.

**I. Service of Claimant’s Rebuttal to Comments on a Test Claim**

Section 1183.3. Claimant’s Rebuttal to Comments on a Test Claim

*Specific Purpose of the Regulation*

The purpose is to clarify that rebuttal comments, if filed, are required to be served in accordance with section 1181.3 of the regulations.

*Proposed Change*

Language is proposed in 1183.3 (a) as follows:

Written rebuttals to written comments concerning a test claim may be filed, and shall be served in accordance with section 1181.3 of these regulations within 30 days of service of the written comments.

*Necessity and Anticipated Benefit*

This proposed change eliminates potential ambiguity in the phrasing of the regulation and makes it clear for parties, interested parties, and interested persons that the filing of rebuttal comments is optional, but the service of rebuttal comments in accordance with section 1181.3 of the regulations is required.

**II. Comment Period on Draft Expedited Parameters and Guidelines**

Section 1183.9. Expedited Process for Proposed Parameters and Guidelines

### *Specific Purpose of the Regulation*

The proposed change increases the comment period in which parties, interested parties, and interested persons may file comments on draft expedited parameters and guidelines from 20 days to 21 days after the service of the Commission draft proposed decision. The comment period for regular parameters and guidelines remains 15 days because in that process the claimant has already had the opportunity to include reasonably necessary activities when filing the proposed parameters and guidelines and the parties have two opportunities for comments under that process. Under the expedited parameters and guidelines process, there is one opportunity to comment. The purpose of this change is to streamline the process for adopting proposed expedited parameters and guidelines and to make it consistent with the comment periods on amendments to parameters and guidelines and draft proposed decisions for those matters.

### *Proposed Change*

Language is proposed in 1183.9(b) as follows:

Parties, interested parties, and interested persons may file comments on the draft expedited parameters and guidelines within ~~20~~21 days of service of Commission staff's draft proposal.

### *Necessity and Anticipated Benefit*

This proposed alignment of comment periods for proposed expedited parameters and guidelines and proposed amendments to parameters and guidelines with the current three week comment period for draft proposed decisions with which they are issued by the Commission will make it simpler for parties, interested parties, and interested persons, as well as affected State Agencies to submit comments on these matters.

## **III. Comment Period on Proposed Amendment to Parameters and Guidelines**

### Section 1183.17. Amendment to Parameters and Guidelines

#### *Specific Purpose of the Regulation*

The proposed change decreases the comment and rebuttal periods for proposed amendments to parameters and guidelines from 30 days to 21 days. The purpose of this change is to make the comment and rebuttal periods for proposed amendments to parameters and guidelines consistent with the comment periods on expedited parameters and guidelines and draft proposed decisions on those matters.

#### *Proposed Change*

Language is proposed in 1183.17(f) as follows:

Commission staff shall notify all recipients that they shall have the opportunity to review and provide written comments concerning the proposed amendment of the parameters and guidelines within ~~30~~21 days of service.

Language is proposed in 1183.17(h) as follows:

Written rebuttals to the comments may be filed within ~~30~~21 days of service of the comments. Written rebuttals shall be filed and served in accordance with section 1181.3 of these regulations.

#### *Necessity and Anticipated Benefit*

This proposed alignment of comment periods for proposed expedited parameters and guidelines and proposed amendments to parameters and guidelines with the current three week comment period for draft proposed decisions with which they are issued by the Commission will make it simpler for parties, interested parties, and interested persons, as well as affected State Agencies to submit comments on these matters.

**IV. Timeline for Test Claim Filings**

Section 1183.18. Timelines

*Specific Purpose of the Regulation*

Government Code section 17553(a)(2) requires the Commission to adopt procedures to ensure that a statewide cost estimate is adopted within 12 or 18 months as specified, after receipt of a test claim. Section 1183.18 contains a timeline used as a reference for the timely processing of test claims, parameters and guidelines, and statewide cost estimates in accordance with Government Code section 17553. The purpose of the proposed changes to this regulation incorporate the proposed changes to the comment periods for expedited parameters and guidelines and requests to amend parameters and guidelines as described above. In addition, the days on the timeline are corrected to incorporate the 30-day deadline for the Commission to provide notification to the Legislature of its decisions on test claims pursuant to Government Code section 17555 [i.e., decision adopted on day 190, with notification to the Legislature on day 210, instead of on day 220]. The days on the timeline are also corrected to incorporate the 30-day deadline after the adoption of a decision approving a test claim for the claimant and the Department of Finance to notify the Commission in writing of their intent to develop a joint reasonable reimbursement methodology (RRM) pursuant to Government Code section 17557.1 [i.e. test claim decision adopted on day 190, with notification of a joint RRM on day 210, rather than day 220]. Other non-substantive, clarifying changes are also made to the language.

*Proposed Change*

Language is proposed in 1183.18(b)(1) as follows:

Timeline for a Test Claim, Parameters and Guidelines, and Statewide Cost Estimate (12 Months)

<i>PARTY/ACTIVITIES</i>	<i>DAY NUMBER</i>
<b>TEST CLAIM</b>	
CLAIMANT files test claim with the commission.	0
COMMISSION staff begins counting days on the first day after receipt.	1
COMMISSION staff reviews test claim to determine if complete	by 10
COMMISSION staff sends test claim to state agencies for review.	by 10
COMMISSION staff convenes informal conference with parties, if necessary.	by 30
STATE AGENCIES file comments on test claim.	by 40
CLAIMANT submits rebuttal.	by 70
COMMISSION staff prepares the draft proposed decision on the test claim and serves on parties.	by 100
PARTIES submit comments on draft proposed decision on the test claim.	by 130
COMMISSION staff completes analysis and issues <del>p</del> Proposed Statement	



of ~~d~~Decision. by 160  
 COMMISSION hears test claim and adopts a ~~S~~Statement of ~~D~~Decision. by 180  
 COMMISSION staff issues ~~S~~Statement of ~~D~~Decision and serves on parties. by 190  
 COMMISSION staff notifies Legislature of ~~S~~Statement of ~~D~~Decision by 210

PARAMETERS AND GUIDELINES

CLAIMANT submits proposed Parameters and Guidelines. by 210  
 STATE AGENCIES AND PARTIES may file comments. by 235  
 CLAIMANT rebuts comments. by 250  
 COMMISSION staff ~~issues~~~~completes~~ draft proposed decision and  
Pparameters and Gguidelines and serves on parties. by 265  
 PARTIES submit comments on ~~staff's~~ draft proposed decision and  
Pparameters and Gguidelines. by 275  
 COMMISSION staff ~~issues~~~~completes~~ proposed decision and  
Pparameters and Gguidelines and serves on parties. by 279  
 COMMISSION conducts hearing and adopts proposed decision and  
Pparameters and Gguidelines. by 293  
 COMMISSION staff issues ~~adopted~~ decision and  
Pparameters and Gguidelines. by 303

STATEWIDE COST ESTIMATE

COMMISSION staff ~~prepares~~ ~~develops~~ draft sStatewide cCost eEstimate. by 335  
 ALL PARTIES comment on draft sStatewide cCost eEstimate. by 345  
 COMMISSION staff ~~revises~~ ~~prepares~~ proposed sStatewide cCost eEstimate. by 350  
 COMMISSION conducts hearing and adopts sStatewide cCost eEstimate. by 365  
 COMMISSION staff reports Statewide Cost Estimate to the Legislature. by 395

Language is proposed in 1183.18(b)(2) as follows:

Timeline for a Test Claim, Reasonable Reimbursement Methodology, and Statewide Estimate of Costs

PARTY/ACTIVITIES

DAY NUMBER

TEST CLAIM WITH REASONABLE REIMBURSEMENT METHODOLOGY (RRM) AND STATEWIDE ESTIMATE OF COSTS (SEC)

CLAIMANT files test claim with the Commission. 0  
 COMMISSION staff begins counting days on the first day after receipt. 1  
 COMMISSION staff reviews test claim to determine if complete. by 10  
 COMMISSION staff sends test claim to state agencies for review. by 10  
 COMMISSION staff convenes informal conference with parties,  
 if necessary. by 30  
 STATE AGENCIES file comments on test claim. by 40  
 CLAIMANT submits rebuttal. by 70  
 COMMISSION staff prepares the draft proposed decision  
 on the test claim and serves on parties. by 100  
 PARTIES submit comments on the draft proposed decision  
 on the test claim. by 130  
 COMMISSION staff completes analysis and issues ~~p~~Proposed

<del>d</del> Decision.	by 160
COMMISSION hears test claim and adopts a <del>D</del> decision.	by 180
COMMISSION staff issues <del>Adopted D</del> decision and serves on parties.	by 190
COMMISSION staff notifies Legislature of <del>d</del> Decision.	by <del>22</del> 10

REASONABLE REIMBURSEMENT METHODOLOGY (RRM)  
AND STATEWIDE ESTIMATE OF COSTS (SEC)

CLAIMANT AND DEPARTMENT OF FINANCE (DOF) notify Commission in writing of their intent to follow the process in 17557.1 to develop a RRM and SEC (within 30 days after adoption of <u>test claim</u> decision).	by 210
CLAIMANT AND DOF submit plan no later than 6 months after the date of letter of intent and sixty (60) days before hearing.	by 400
COMMISSION staff notifies parties of comment period.	by 410
<u>INTERESTED PARTIES</u> submit comments on the draft RRM and SEC.	by 425
CLAIMANT AND DOF submit written rebuttal.	by 432
COMMISSION staff issues <u>submitted</u> <del>review</del> comments and <u>staff</u> recommendation.	by 450
COMMISSION conducts hearing, approves the draft RRM, and adopts the proposed SEC for the initial claiming period and budget year.	by 460
COMMISSION staff submits RRM to the CONTROLLER.	by 470
COMMISSION staff reports SEC to the Legislature.	by 490

*Necessity and Anticipated Benefit*

The proposed changes correct errors in previous rulemakings and align the timeline with other proposed changes described above to the comment periods for proposed expedited parameters and guidelines and proposed amendments to parameters and guidelines so that parties, interested parties, interested persons, as well as affected State agencies may identify the dates by which each step in the process must be completed according to statute.

**V. Incorrect Reduction Claim Filings**

Section 1185.1. Period of Limitation for Filing an Incorrect Reduction Claim

*Specific Purpose of the Regulation*

The purpose of the proposed amendment is to clarify that the three-year limitation period begins to accrue when the claimant first receives written notice from the State Controller, which complies with Government Code section 17558.5(c) by specifying the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the claimant, and the reason for the adjustment. In addition, the proposed amendment removes “remittance advice” from the list of written notices of adjustment in accordance with Government Code section 17558.5(c), which states that “[r]emittance advices and other notices of payment action shall not constitute notice of adjustment from an audit or review.” The proposed amendment also clarifies that filings made beyond the statute of limitation, will be returned to the claimant for lack of jurisdiction.

*Proposed Change*

Language is proposed in 1185.1(c) as follows:

All incorrect reduction claims shall be filed with the Commission no later than three years following the date a claimant first receives from the Office of State Controller's a final state audit report, letter, remittance advice, or other written notice of adjustment to a reimbursement claim, which complies with Government Code section 17558.5(c) by specifying the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the claimant, and the reason for the adjustment. The filing shall be returned to the claimant for lack of jurisdiction if this requirement is not met.

Language is proposed in 1185.1(f)(4)

A copy of any final state audit report, letter, ~~remittance advice~~, or other written notice of adjustment from the Office of State Controller that explains the claim components adjusted, amounts reduced, and the reasons for the reduction or disallowance.

#### *Necessity and Anticipated Benefit*

These changes clarify for claimants that an untimely filing will be sent back to the claimant and, unlike other completeness issues, cannot be cured, and to make the regulation consistent with current statute.

#### Section 1185.2. Review of Incorrect Reduction Claims

##### *Specific Purpose of the Regulation*

The purpose of these changes is to clarify the filing requirements for an incorrect reduction claim. In addition, the proposed amendment specifies that any incorrect reduction claim or portion of an incorrect reduction claim, that the Commission lacks jurisdiction to hear for any reason, including that the incorrect reduction claim was not filed within the period of limitation required by section 1185.1(c) of these regulations, may be dismissed by the executive director with a written notice stating the reason for dismissal.

##### *Proposed Change*

Language is proposed in 1185.2 (a) as follows:

Within 10 days of receipt of an incorrect reduction claim, Commission staff shall notify the claimant if the incorrect reduction claim is complete or incomplete. Incorrect reduction claims will be considered incomplete if any of the elements ~~required~~ in section 1185.1 (a) and (b) and (de) through (h) are illegible or not included or if the requirements of those subdivisions are not met. Incomplete incorrect reduction claims shall be returned to the claimant. If a complete incorrect reduction claim is not received by the Commission within 30 days from the date the incomplete claim was returned to the claimant, the executive director shall deem the filing to be withdrawn.

Language is proposed in 1185.2 (b) as follows:

(b) Any incorrect reduction claim, or portion of an incorrect reduction claim, that the Commission lacks jurisdiction to hear for any reason, including that the incorrect reduction claim was not filed within the period of limitation required by section 1185.1(c) of these regulations, may be dismissed by the executive director with a written notice stating the reason for dismissal.

The following existing subdivisions are updated to reflect the new subdivision (b) as follows: ~~cb~~, ~~de~~, and ~~ed~~.

### *Necessity and Anticipated Benefit*

The proposed amendment clarifies the conditions under which an incorrect reduction claim filing is considered incomplete and the conditions under which it may be dismissed by the executive director with a written notice stating the reason for dismissal. These changes make it easier for claimants to understand the requirements that must be met in order for their filing to be considered complete and to avoid dismissal.

### Section 1185.3. Consolidation of Claims Initiated by an Individual Claimant

#### *Specific Purpose of the Regulation*

This regulation outlines the process for an individual claimant to initiate the consolidation of claims alleging an incorrect reduction as described in Government Code section 17558.7. The purpose of the proposed amendment is to clarify that a consolidated incorrect reduction claim shall comply with the filing requirements outlined in section 1185.1 for any incorrect reduction claim, including the three-year period of limitation for filing such claims. In addition, the proposed language clarifies that a consolidated incorrect reduction claim shall be deemed complete if it contains a narrative that describes all the elements required for a consolidation and satisfies the requirements in section 1185.1. The proposed language further clarifies that Commission staff shall review a consolidated incorrect reduction claim for completeness and jurisdiction consistent with the other regulations in this article. In addition, the proposed amendment specifies the conditions under which a consolidated incorrect reduction claim may be dismissed by the executive director with a written notice stating the reason for dismissal.

#### *Proposed Change*

Language is proposed in 1185.3(b) as follows:

A claimant that seeks to file a consolidated incorrect reduction claim shall notify the Commission of its intent at the time of filing on a form provided by the Commission. The consolidated incorrect reduction claim shall be filed in accordance with section 1185.1 of these regulations and contain a narrative that explains the elements in subdivision (a) of this section.

Language is proposed in 1185.3(c) as follows:

Within 10 days of receipt of a consolidated incorrect reduction claim, Commission staff shall notify the claimant if the consolidated incorrect reduction claim is complete or incomplete pursuant to section 1185.1, and request the Office of the State Controller to provide the Commission, within 30 days, a list of claimants for whom the Controller has reduced similar claims under the same mandate, and the date each claimant was notified of an adjustment. A consolidated incorrect reduction claim is incomplete if the claim has not been filed in accordance with subdivision (b) of this section, or is illegible. Incomplete consolidated incorrect reduction claims shall be returned to the claimant. If a complete consolidated incorrect reduction claim is not received by the Commission within 30 days from the date the incomplete claim was returned to the claimant, the executive director shall deem the filing to be withdrawn.

Language is proposed in 1185.3(d) as follows:

(d) Any consolidated incorrect reduction claim, or portion of a consolidated incorrect reduction claim, that the Commission lacks jurisdiction to hear for any reason may be dismissed by the executive director in accordance with section 1185.2(b) of these regulations.

Language is proposed in 1185.3(e) as follows:

(e) If the consolidated incorrect reduction claim is complete, Commission staff shall request the Office of the State Controller to provide the Commission, within 30 days, a list of claimants for whom the Controller has reduced similar claims under the same mandate, and the date each claimant was notified of an adjustment.

The following existing subdivisions are updated to reflect the new subdivision (d) and (e) as follows: ~~df.~~

#### *Necessity and Anticipated Benefit*

The proposed amendment clarifies the conditions under which a consolidated incorrect reduction claim filing is considered incomplete and the conditions under which it may be dismissed by the executive director with a written notice stating the reason for dismissal. These changes align the process for filing an incorrect reduction claim with a consolidated incorrect reduction claim as described above and make it easier for claimants to understand the requirements that must be met in order for their filing to be considered complete and to avoid dismissal.

#### Section 1185.4. Joining Consolidated Incorrect Reduction Claim

##### *Specific Purpose of the Regulation*

The purpose of these changes is to clarify the filing requirements for joining a consolidated incorrect reduction claim. The proposed amendments specify that the notice of intent to join a consolidated incorrect reduction claim is required to include the Controller's notice of adjustment provided in accordance with Government Code section 17558.5(c), and that the notice of intent to join will be reviewed by Commission staff for completeness and jurisdiction, consistent with the other regulations addressing incorrect reduction claims. In addition, the proposed amendment specifies that any notice of intent to join a consolidated incorrect reduction claim or portion thereof, that the Commission lacks jurisdiction to hear for any reason, including that the notice was not filed within the period of limitation required by section 1185.1(c) of these regulations, may be dismissed by the executive director with a written notice stating the reason for dismissal.

##### *Proposed Change*

Language is proposed in 1185.4(b)(1) as follows:

A copy of the final state audit report, letter, ~~remittance advice~~, or other written notice of adjustment from the Office of State Controller that explains the claim components adjusted, amounts reduced, and the reasons for the reduction or disallowance.

Language is proposed in 1185.4(d)

(d) Any notice of intent to join the consolidated incorrect reduction claim, or portion thereof, that the Commission lacks jurisdiction to hear for any reason, including that the notice was not filed within the period of limitation required by section 1185.1(c) of these regulations, may be dismissed by the executive director with a written notice stating the reason for dismissal.

##### *Necessity and Anticipated Benefit*

The proposed amendment specifies the required elements according to statute that must be included with the submission of a notice of intent to join a consolidated incorrect reduction

claim, the conditions under which a notice of intent to join a consolidated incorrect reduction claim filing is considered incomplete, and the conditions under which it may be dismissed by the executive director with a written notice stating the reason for dismissal. These changes align the process for filing a notice of intent to join a consolidated incorrect reduction claim with current statute and with the process for filing both an incorrect reduction claim and a consolidated incorrect reduction claim as described above making it easier for claimants to understand the requirements that must be met in order for their filing to be considered complete and to avoid dismissal.

#### Section 1185.5. Opting Out of a Consolidated Incorrect Reduction Claim.

##### *Specific Purpose of the Regulation*

This regulation provides a process whereby a claimant may opt out and not be bound by any determination made on the consolidated claim by filing notice within 15 days of service of the Controller's comments on a consolidated claim. A claimant that opts out of a consolidated incorrect reduction claim may file an individual incorrect reduction claim in order to preserve its right to challenge a reduction made by the Controller.

##### *Proposed Change*

Language is proposed in 1185.5(b) as follows:

No later than one year after opting out, or within the statute period of limitations under section 1185.1(c), whichever is later, a claimant that opts out of a consolidated claim shall file an individual incorrect reduction claim in accordance with section 1185.1 of these regulations in order to preserve its right to challenge a reduction made by the Controller on that same mandate.

##### *Necessity and Anticipated Benefit*

The proposed language aligns the process of filing an individual incorrect reduction claim after opting out of a consolidated claim with the filing requirements of an incorrect reduction claim to simplify the process for claimants.

## **VI. Designation in Writing of Authorized Representative at Hearing**

#### Section 1187.8. Representation at Hearing

##### *Specific Purpose of the Regulation*

Section 1187.8 of the regulations provides that a party may appear in person or through an authorized representative. The proposed changes require the party to designate in writing the authorized representative to act as its sole representative and to file and serve written notice of representation in accordance with section 1181.3 of these regulations. The proposed changes also specify that all correspondence and communications shall be forwarded to this representative. In addition, any change in representation must be authorized by the party in writing, and notice of the change shall be filed and served in accordance with section 1181.3 of the regulations. The purpose of this change is to clarify that designation of an authorized representative, as well as a change to a designation of an authorized representative, must be made in writing and served in accordance with existing provisions in the regulation.

##### *Proposed Change*

Language is proposed in 1187.8(a) as follows:

A party may appear in person or through an authorized representative. When using an authorized representative, a party shall designate in writing the authorized representative to act as its sole representative and shall file and serve written notice identifying the authorized representative in accordance with section 1181.3 of these regulations.

Language is proposed in 1187.8(b) as follows:

A representative of a party shall be deemed to control all matters respecting the interest of that party in the proceeding. All correspondence and communications shall be forwarded to the authorized representative.

Language is proposed in 1187.8(c) as follows:

Withdrawal of appearance of any representative may be effected by filing and serving a written notice of withdrawal in accordance with section 1181.3 of these regulations. Any change in representation shall be authorized by the party in writing and filed and served in accordance with section 1181.3 of these regulations.

#### *Necessity and Anticipated Benefit*

The proposed changes clarify for claimants that any change in representation must be authorized by the party in writing, and specifies that unlike comments, as mentioned above, that are optionally filed but are required to be served, the notice of any change in representation is required both to be filed and to be served in accordance with section 1181.3 of the regulations.

## **VII. Technical and Non-Substantive Proposed Changes**

### *Specific Purpose of the Regulation*

In an effort to “clean-up” the Commission’s regulations, the proposed rulemaking eliminates duplicative language, makes terminology consistent, corrects punctuation and spacing, updated authority and reference citations, and fixes clerical errors in prior rulemaking.

### *Proposed Changes*

#### Eliminate Duplicative Language and Increase Clarity

Language in the sections listed below is either proposed for elimination because it is duplicative of language elsewhere in the governing regulations or has been otherwise modified to improve readability.

#### Section 1183.1. Test Claim Filing

The proposed amendment deletes subsection (i), which states that any party may appeal to the Commission regarding the actions and decisions of the executive director pursuant to this section, because it is duplicative. Section 1181.1 already provides that any action and decision of the executive director may be appealed to the Commission for review. The purpose of this change is to delete this duplicative and unnecessary subdivision, and make it consistent with changes made in a prior rulemaking package.

#### Use Consistent Terminology

Language has been changed for consistent use of terminology throughout the regulations. For example, replacing instances of "statement of decision" and “adopted decision” with "decision" to eliminate any ambiguity in the Commission's terminology and processes.

### Make Clerical Changes of Internal References, Punctuation and Style

Minor and non-substantive changes in internal references, punctuation and style are proposed to improve the readability and clarity of the regulations.

### Update Authority and Reference Citations

Citations have been reviewed and updated as necessary throughout the Commission regulations to: 1) remove outdated or incorrect citations; and 2) add new citations to current law.

### *Necessity and Anticipated Benefit*

The Commission's regulations instruct parties, interested parties and interested persons on the processes and procedures of the Commission. These technical and non-substantive proposed changes are necessary in order to present a great deal of information in a clear and well-organized manner to a diverse audience. These proposed regulations will benefit the participants in the Commission's processes by providing regulations that are easy to interpret and simple to navigate.

## **ECONOMIC IMPACT ASSESSMENT/ANALYSIS**

### Creation or Elimination of Jobs within the State of California

The regulations are designed to increase clarity for local governments, school districts, state agencies, and other interested parties/persons who participate in the Commission's processes and to make minor technical corrections. No jobs in California will be created or eliminated as a result of these regulations.

### Creation of New or Elimination of Existing Businesses within the State of California

The Commission has no jurisdiction over small or any other businesses and businesses are not parties before the Commission. Therefore, no new businesses in California will be created or existing businesses eliminated.

### Expansion of Businesses or Elimination of Existing Businesses Within the State of California

The Commission has no jurisdiction over small or any other businesses and businesses are not parties before the Commission. Additionally, the proposed regulations merely clarify Commission processes and make technical corrections. Therefore, no existing businesses in California will be expanded or eliminated.

### Benefits of the Regulations

The regulations are designed to increase clarity for local governments, school districts, state agencies, and other interested parties/persons who participate in the Commission's processes and to make minor technical corrections. These regulations may indirectly benefit the health and welfare of California residents by clarifying participation in the Commission's processes and by preventing the inclusion of personal identifying information in written material filed with the Commission.

## **MATERIAL RELIED UPON TO DEVELOP REGULATIONS**

Commission staff did not rely on any technical, theoretical, or empirical studies or reports in proposing the adoption of these regulations. The Commission relied upon the statutes and cases cited in the authority and reference sections for the regulations.



**REASONABLE ALTERNATIVES TO THE REGULATIONS AND THE AGENCY'S  
REASONS FOR REJECTING THOSE ALTERNATIVES**

No other alternatives have been presented to or considered by the Commission.

**REASONABLE ALTERNATIVES TO THE PROPOSED REGULATORY ACTION  
THAT WOULD LESSEN ANY ADVERSE ECONOMIC IMPACT ON SMALL OR  
OTHER BUSINESSES**

The Commission has no jurisdiction over small or any other businesses and businesses are not parties before the Commission. Therefore there is no adverse impact on small or other businesses.

**EVIDENCE SUPPORTING FINDING OF NO SIGNIFICANT ADVERSE ECONOMIC  
IMPACT ON ANY BUSINESS**

There are no businesses that are parties or interested parties in matters before the Commission.

**FINAL STATEMENT OF REASONS**

**NO COMMENTS WERE RECEIVED DURING THE INITIAL NOTICE  
PERIOD OF APRIL 8, 2016, THROUGH MAY 27, 2016**

The Notice of Proposed Regulatory Action was published in the Notice Register on April 8, 2016. The proposed text was made available to the public from April 12, 2016, through the end of the extended written comment period on May 27, 2016. The Commission did not receive any comments on the proposed text.

**ALTERNATIVES DETERMINATION**

The Commission has determined that no alternative would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed regulations or would be more cost effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

**LOCAL MANDATE DETERMINATION**

The proposed regulations do not impose any mandate on local agencies or school districts.