

ITEM 10
INCORRECT REDUCTION CLAIM
FINAL STAFF ANALYSIS
AND
PROPOSED STATEMENT OF DECISION

Education Code Section 76355

Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) Statutes 1987, Chapter 1118

Health Fee Elimination

Fiscal Years 1999-2000, 2000-2001, 2001-2002, 2002-2003

05-4206-I-04, 05-4206-I-08

San Mateo Community College District and San Bernardino Community College District,
Claimants

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General Instructions, Community Colleges Mandated Cost Manual, Foreword Revised 07/12

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Health Fee Elimination Instructions – Community Colleges Mandated Cost Manual, Rev. 11/12

Health Fee Elimination Instructions – Schools Mandated Cost Manual, Rev. 09/97

Test Claim Decision, CSM 4206

August 27, 1987 Hearing Binder, Item 6

Letter from Chancellor of California Community Colleges

SixTen and Associates Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone: (858) 514-8605
Fax: (858) 514-8645
E-Mail: Kbpsixten@aol.com

September 1, 2005



Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: Health Fee Elimination
Fiscal Years: 1999-00 through 2001-02
Incorrect Reduction Claim

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for San Mateo Community College District.

SixTen and Associates has been appointed by the District as its representative for this matter and all interested parties should direct their inquiries to me, with a copy as follows:

Jim Keller, Executive Vice-Chancellor
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

Thank-you.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith B. Petersen".

Keith B. Petersen

State of California
COMMISSION ON STATE MANDATES
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562
CSM 2 (12/89)

For Official Use Only RECEIVED SEP 06 2005 COMMISSION ON STATE MANDATES Claim No. 05-4206-I-04
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INCORRECT REDUCTION CLAIM FORM

Local Agency or School District Submitting Claim

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

Contact Person Keith B. Petersen, President SixTen and Associates 5252 Balboa Avenue, Suite 807 San Diego, CA 92117	Telephone Number Voice: 858-514-8605 Fax: 858-514-8645 E-mail: Kbpsixten@aol.com
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Address
Jim Keller, Executive Vice-Chancellor
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

Representative Organization to be Notified Robert Miyashiro, Consultant, Education Mandated Cost Network c/o School Services of California 1121 L Street, Suite 1060 Sacramento, CA 95814	Telephone Number Voice: 916-446-7517 Fax: 916-446-2011 E-mail: robertm@SSCal.com
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This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to section 17561 of the Government Code. This incorrect reduction claim is filed pursuant to section 17561(b) of the Government Code.

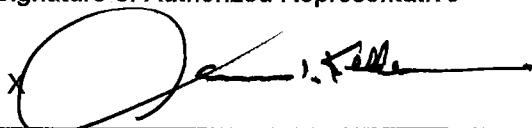
CLAIM IDENTIFICATION: Specify Statute or Executive Order

HEALTH FEE ELIMINATION Chapter 1, Statutes of 1984, 2nd E..S. education Code Section 76355
Chapter 1118, Statutes of 1987

<u>Fiscal Year</u>	<u>Amount of the Incorrect Reduction</u>
1999-2000	\$325,199
2000-2001	\$279,337
2001-2002	\$412,850
Total Amount	\$1,017,386

IMPORTANT: PLEASE SEE INSTRUCTIONS AND FILING REQUIREMENTS FOR COMPLETING AN INCORRECT REDUCTION CLAIM ON THE REVERSE SIDE.

Name and Title of Authorized Representative Jim Keller, Executive Vice-Chancellor	Telephone No. Voice: 650-358-6869 Fax: 650-574-6574 E-mail: kellerj@asmccd.net
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Signature of Authorized Representative 	Date August 25, 2005
---	-------------------------

1 Claim Prepared by:
2 Keith B. Petersen
3 SixTen and Associates
4 5252 Balboa Avenue, Suite 807
5 San Diego, California 92117
6 Voice: (858) 514-8605
7 Fax: (858) 514-8645

8
9 BEFORE THE

10 COMMISSION ON STATE MANDATES

11 STATE OF CALIFORNIA
12

13 INCORRECT REDUCTION CLAIM OF:)
14) No. CSM _____
15)
16) Chapter 1, Statutes of 1984, 2nd E.S.
17) Chapter 1118, Statutes of 1987
18 SAN MATEO COUNTY)
19 Community College District,) Education Code Section 76355
20)
21) Health Fee Elimination
22 Claimant.)
23) Annual Reimbursement Claims:
24)
25) Fiscal Year 1999-00
26) Fiscal Year 2000-01
27) Fiscal Year 2001-02
28 _____)

29 INCORRECT REDUCTION CLAIM FILING
30

31 PART I. AUTHORITY FOR THE CLAIM

32 The Commission on State Mandates has the authority pursuant to Government
33 Code Section 17551(d) to "... to hear and decide upon a claim by a local agency or
34 school district, filed on or after January 1, 1985, that the Controller has incorrectly
35 reduced payments to the local agency or school district pursuant to paragraph (2) of

**Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination**

1 subdivision (d) of Section 17561.” San Mateo County Center Community College
2 District (hereafter “district” or “claimant”) is a school district as defined in Government
3 Code Section 17519.¹ Title 2, CCR, Section 1185 (a), requires the claimant to file an
4 incorrect reduction claim with the Commission.

5 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),
6 requires incorrect reduction claims to be filed no later than three years following the
7 date of the Controller’s remittance advice notifying the claimant of a reduction. A
8 Controller’s audit report dated January 7, 2005 has been issued, but no remittance
9 advices have been issued. The audit report constitutes a demand for repayment and
10 adjudication of the claim. On May 11, 2005, the Controller issued “results of review
11 letters” reporting the audit results and amounts due the state and this constitutes a
12 payment action.

13 There is no alternative dispute resolution process available from the Controller’s
14 Office. In response to an audit issued March 10, 2004, Foothill-De Anza Community
15 College attempted to utilize the informal audit review process established by the
16 Controller to resolve factual disputes. The Foothill-De Anza was notified by the
17 Controller’s legal counsel by letter of July 15, 2004 (attached as Exhibit “A”), that the

¹ Government Code Section 17519, added by Chapter 1459, Statutes of 1984,
Section 1:

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

Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination

1 Controller's informal audit review process was not available for mandate audits and that
2 the proper forum was the Commission on State Mandates.

3 PART II. SUMMARY OF THE CLAIM

4 The Controller conducted a field audit of District's annual reimbursement claims
5 for the District's actual costs of complying with the legislatively mandated Health Fee
6 Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and
7 Chapter 1118, Statutes of 1987) for the period of July 1, 1999 through June 30, 2002.
8 As a result of the audit, the Controller determined that \$1,017,386 of the claimed costs
9 were unallowable:

10	Fiscal	Amount	Audit	SCO	Amount Due
11	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u><State> District</u>
12	1999-00	\$357,148	\$325,199	\$357,148	<\$325,199>
13	2000-01	\$361,031	\$279,337	\$111,475	<\$ 29,781>
14	2001-02	<u>\$541,047</u>	<u>\$412,850</u>	<u>\$ 94,223</u>	<u>\$ 33,974</u>
15	Totals	\$1,259,226	\$1,017,386	\$562,846	<\$321,006>

16 Since the District has been paid \$562,846 for these claims, the audit report concludes
17 that the amount of \$321,006 is due the State.

18 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

19 The District has not filed any previous incorrect reduction claims for this
20 mandate program. The District is not aware of any other incorrect reduction claims
21 having been adjudicated on the specific issues or subject matter raised by this incorrect
22 reduction claim.

1 PART IV. BASIS FOR REIMBURSEMENT

2 1. Mandate Legislation

3 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, repealed Education
4 Code Section 72246 which had authorized community college districts to charge a
5 student health services fee for the purpose of providing health supervision and
6 services, direct and indirect medical and hospitalization services, and operation of
7 student health centers. This statute also required the scope of health services for
8 which a community college district charged a fee during the 1983-84 fiscal year be
9 maintained at that level in the 1984-85 fiscal year and every year thereafter. The
10 provisions of this statute were to automatically repeal on December 31, 1987.

11 Chapter 1118, Statutes of 1987, amended Education Code Section 72246 to
12 require any community college district that provided health services in 1986-87 to
13 maintain health services at that level in 1987-88 and each fiscal year thereafter.

14 Chapter 8, Statutes of 1993, Section 29, repealed Education Code Section
15 72246, effective April 15, 1993. Chapter 8, Statutes of 1993, Section 34, added
16 Education Code Section 76355², containing substantially the same provisions as former

² Education Code Section 76355, added by Chapter 8, Statutes of 1993, Section 34, effective April 15, 1993, as last amended by Chapter 758, Statutes of 1995, Section 99:

“(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each

quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

The governing board of each community college district may increase this fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).

(b) If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

(c) The governing board of a district maintaining a community college shall adopt rules and regulations that exempt the following students from any fee required pursuant to subdivision (a):

(1) Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

(2) Students who are attending a community college under an approved apprenticeship training program.

(3) Low-income students, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

(d) All fees collected pursuant to this section shall be deposited in the fund of the district designated by the California Community Colleges Budget and Accounting Manual. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors.

Authorized expenditures shall not include, among other things, athletic trainers' salaries, athletic insurance, medical supplies for athletics, physical examinations for intercollegiate athletics, ambulance services, the salaries of health professionals for athletic events, any deductible portion of accident claims filed for athletic team members, or any other expense that is not available to all students. No student shall be denied a service supported by student health fees on account of participation in athletic programs.

(e) Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the

**Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination**

1 Section 72246, effective April 15, 1993.

2 2. Test Claim

3 On December 2, 1985, Rio Hondo Community College District filed a test claim
4 alleging that Chapter 1, Statutes of 1984, 2nd Extraordinary Session, by eliminating the
5 authority to levy a fee and by requiring a maintenance of effort, mandated additional
6 costs by mandating a new program or the higher level of service of an existing program
7 within the meaning of California Constitution Article XIII B, Section 6.

8 On November 20, 1986, the Commission on State Mandates determined that
9 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon
10 community college districts by requiring any community college district, which provided
11 health services for which it was authorized to charge a fee pursuant to former Section
12 72246 in the 1983-1984 fiscal year, to maintain health services at that level in the
13 1984-1985 fiscal year and each fiscal year thereafter.

14 At a hearing on April 27, 1989, the Commission of State Mandates determined
15 that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to
16 apply to all community college districts which provided health services in fiscal year
17 1986-1987 and required them to maintain that level of health services in fiscal year

district.

(f) A district that begins charging a health fee may use funds for startup costs from other district funds and may recover all or part of those funds from health fees collected within the first five years following the commencement of charging the fee.

(g) The board of governors shall adopt regulations that generally describe the types of health services included in the health service program."

1 1987-1988 and each fiscal year thereafter.

2 3. Parameters and Guidelines

3 On August 27, 1987, the original parameters and guidelines were adopted. On
4 May 25, 1989, those parameters and guidelines were amended. A copy of the
5 parameters and guidelines, as amended on May 25, 1989, is attached as Exhibit "B."
6 So far as is relevant to the issues presented below, the parameters and guidelines
7 state:

8 "V. REIMBURSABLE COSTS

9 A. Scope of Mandate

10 Eligible community college districts shall be reimbursed for
11 the costs of providing a health services program. Only
12 services provided in 1986-87 fiscal year may be claimed.

13 ...

14 VI. CLAIM PREPARATION

15 ...
16 B...

17 3. Allowable Overhead Cost

18 Indirect costs may be claimed in the manner described by
19 the State Controller in his claiming instructions.

20 VII. SUPPORTING DATA

21 For auditing purposes, all costs claimed must be traceable to
22 source documents and/or worksheets that show evidence of the
23 validity of such costs . . .

24 VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

25 Any offsetting savings the claimant experiences as a direct result
26 of this statute must be deducted from the costs claimed. In
27 addition, reimbursement for this mandate received from any

1 source, e.g., federal, state, etc., shall be identified and deducted
2 from this claim. This shall include the amount of \$7.50 per full-time
3 student per semester, \$5.00 per full-time student for summer
4 school, or \$5.00 per full-time student per quarter, as authorized by
5 Education Code section 72246(a). This shall also include
6 payments (fees) received from individuals other than students who
7 are not covered by Education Code Section 72246 for health
8 services. ...”

9 4. Claiming Instructions

10 The Controller has annually issued or revised claiming instructions for the
11 Health Fee Elimination mandate. A copy of the September 1997 revision of the
12 claiming instructions is attached as Exhibit “C.” The September 1997 claiming
13 instructions are believed to be, for the purposes and scope of this incorrect reduction
14 claim, substantially similar to the version extant at the time the claims which are the
15 subject of this Incorrect reduction claim were filed. However, since the Controller’s
16 claim forms and instructions have not been adopted as regulations, they have no force
17 of law, and, therefore, have no effect on the outcome of this incorrect reduction claim.

18 PART V. STATE CONTROLLER CLAIM ADJUDICATION

19 The Controller conducted an audit of District’s annual reimbursement claims for
20 fiscal years 1999-00, 2000-01 and 2001-02. The audit concluded that 19% of the
21 District’s costs, as claimed, were allowable. A copy of the January 7, 2005-audit report
22 is attached as Exhibit “E.”

23 VI. CLAIMANT’S RESPONSE TO THE STATE CONTROLLER

24 By letter dated October 28, 2004, the Controller transmitted a copy of its draft

1 audit report. By letter dated November 15, 2004, the District objected to the proposed
2 adjustments set forth in the draft audit report. A copy of District's letter of November
3 15, 2004, is attached as Exhibit "E." The Controller then issued its final audit report
4 without change to the adjustments as stated in the draft audit report.

5 **PART VII. STATEMENT OF THE ISSUES**

6 **Finding 1: Unallowable Salaries and Benefits, and Related Indirect Costs**

7 **Claimed**

8 The State Controller asserts that the District "overstated" employee salaries and
9 benefits in the amount of \$610,127 and related indirect costs of \$183,038, for the three
10 fiscal years audited. This amount appears to consist of the disallowance of specific
11 employee time and some mathematical corrections to reported salaries of other
12 employees. After the salaries were eliminated or adjusted, the Controller applied an
13 "audited" benefit rate each year to determine benefit costs.

14 **Disallowed Employees**

15 Based on information received during the audit, the employees for whom all
16 salary costs were disallowed are as follows:

			Fiscal Year Employee Disallowed		
	<u>Employee Name</u>	<u>Position</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
19	Ernest Rodriguez	Faculty	x	x	x
20	Dee Howard	Faculty	x	x	x
21	Angela Stocker	Faculty	x	x	x
22	Lawrence Stringari	Faculty	x	x	x
23	Rosario Car-Casanova	Faculty	x	x	

Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination

1	Gloria Pena-Bench	Office Assistant	x	
2	Sheila Claxton	Office Assistant	x	
3	Roger Hubbard	Unknown		x
4	Rosemary O'Neil	Unknown		x

5 Other than stating that the "district did not provide documentation supporting the
6 validity of the distribution" of these employees to the claim, the Controller has not
7 provided a reason each employee was disallowed. Further, if the Controller doesn't
8 know the position title and job responsibilities of the person being disallowed, there is
9 no factual basis for the disallowance. The propriety of these disallowances cannot be
10 determined until the Controller states why these employees are not relevant to the
11 mandate program.

12 "Audited" Benefit Rate

13 The Controller calculated a benefit rate to be applied to the salaries to determine
14 the total allowable salary and employee benefits for each employee. The rates
15 calculated are 16.69264%, 16.62719%, 17.66762% for fiscal years 1999-00, 2000-01,
16 and 2001-02, respectively. The Controller has not indicated why it was necessary to
17 calculate an average benefit rate when the District reported actual benefit costs in its
18 general ledger, that is, why an average rate is better than actual benefit costs. Further,
19 since the Controller asserts that its claiming instructions have some validity, it should
20 be noted that the claiming instructions allow a "default" benefit rate of 21% which can
21 be added to direct hourly payroll costs to determine a productive hourly rate. This
22 default rate was used by the Controller for the concurrent audit of the District's

**Incorrect Reduction Claim of San Mateo County Community College District
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1 Collective Bargaining program. This raises the question of the need for an “audited”
2 benefit rate when the District reported actual benefit costs for the employees.

3 **“Mathematical Errors”**

4 The Controller asserts that the District understated its salary costs in the amount
5 of \$8,848. While this is a net benefit to the District, the Controller does not disclose the
6 nature of the errors.

7 **Document Retention Period**

8 One of the stated reasons for the disallowance was that claimants must retain
9 source documentation on file “for a period no less than three years from the date of the
10 final payment of the claim.” No legal citation was provided for this assertion. Indeed,
11 this appears to be a ministerial preference of the Controller’s since Government Code
12 Section 17558.5 specifies a two-year or three-year audit period for these fiscal years,
13 depending on the date when the claim is filed, without reference to a requirement for
14 full claim payment.

15 **Source Documentation**

16 Since no reason related to the mandated activities was stated to explain the
17 disallowance of these specific employees, it appears that the entire basis of the
18 Controller’s adjustments is the quantity and quality of District documentation. The
19 Controller cites the parameters and guidelines which states that “all costs claimed must
20 be traceable to source documents and/or worksheets that show evidence of the validity
21 of such costs.” The audit report states that the District “did not provide documentation

1 supporting the validity of the distribution made to the mandate.”

2 Contrary to the assertion of the audit report, the District has complied with the
3 parameters and guidelines by providing source documents that show evidence of the
4 validity of such costs and their relationship to the state-mandated program. The salary
5 and benefits were reported in the District general ledger in the normal course of
6 financial accounting pursuant to state mandated financial accounting procedures.
7 There are no state mandated financial accounting procedures for mandate program
8 costs because the state has never developed or adopted standards. The Controller
9 has never told claimants the specific documents which would satisfy the Controller’s
10 standards. The District has also provided employee names, positions (job titles),
11 hours worked, salary and benefit amounts, and a description of the tasks performed as
12 they relate to this mandate, and in some cases declarations. Thus, the District has
13 provided documentation generated in the usual course of business as well as
14 generated for the purpose of claiming mandate reimbursement.

15 Unreasonable or Excessive

16 None of the adjustments were made because the costs claimed were excessive
17 or unreasonable. The Controller does not assert that the claimed costs were
18 excessive or unreasonable, which is the only mandated cost audit standard in statute
19 (Government Code Section 17561(d) (2)). It would therefore appear that this finding is
20 based upon the wrong standard for review. If the Controller wishes to enforce other
21 audit standards for mandated cost reimbursement, the Controller should comply with

1 the Administrative Procedures Act.

2 **Finding 2 - Unallowable Other Outgoing Expenses**

3 The Controller asserts that the “district overstated other outgoing expense costs
4” As a preliminary matter, the Controller should provide the derivation of “outgoing
5 expense costs” which is not described in generally accepted accounting principles. In
6 addition, the Controller should explain the difference between “expenses” and “costs” in
7 the context of mandate reimbursement.

8 The audit report states that the reason for the \$41,375 adjustment for FY 2001-
9 02 is that journal voucher transactions were not supported by invoices or other source
10 documents. The District response here is the same as Finding 1, that there is no
11 documentation standard for which the district was on notice that requires journal
12 voucher transactions to comply with any documentation standard other than the
13 financial reporting standards mandated by the state for community colleges.

14 **Finding 3 - Overstated Indirect Costs**

15 The Controller asserts that the district overstated its indirect cost rates \$112,243
16 for all three fiscal years. This finding is based upon the report’s statement that “. . . the
17 district improperly applied its claimed indirect cost rate to costs beyond those approved
18 by the U.S. Department of Health and Human Services (DHHS) the district
19 improperly applied the indirect cost rate to direct services and supplies, other operating
20 expenses, and capital outlay costs” While the Controller accepted the 30% indirect

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1 cost rate approved by the federal agency, it did not accept the application of the rate to
2 costs other than salary and benefits because the rate was calculated using only salary
3 and benefit costs.

4 **Federal Approval**

5 The audit report also states, "(t)he SCO's claiming instructions state that
6 community college districts using an indirect cost rate proposal (ICRP) prepared in
7 accordance with OMB Circular A-21 must obtain federal approval of the ICRP."

8 Contrary to the Controller's ministerial preferences, there is no requirement in law that
9 the claimant's indirect cost rate must be "federally" approved, and neither the
10 Commission nor the Controller has ever specified the federal agencies which have the
11 authority to "approve" indirect cost rates. Further, it should be noted that the Controller
12 did not determine that the District's rate was excessive or unreasonable, just that it
13 wasn't federally approved.

14 **Regulatory Requirements**

15 No particular indirect cost rate calculation is required by law. The parameters
16 and guidelines state that "Indirect costs *may be claimed* in the manner described by the
17 Controller in his claiming instructions." The District claimed these indirect costs "in the
18 manner" described by the Controller. The correct forms were used and the claimed
19 amounts were entered at the correct locations. Further, "may" is not "shall"; the
20 parameters and guidelines do not require that indirect costs be claimed in the manner
21 described by the Controller. However, the Controller asserts that the "phrase 'may be

1 claimed' is permissive; it allows the district to claim indirect costs. If the district claims
2 indirect costs, the costs must adhere to the SCO's claiming instructions." The logic is
3 specious. Claimants have the option of filing the *entire* claim for reimbursement and
4 there is no logic to isolating the decision to claim indirect costs as singularly
5 permissive, nor is there is language regarding "adhering" to the claiming instructions if
6 such costs are claimed. It is not quite clear what the legal significance of "adhering" to
7 the claiming instructions means, but since the Controller's claiming instructions were
8 never adopted as law, or regulations pursuant to the Administrative Procedure Act, the
9 claiming instructions are merely a statement of the ministerial interests of the Controller
10 and not law.

11 "Distribution Base"

12 The Controller asserts the District improperly applied the indirect cost rate to
13 direct services and supplies, other operating expenses, and capital outlay costs.
14 The District claimed a federally approved indirect cost rate. Since this rate was
15 calculated using salaries and benefits as the allocation base, the Controller asserts
16 that the rate cannot be applied to any other indirect costs except for salaries and
17 benefits, which would be outside the "distribution base." No cost accounting rationale
18 or legal basis for this peculiar conclusion is provided by the Controller.

19 The Controller cites an E-mail received on May 21, 2004 from DHHS in which a
20 DHHS Branch Chief is said to have stated that "colleges and universities must adhere
21 to their rate agreement in claiming reimbursement of indirect cost under federal

1 awards.” The E-mail is not included in the audit report. It is not known whether the E-
2 mail was solicited by the Controller, to whom it was mailed, so its relevance may be
3 merely anecdotal, and it may be quoted out of context. Notwithstanding, the DHHS e-
4 mail appears to have limited itself to federal awards, which mandates are not.
5 Claimants are subject to whatever state law exists for mandate reimbursement, not
6 federal award cost accounting.

7 What the Controller does not cite is any law or statute which dictates the
8 operation of indirect cost rates. There is no source which states that a “distribution
9 base” has to be identical to the scope of data used to establish the rate. Nor does the
10 Controller assert that here the costs outside the “distribution base” would not properly
11 accumulate indirect costs, only that they should not accumulate costs because they are
12 not salaries and benefit costs. The Controller should be on notice that cost accounting
13 principles allow indirect cost rates to be established based on a variety of bases:
14 salaries, units of production, revenues, etc., without regard for the scope of the
15 distribution base except that the source of the rate has to be representative of the
16 “distribution base.”

17 Unreasonable or Excessive

18 Government Code Section 17561(d)(2) requires the Controller to pay claims,
19 provided that the Controller may audit the records of any school district to verify the
20 actual amount of the mandated costs, and may reduce any claim that the Controller
21 determines is excessive or unreasonable. The Controller is authorized to reduce a

1 claim only if it determines the claim to be excessive or unreasonable. The parameters
2 and guidelines *do not require* that indirect costs be claimed in the manner described by
3 the State Controller. The State Controller's claiming instructions were never adopted
4 as rules or regulations, and therefore have no force of law. The burden is on the State
5 Controller to show, either factually or as a matter of law, that the indirect cost rate
6 method used by the District is excessive or unreasonable, which is the only mandated
7 cost audit standard in statute. If the State Controller wishes to enforce other audit
8 standards for mandated cost reimbursement, the State Controller should comply with
9 the Administrative Procedures Act.

10 **Finding 4 - Understated Authorized Health Fee Revenues Claimed**

11 This finding is based upon the report's statement that the District understated
12 offsetting health fee revenues by \$70,603, due to an authorized \$1 increase in health
13 fees that was not charged for the FY 1999-2000 summer semester and for all three
14 semesters of FY 2001-02. The adjustments are based on the Controller's
15 recalculation of the student health services fees which may have been "collectible"
16 which was then compared to the District's student health fee revenues actually
17 received. The Controller alleges that claimants must compute the total student health
18 fees collectible and reduce claimed costs by this amount even if those fees are not
19 collected in full or part.

1 Education Code Section 76355

2 Education Code Section 76355, subdivision (a), in relevant part, provides: "The
3 governing board of a district maintaining a community college *may require* community
4 college students to pay a fee . . . for health supervision and services . . ." There is no
5 requirement that community colleges levy these fees. The permissive nature of the
6 provision is further illustrated in subdivision (b) which states "*If, pursuant to this*
7 *Section, a fee is required, the governing board of the district shall decide the amount of*
8 *the fee, if any, that a part-time student is required to pay. The governing board may*
9 *decide whether the fee shall be mandatory or optional.*"

10 Parameters and Guidelines

11 This Controller states that the "*Parameters and Guidelines* states that health
12 fees authorized by the *Education Code* must be deducted from costs claimed." The
13 parameters and guidelines do not state this but instead state:

14 "Any offsetting savings that the claimant experiences as a direct result of
15 this statute must be deducted from the costs claimed. In addition,
16 reimbursement for this mandate received from any source, e.g., federal, state,
17 etc., shall be identified and deducted from this claim. This shall include the
18 amount of [student fees] as authorized by Education Code Section 72246(a)³."

19 In order for the district to "experience" these "offsetting savings" the district must
20 actually have collected these fees. Student fees actually collected must be used to
21 offset costs, but not student fees that could have been collected and were not. The use

³ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination

1 of the term “any offsetting savings” further illustrates the permissive nature of the fees.

2 Government Code Section 17514

3 The Controller relies upon Government Code Section 17514 for the conclusion
4 that “[t]o the extent community college districts can charge a fee, they are not required
5 to incur a cost.” Government Code Section 17514, as added by Chapter 1459, Statutes
6 of 1984, actually states:

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

13 There is nothing in the language of the statute regarding the authority to charge a fee,
14 any nexus of fee revenue to increased cost, nor any language which describes the
15 legal effect of fees collected.

16 Government Code Section 17556

17 The Controller relies upon Government Code Section 17556 for the conclusion
18 that “the COSM shall not find costs mandated by the State if the school district has the
19 authority to levy fees to pay for the mandated program or increased level of service.”

20 Government Code Section 17556 as last amended by Chapter 589/89 actually states:

21 “The commission shall not find costs mandated by the state, as defined in
22 Section 17514, in any claim submitted by a local agency or school district, if after
23 a hearing, the commission finds that: . . .

24 (d) The local agency or school district has the authority to levy service
25 charges, fees, or assessments sufficient to pay for the mandated program or
26 increased level of service. . . .”

Incorrect Reduction Claim of San Mateo County Community College District
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1 The Controller misrepresents the law. Government Code Section 17556 prohibits the
2 Commission on State Mandates from finding costs subject to reimbursement, that is,
3 approving a test claim activity for reimbursement, where there is authority to levy fees
4 in an amount sufficient to offset the entire mandated costs. Here, the Commission has
5 already approved the test claim and made a finding of a new program or higher level of
6 service for which the claimants do not have the ability to levy a fee in an amount
7 sufficient to offset the entire mandated costs.

8 Student Health Services Fee Amount

9 The Controller asserts that the district should have collected a student health
10 service fee each semester from non-exempt students in the amount of \$8, \$9, or \$12
11 depending on the fiscal year and whether the student is enrolled full time or part time.
12 Districts receive notice of these fee amounts from the Chancellor of the California
13 Community Colleges. An example of one such notice is the letter dated March 5, 2001,
14 attached as Exhibit "F." While Education Code Section 76355 provides for an increase
15 in the student health service fee, it did not grant the Chancellor the authority to
16 establish mandatory fee amounts or mandatory fee increases. No state agency was
17 granted that authority by the Education Code, and no state agency has exercised its
18 rulemaking authority to establish mandatory fees amounts. It should be noted that the
19 Chancellor's letter properly states that increasing the amount of the fee is at the option
20 of the district, and that the Chancellor is not asserting that authority. Therefore, the
21 Controller cannot rely upon the Chancellor's notice as a basis to adjust the claim for

1 "collectible" student health services fees.

2 **Fees Collected vs. Fees Collectible**

3 This issue is one of student health fees revenue actually received, rather than
4 student health fees which might be collected. The Commission determined, as stated
5 in the parameters and guidelines, that the student fees "experienced" (*collected*) would
6 reduce the amount subject to reimbursement. Student fees not collected are student
7 fees not "experienced" and as such should not reduce reimbursement. Further, the
8 amount 'collectible' will never equal actual revenues collected due to changes in
9 student's BOGG eligibility, bad debt accounts, and refunds.

10 Because districts are not required to collect a fee from students for student
11 health services, and if such a fee is collected, the amount is to be determined by the
12 District and not the Controller, the Controller's adjustment is without legal basis. What
13 claimants are required by the parameters and guidelines to do is to reduce the amount
14 of their claimed costs by the amount of student health services fee revenue actually
15 received. Therefore, student health fees are merely collectible, they are not
16 mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

17 **Statute of Limitations for Audit**

18 This issue is not a finding of the Controller. The District asserts that the first two
19 years of the three claim years audited, fiscal years 1999-00 and 2000-01, were beyond
20 the statute of limitations for an audit when the Controller issued its audit report on

Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination

1 January 7, 2005.

2 Chronology of Claim Action Dates

3	January 10, 2001	FY 1999-00 claim filed by the District
4	January 10, 2002	FY 2000-01 claim filed by the District
5	December 31, 2003	FY 1999-00 statute of limitations for audit expires
6	December 31, 2004	FY 2000-01 statute of limitations for audit expires
7	January 7, 2005	Controller's final audit report issued

8 The District's fiscal year 1999-00 claim was mailed to the Controller on January
9 10, 2001. The District's fiscal year 2000-01 claim was mailed to the Controller on
10 January 10, 2002. According to Government Code Section 17558.5, these claims
11 were subject to audit no later than December 31, 2003 and December 31, 2004,
12 respectively. The audit was not completed by this date. Therefore, the proposed audit
13 adjustments for Fiscal Year 1999-00 and 2000-01 are barred by the statute of
14 limitations set forth in Government Code Section 17558.5.

15 Statutory History

16 Prior to January 1, 1994, no statute specifically governed the statute of
17 limitations for audits of mandate reimbursement claims. Statutes of 1993, Chapter 906,
18 Section 2, operative January 1, 1994, added Government Code Section 17558.5 to
19 establish for the first time a specific statute of limitations for audit of mandate
20 reimbursement claims:

21 “(a) A reimbursement claim for actual costs filed by a local agency or school
22 district pursuant to this chapter is subject to audit by the Controller no later than
23 four years after the end of the calendar year in which the reimbursement claim is
24 filed or last amended. However, if no funds are appropriated for the program for
25 the fiscal year for which the claim is made, the time for the Controller to initiate

Incorrect Reduction Claim of San Mateo County Community College District
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1 an audit shall commence to run from the date of initial payment of the claim.”

2 Thus, there are two standards. A funded claim is “subject to audit” for four years after
3 the end of the calendar year in which the claim was filed. An “unfunded” claim must
4 have its audit “initiated” within four years of first payment.

5 Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and
6 replaced Section 17558.5, changing only the period of limitations:

7 “(a) A reimbursement claim for actual costs filed by a local agency or school
8 district pursuant to this chapter is subject to audit by the Controller no later than
9 two years after the end of the calendar year in which the reimbursement claim is
10 filed or last amended. However, if no funds are appropriated for the program for
11 the fiscal year for which the claim is made, the time for the Controller to initiate
12 an audit shall commence to run from the date of initial payment of the claim.”

13 The first two fiscal year claims, 1999-00 and 2000-01, were subject to the two-year
14 statute of limitations established by Chapter 945/95. These two claims were beyond
15 audit when the audit report was issued. Since funds were appropriated for the program
16 for all the fiscal years which are the subject of the audit, the alternative measurement
17 date is not applicable, and the potential factual issue of when the audit is initiated is not
18 relevant.

19 Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003
20 amended Section 17558.5 to state:

21 “(a) A reimbursement claim for actual costs filed by a local agency or school
22 district pursuant to this chapter is subject to the initiation of an audit by the
23 Controller no later than three years after the ~~end of the calendar year in which~~
24 the date that the actual reimbursement claim is filed or last amended, whichever
25 is later. However, if no funds are appropriated or no payment is made to a
26 claimant for the program for the fiscal year for which the claim is made filed, the

Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination

1 time for the Controller to initiate an audit shall commence to run from the date of
2 initial payment of the claim.”

3 The third fiscal year claim, FY 2001-02, is subject to this amended version of
4 Section 17558.5, and was still subject to audit at the time the audit report was released.

5 The amendment is pertinent since it indicates this is the first time that the factual issue
6 of the date the audit is “initiated” for mandate programs for which funds are
7 appropriated is introduced. Therefore, at the time the claim is filed, it is impossible for
8 the claimant to know when the statute of limitations will expire, which is contrary to the
9 purpose of a statute of limitations.

10 Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005 amended
11 Section 17558.5 to state:

12 “(a) A reimbursement claim for actual costs filed by a local agency or school
13 district pursuant to this chapter is subject to the initiation of an audit by the
14 Controller no later than three years after the date that the actual reimbursement
15 claim is filed or last amended, whichever is later. However, if no funds are
16 appropriated or no payment is made to a claimant for the program for the fiscal
17 year for which the claim is filed, the time for the Controller to initiate an audit
18 shall commence to run from the date of initial payment of the claim. In any case,
19 an audit shall be completed not later than two years after the date that the audit
20 is commenced.”

21 None of the fiscal period claims which are the subject of the audit are subject to
22 this amended version of Section 17558.5. The amendment is pertinent since it
23 indicates this is the first time that the Controller audits may be completed at a time
24 other than the stated period of limitations.

25 Clearly, the Controller did not complete the audit within the statutory period

1 allowed for the first two fiscal year claims included in this audit. The audit findings are
2 therefore void for those two claims.

3 **PART VIII. RELIEF REQUESTED**


4 The District filed its annual reimbursement claims within the time limits
5 prescribed by the Government Code. The amounts claimed by the District for
6 reimbursement of the costs of implementing the program imposed by Chapter 1,
7 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code
8 Section 76355 represent the actual costs incurred by the District to carry out this
9 program. These costs were properly claimed pursuant to the Commission's parameters
10 and guidelines. Reimbursement of these costs is required under Article XIII B, Section
11 6 of the California Constitution. The Controller denied reimbursement without any
12 basis in law or fact. The District has met its burden of going forward on this claim by
13 complying with the requirements of Section 1185, Title 2, California Code of
14 Regulations. Because the Controller has enforced and is seeking to enforce these
15 adjustments without benefit of statute or regulation, the burden of proof is now upon the
16 Controller to establish a legal basis for its actions.

17 The District requests that the Commission make findings of fact and law on each
18 and every adjustment made by the Controller and each and every procedural and
19 jurisdictional issue raised in this claim, and order the Controller to correct its audit
20 report findings therefrom.

PART IX. CERTIFICATION

By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief, and that the attached documents are true and correct copies of documents received from or sent by the state agency which originated the document.

Executed on August 25, at San Mateo, California, by


Jim Keller, Executive Vice-Chancellor
San Mateo County Community College District
4301 CSM Drive
San Mateo, CA 94402
Voice: 650-358-6869
Fax: 650-574-6574
E-Mail: kellerj@smccd.net

APPOINTMENT OF REPRESENTATIVE

San Mateo County Community College District appoints Keith B. Petersen, SixTen and Associates, as its representative for this incorrect reduction claim.

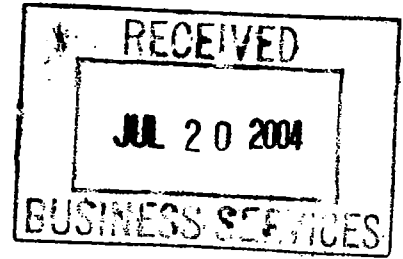

Jim Keller, Executive Vice-Chancellor
San Mateo County Community College District

8/25/05
Date

Attachments:

Exhibit "A"	Controller's Legal Counsel Letter dated July 15, 2004
Exhibit "B"	Parameters and Guidelines as amended May 25, 1989
Exhibit "C"	Controller's Claiming Instructions September 1997
Exhibit "D"	SCO Audit Report dated January 7, 2005
Exhibit "E"	Claimant's Letter dated November 15, 2004
Exhibit "F"	Chancellor's Letter dated March 5, 2001

Exhibit A



STEVE WESTLY
California State Controller

July 15, 2004

Mike Brandy, Vice Chancellor
Foothill-De Anza Community College District
12345 El Monte Road
Los Altos, CA 94022

Re: Foothill-De Anza Community College District Audit

Dear Mr. Brandy:

This is in response to your letter to me dated May 13, 2004, concerning the Controller's Audit of the Health Fee claim.

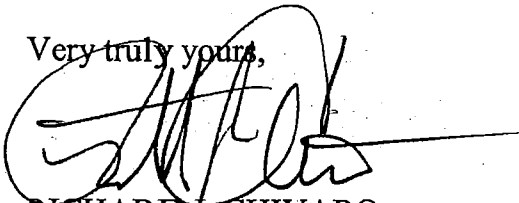
The Controller's informal audit review process was established to resolve factual disputes where no other forum for resolution, other than a judicial proceeding, is available.

The proper forum for resolving issues involving mandated cost programs is through the incorrect reduction process through the Commission on State Mandates. As such, this office will not be scheduling an informal conference for this matter.

However, in light of the concerns expressed in your letter concerning the auditors assigned and the validity of the findings, I am forwarding your letter to Vince Brown, Chief Operating Officer, for his review and response.

If you have any questions you may contact Mr. Vince Brown at (916) 445-2038.

Very truly yours,



RICHARD J. CHIVARO
Chief Counsel

RJC/st

cc: Vincent P. Brown, Chief Operating Officer, State Controller's Office
Jeff Brownfield, Chief, Division of Audits, State Controller's Office

Exhibit B

Adopted: 8/27/87
Amended: 5/25/89

PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
- Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

- Birth Control
- Lab Reports
- Nutrition
- Test Results (office)
- VD
- Other Medical Problems
- CD
- URI
- ENT
- Eye/Vision
- Derm./Allergy
- Gyn/Pregnancy Services
- Neuro
- Ortho
- GU
- Dental
- GI
- Stress Counseling
- Crisis Intervention
- Child Abuse Reporting and Counseling
- Substance Abuse Identification and Counseling
- Aids
- Eating Disorders
- Weight Control
- Personal Hygiene
- Burnout

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

- Sexually Transmitted Disease
- Drugs
- Aids
- Child Abuse
- Birth Control/Family Planning
- Stop Smoking
- Etc.
- Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

- Diphtheria/Tetanus
- Measles/Rubella
- Influenza
- Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis

Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no

less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) received from individuals other than students who are not covered by Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

0350d

Exhibit C

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17564(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to Item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services.

Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE-2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms

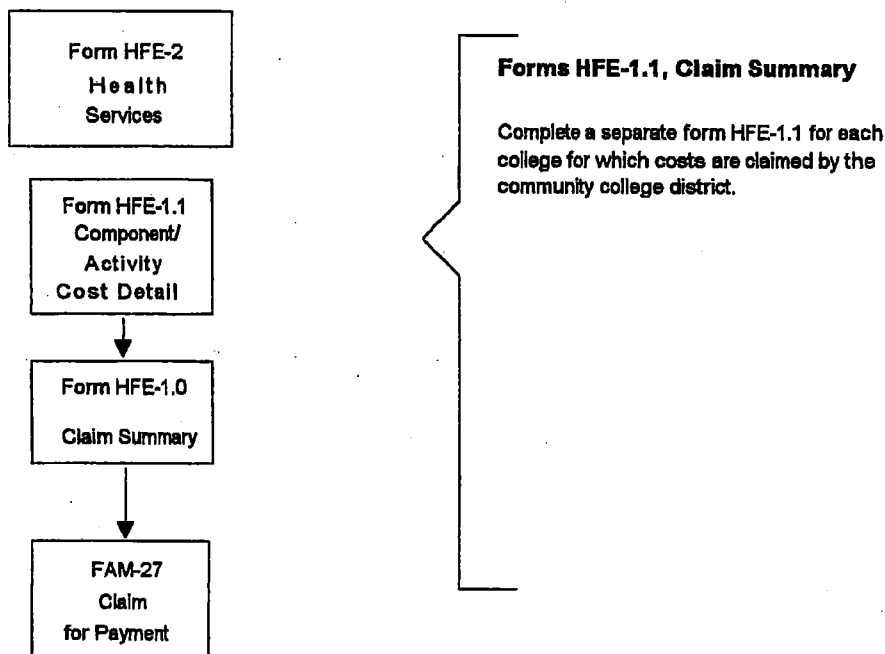


Exhibit D

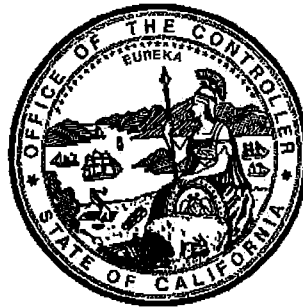
**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

Audit Report

HEALTH FEE ELIMINATION PROGRAM

Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

January 2005



STEVE WESTLY
California State Controller

January 7, 2005

Mr. Ron Galatolo
Chancellor-Superintendent
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402-3699

Dear Mr. Galatolo:

The State Controller's Office audited the claims filed by the San Mateo County Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 1999, through June 30, 2002.

The district claimed \$1,259,226 for the mandated program. Our audit disclosed that \$241,840 is allowable and \$1,017,386 is unallowable. The unallowable costs occurred because the district claimed unsupported costs for salaries and benefits, and services and supplies, and understated offsetting revenues. The district was paid \$562,846. The amount paid in excess of allowable costs claimed totals \$321,006.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site at www.csm.ca.gov (Guidebook link), and obtain IRC forms by telephone at (916) 323-3562 or by e-mail at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

A handwritten signature in cursive script that reads "Vincent P. Brown".

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/ams

cc: Ed Monroe, Program Assistant
Fiscal Accountability Section
Chancellor's Office
California Community Colleges
Jeannie Oropeza, Program Budget Manager
Education Systems Unit, Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the San Mateo County Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session (E.S.), and Chapter 1118, Statutes of 1987) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was October 1, 2004.

The district claimed \$1,259,226 for the mandated program. Our audit disclosed that \$241,840 is allowable and \$1,017,386 is unallowable. The unallowable costs occurred because the district claimed unsupported costs for salaries and benefits, and services and supplies, and understated offsetting revenues. The district was paid \$562,846. The amount paid in excess of allowable costs claimed totals \$321,006.

Background

Education Code Section 72246, (repealed by Chapter 1, Statutes of 1984, 2nd E.S.) authorized community college districts to charge a health fee for providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during fiscal year (FY) 1983-84 had to be maintained at that level in FY 1984-85 and every year thereafter. The provisions of this statute would automatically sunset on December 31, 1987, reinstating the community college districts' authority to charge a health fee as specified.

Education Code Section 72246 (amended by Chapter 1118, Statutes of 1987) requires any community college district that provided health services in FY 1986-97 to maintain health services at the level provided during that year in FY 1987-88 and each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (COSM) determined that Chapter 1, Statutes of 1984, 2nd E.S., imposed a "new program" upon community college districts by requiring any community college district that provided health services for which it was authorized to charge a fee pursuant to former *Education Code* Section 72246 in FY 1983-84 to maintain health services at the level provided during that year in FY 1984-85 and each fiscal year thereafter. This maintenance-of-effort (MOE) requirement applies to all community college districts that levied a health services fee in FY 1983-84, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the FY 1983-84 level.

On April 27, 1989, COSM determined that Chapter 1118, Statutes of 1987, amended this MOE requirement to apply to all community college districts that provided health services in FY 1986-87, and required them to maintain that level in FY 1987-88 and each fiscal year thereafter.

Parameters and Guidelines establishes the state mandate and defines criteria for reimbursement. COSM adopted the *Parameters and Guidelines* on August 27, 1987, and amended it on May 25, 1989. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for each mandate requiring state reimbursement in assisting school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

Our audit objective was to determine whether costs claimed are increased costs incurred as a result of the Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd E.S., and Chapter 1118, Statutes of 1987) for the period of July 1, 1999, through June 30, 2002.

We performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;
- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority provided by *Government Code* Sections 17558.5 and 17561. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, San Mateo County Community College District claimed \$1,259,226 for costs of the legislatively mandated Health Fee Elimination Program. Our audit disclosed that \$241,840 is allowable and \$1,017,386 is unallowable.

For FY 1999-2000, the district was paid \$357,148 by the State. Our audit disclosed that \$31,949 is allowable. The district should return \$325,199 to the State.

For FY 2000-01, the district was paid \$111,475 by the State. Our audit disclosed that \$81,694 is allowable. The district should return \$29,781 to the State.

For FY 2001-02, the district was paid \$94,223 by the State. Our audit disclosed that \$128,197 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$33,974, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on October 28, 2004. Jim Keller, Executive Vice-Chancellor, responded by letter dated November 15, 2004 (Attachment), disagreeing with the audit results. The final audit report includes the district's response.

Restricted Use

This report is solely for the information and use of San Mateo County Community College District, the San Mateo County Office of Education, the California Department of Education, the California Community Colleges Chancellor's Office, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 1999, through June 30, 2002**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Salaries	\$ 552,729	\$ 367,095	\$ (185,634)	Finding 1
Benefits	92,265	61,278	(30,987)	Finding 1
Services and supplies	24,276	24,276	—	
Other operating expenses	63,624	63,624	—	
Capital outlays	13,491	13,491	—	
Subtotals	746,385	529,764	(216,621)	
Indirect costs	223,916	128,513	(95,403)	Findings 1, 3
Subtotals, health expenditures	970,301	658,277	(312,024)	
Less offsetting savings/reimbursements	613,153	(626,328)	(13,175)	Finding 4
Total costs	<u>\$ 357,148</u>	(31,949)	<u>\$ (325,199)</u>	
Less amount paid by the State		(357,148)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (325,199)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Salaries	\$ 550,480	\$ 387,826	\$ (162,654)	Finding 1
Benefits	91,530	64,485	(27,045)	Finding 1
Services and supplies	37,335	37,335	—	
Other operating expenses	60,628	60,628	—	
Capital outlays	11,131	11,131	—	
Subtotals	751,104	561,405	(189,699)	
Indirect costs	225,331	135,693	(89,638)	Findings 1, 3
Subtotals, health expenditures	976,435	697,098	(279,337)	
Less offsetting savings/reimbursements	(615,404)	(615,404)	—	
Total costs	<u>\$ 361,031</u>	(81,694)	<u>\$ (279,337)</u>	
Less amount paid by the State		(111,475)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (29,781)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Salaries	\$ 601,571	\$ 428,365	\$ (173,206)	Finding 1
Benefits	106,283	75,682	(30,601)	Finding 1
Services and supplies	42,558	42,558	—	
Other operating expenses	100,573	59,198	(41,375)	Finding 2
Capital outlays	20,530	20,530	—	
Subtotals	871,515	626,333	(245,182)	
Indirect costs	261,454	151,214	(110,240)	Findings 1, 3

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2001, through June 30, 2002 (continued)</u>				
Subtotals, health expenditures	1,132,969	777,547	(355,422)	
Less offsetting savings/reimbursements	<u>(591,922)</u>	<u>(649,350)</u>	<u>(57,428)</u>	Finding 4
Total costs	<u>\$ 541,047</u>	128,197	<u>\$ (412,850)</u>	
Less amount paid by the State		<u>(94,223)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 33,974</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
Salaries	\$ 1,704,780	\$ 1,183,286	\$ (521,494)	Finding 1
Benefits	290,078	201,445	(88,633)	Finding 1
Services and supplies	104,169	104,169	—	
Other operating expenses	224,825	183,450	(41,375)	Finding 2
Capital outlays	<u>45,152</u>	<u>45,152</u>	<u>—</u>	
Subtotals	2,369,004	1,717,502	(651,502)	
Indirect costs	<u>710,701</u>	<u>415,420</u>	<u>(295,281)</u>	Findings 1, 3
Subtotals, health expenditures	3,079,705	2,132,921	(946,784)	
Less offsetting savings/reimbursements	<u>(1,820,479)</u>	<u>(1,891,082)</u>	<u>(70,603)</u>	Finding 4
Total costs	<u>\$ 1,259,226</u>	241,840	<u>\$(1,017,386)</u>	
Less amount paid by the State		<u>(562,846)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (321,006)</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits, and related indirect costs claimed

The district overstated employee salaries and benefits claimed by \$610,127 for the period of July 1, 1999, through June 30, 2002. The related indirect costs, based on the claimed indirect cost rate of 30% for each fiscal year, total \$183,038.

Unallowable costs are summarized as follows:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Salaries:				
Unsupported costs	\$ (196,353)	\$ (162,057)	\$ (171,932)	\$ (530,342)
Mathematical errors	10,719	(597)	(1,274)	8,848
Total salaries	(185,634)	(162,654)	(173,206)	(521,494)
Benefits	(30,987)	(27,045)	(30,601)	(88,633)
Subtotals	(216,621)	(189,699)	(203,807)	(610,127)
Related indirect costs	(64,986)	(56,910)	(61,142)	(183,038)
Audit adjustment	\$ (281,607)	\$ (246,609)	\$ (264,949)	\$ (793,165)

The district claimed \$530,342 in salaries based on information reported in its employee earnings report that allocated individual payroll costs to various accounts. The district did not provide documentation supporting the validity of the distribution made to the mandate. In addition, the district made mathematical errors when preparing the claim that resulted in understated salary costs of \$8,848. Related benefits and indirect costs total \$88,633 and \$183,038, respectively.

Parameters and Guidelines states that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. Documentation must be kept on file for a period of no less than three years from the date of the final payment of the claim.

Recommendation

We recommend that the district establish and implement procedures to ensure all claimed costs are eligible and are properly supported. Documentation should identify the mandated functions performed and the actual number of hours devoted to each function.

District's Response

The State Controller asserts that the District overstates employee salaries and benefits because it "did not provide documentation supporting the validity of the distribution made to the mandate." The State Controller does not assert that the claimed costs were excessive or reasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). It would therefore appear that this finding is based upon the wrong standard for review. If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the

Administrative Procedures Act.

The issue for the State Controller appears to be the quality or quantity of supporting documentation, rather than the reasonableness of the claimed costs. This finding is based, partially, upon the report's assertion that the "*Parameters and Guidelines* states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs." The *Parameters and Guidelines* actually state, in that regard, that "...all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs." It appears as if the audit report is applying some previously unpublished definition to the term "source documents." In fact, the definition applied by the audit report is still undefined and unpublished because nowhere in the report does it state what kind of "source documents" would satisfy its unpublished demands.

Please identify and provide the district with any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period which defines "source documents" and how and when claimants were notified of the specific documentation requirements to support salary and benefit costs.

Government Code section 6253, subdivision (c), requires a government agency, within 10 days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of public records in your possession and to promptly notify the district of that determination and the reasons therefor. Also, as required, when so notifying the district, please state the estimated date and time when the records will be made available.

SCO's Comment

The finding and recommendation, other than an update to the audit criterion, remain unchanged. The district did not address the audit finding's factual accuracy and did not provide any additional source documents or worksheets to refute the finding.

In addition to what the district cited in its response, *Government Code* Section 17561(d)(2) states that the Controller may audit the records of any local agency or school district to verify the actual amount of the mandated costs.

We provided copies of *Parameters and Guidelines* and the SCO's claiming instructions to the district on November 24, 2004. The SCO issues annual claiming instructions for mandated programs in accordance with *Government Code* Section 17558. The SCO's claiming instructions for the audit period include the same guidance for supporting documentation as stated in *Parameters and Guidelines*.

**FINDING 2—
Unallowable other
outgoing expenses**

The district overstated other outgoing expense costs by \$41,375 for the period of July 1, 2001, through June 30, 2002.

The district claimed costs based on amounts recorded on three separate journal voucher transactions. However, the district did not provide any documentation supporting the validity of the costs claimed, e.g., in invoices or other source documents.

A breakdown by college of unallowable outgoing expenses for FY 2001-02 is as follows:

<u>Location</u>	<u>Amount Claimed</u>
College of San Mateo	\$ (16,063)
Skyline College	(22,836)
Canada College	<u>(2,476)</u>
Audit adjustment	<u>\$ (41,375)</u>

Parameters and Guidelines states that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. Documentation must be kept on file for a period of no less than three years from the date of the final payment of the claim.

Recommendation

We recommend the district establish and implement procedures to ensure all claimed costs are properly supported. Costs claimed must be traceable to source documents that show evidence of the validity of such costs.

District's Response

The district did not respond to this finding.

SCO's Comment

The finding and recommendation, other than an update to the audit criterion, remain unchanged.

**FINDING 3—
Overstated indirect
costs**

The district overstated indirect costs by \$112,243 for the period of July 1, 1999, through June 30, 2002.

The overstatement occurred because the district improperly applied its claimed indirect cost rate to costs beyond those approved by the U.S. Department of Health and Human Services (DHHS). The district used an indirect cost rate of 30% based upon Office of Management and Budget (OMB) Circular A-21 that was approved by the DHHS. The approval letter, dated February 4, 1999, stated that the district's indirect cost rate used a base consisting of "Direct Salaries and Wages including all fringe benefits." During the audit period, the district improperly applied the indirect cost rate to direct services and supplies, other operating

expenses, and capital outlay costs as follows:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Services and supplies	\$ (24,276)	\$ (37,335)	\$ (42,558)	
Other operating expenses	(63,624)	(60,628)	(100,573)	
Capital outlays	(13,491)	(11,131)	(20,530)	
Subtotals	(101,391)	(109,094)	(163,661)	
Indirect cost rate	× 30%	× 30%	× 30%	
Audit adjustment	\$ (30,417)	\$ (32,728)	\$ (49,098)	\$ (112,243)

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO claiming instructions. The SCO claiming instructions state that community college districts using an indirect cost rate proposal (ICRP) prepared in accordance with OMB Circular A-21 must obtain federal approval of the ICRP.

The SCO's *Mandated Cost Manual* states that indirect costs must be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

The OMB Circular A-21 methodology allows colleges and universities to calculate their indirect cost rate under the simplified method using either salaries and wages or modified total direct costs. The district's indirect cost rate was proposed and negotiated based on salaries and wages including all fringe benefits, not on modified total direct costs. The appropriate rate application base is shown on the rate agreement. The district must adhere to its rate agreement in claiming reimbursement of indirect costs.

Recommendation

We recommend that the district implement policies and procedures to ensure the OMB Circular A-21 indirect cost rate is applied only to the costs included in the base of the indirect cost rate calculation.

District's Response

The State Controller asserts "during the audit period, the district improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs. . ." The district uses a federally approved indirect cost rate. Since the rate was calculated using salaries and benefits as the allocation base, the State Controller asserts that the rate cannot be applied to any other indirect costs except for salaries and benefits. No cost accounting rationale or legal basis for this peculiar conclusion is provided by the State Controller.

The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller. The State Controller's claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State Controller to show, either factually or as a matter of law, that the indirect cost rate method used by the District is excessive or

unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

SCO's Comment

The finding and recommendation remain unchanged. The district interpreted *Parameters and Guidelines* language incorrectly. The phrase "may be claimed" is permissive; it allows the district to claim indirect costs. If the district claims indirect costs, the costs must adhere to the SCO's claiming instructions.

The district received an Indirect Cost Negotiation Agreement from the U.S. Department of Health and Human Services. The agreement indicates that the district's approved OMB Circular A-21 rate was developed using salaries and wages including all fringe benefits as a distribution base. Section H(2)(e) of OMB Circular A-21 states that institutions must apply the facilities and administrative cost rate to direct salaries and wages for individual agreements to determine the amount of facilities and administrative costs allocable to such agreements.

Mr. Wallace Chan, Branch Chief, U.S. Department of Health and Human Services, stated via e-mail on May 21, 2004, that colleges and universities must adhere to their rate agreement in claiming reimbursement of indirect cost under federal awards. If the district wishes to apply its indirect cost rate to a distribution base other than salaries and wages, the district's approved A-21 rate must be based on modified total direct costs.

In addition to what the district cited in its response, *Government Code* Section 17561(d)(2) states that the Controller may audit the records of any local agency or school district to verify the actual amount of the mandated costs.

**FINDING 4—
Understated
authorized health fee
revenues claimed**

The district understated offsetting health fee revenues by \$70,603 for the period of July 1, 1999, through June 30, 2001, due to an authorized \$1 increase in health fees that was not charged for the FY 1999-2000 summer semester and for all three semesters of FY 2001-02. Health fee revenues were understated as follows:

	<u>Summer</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
Fiscal year 1999-2000:				
Claimed health fees	\$ 7	\$ —	\$ —	
Authorized health fees	<u>8</u>	<u>—</u>	<u>—</u>	
Subtotals	(1)	—	—	
Number of students subject to fee	<u>× 13,175</u>	<u>× —</u>	<u>× —</u>	
Audit adjustment, FY 1999-2000	<u>\$ (13,175)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (13,175)</u>

	<u>Summer</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
Fiscal year 2001-02:				
Claimed health fees	\$ 8	\$ 11	\$ 11	
Authorized health fees	<u>9</u>	<u>12</u>	<u>12</u>	
Subtotals	(1)	(1)	(1)	
Number of students subject to fee	<u>× 13,262</u>	<u>× 21,579</u>	<u>× 22,587</u>	
Audit adjustment, FY 2001-02	<u>\$ (13,262)</u>	<u>\$ (21,579)</u>	<u>\$ (22,587)</u>	<u>(57,428)</u>
Total audit adjustment				<u>\$ (70,603)</u>

Parameters and Guidelines states that health fees authorized by the *Education Code* must be deducted from costs claimed.

In addition, *Government Code* Section 17514 states that costs mandated by the State means any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, *Government Code* Section 17556 states that the Commission on State Mandates shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

Recommendation

We recommend that the district ensure that it offsets allowable health services program costs by the amount of health service fee revenues authorized by the *Education Code*.

District's Response

The State Controller alleges that claimants must compute the total student health fees collectible based on the highest "authorized" rate. The State Controller does not provide the factual basis for the calculation of the "authorized" rate, nor provide any reference to the "authorizing" source, nor the legal right of any state entity to "authorize student health services rates absent rulemaking or compliance with the Administrative Procedures Act by the "authorizing" state agency.

Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee... for health supervision and services..." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the *Education Code* must be deducted

from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed. . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

The State Controller also misconstrues the legal meaning of Government Code Section 17556, which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

Finally, the State Controller asserts that "to the extent that community college districts can charge a fee, they are not required to incur a cost." Revenues and costs are separate and unique accounting concepts, as the State Controller should know. Not charging a fee, that is, not collecting a revenue or income, has no effect on expenses. The fees actually collected appropriately reduces the amounts claimed for reimbursement, but do not change the actual cost of the program.

SCO's Comment

The finding and recommendation remain unchanged. We agree that community college districts may choose not to levy a health services fee. However, *Parameters and Guidelines* requires that the district deduct authorized health fees from claimed costs. *Education Code* Section 76355(c) authorizes health fees for all students except those students who: (1) depend exclusively on prayer for healing; (2) attend a community college under an approved apprenticeship training program; or (3) demonstrate financial need. (*Education Code* Section 76355(a) increased authorized health fees by \$1 effective with the Summer 2001 session.) Therefore, the related health services costs are not mandated costs as defined by *Government Code* Section 17514. Health services costs recoverable through an authorized fee are not costs the district is required to incur. *Government Code* Section 17556 states that the COSM shall not find costs mandated by the State as defined in *Government Code* Section 17514 if the district has authority to levy fees to pay for the mandated program or increased level of service.

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

OTHER ISSUES

The district requested that the audit report be changed to comply with the appropriate application of the *Government Code* concerning audits of mandate claims.

The district also noted that the name of the district is San Mateo County Community College District.

SCO's Comment

The methodology section of this report has been updated to reference *Government Code* Section 17561, which states that the Controller may audit the records of any local agency or school district to verify the actual amount of the mandated costs.

This report now correctly identifies the name of the district.

**Attachment—
District's Response to
Draft Audit Report**



Cañada College, Redwood City
College of San Mateo, San Mateo
Skyline College, San Bruno

SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT

Associate Chancellor

November 15, 2004

CERTIFIED MAIL: 7000 1670 0002 2598 7604

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
California State Controller
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 1, Statutes of 1984
Health Fee Elimination
State Controller's Audit
Fiscal Years: 2001-02 and 2002-03

Dear Mr. Spano:

This letter is the response of the San Mateo County Community College District to the letter from Vincent P. Brown, Chief Operating Officer, State Controller's Office, dated October 28, 2004, and received by the District on November 5, 2004, which enclosed a draft copy of your audit report of the District's Health Fee Elimination claims for the period of July 1, 1999 through June 30, 2002. Please note for future use that name of this district is San Mateo *County* Community College District.

Finding 1 - Unallowable Salaries and Benefits and Related Indirect Costs

The State Controller asserts that the District overstates employee salaries and benefits because it "did not provide documentation supporting the validity of the distribution made to the mandate." The State Controller does not assert that the claimed costs were excessive or reasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d) (2). It would therefore appear that this finding is based upon the wrong standard for review. If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

The issue for the State Controller appears to be the quality or quantity of supporting

documentation, rather than the reasonableness of the claimed costs. This finding is based, partially, upon the report's assertion that the "*Parameters and Guidelines* states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs." The *Parameters and Guidelines* actually state, in that regard, that "...all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs." It appears as if the audit report is applying some previously unpublished definition to the term "source documents." In fact, the definition applied by the audit report is still undefined and unpublished because nowhere in the report does it state what kind of "source documents" would satisfy its unpublished demands.

Please identify and provide the district with any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period which defines "source documents" and how and when claimants were notified of the specific documentation requirements to support salary and benefit costs.

Government Code section 6253, subdivision (c), requires a government agency, within 10 days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of public records in your possession and to promptly notify the district of that determination and the reasons therefor. Also, as required, when so notifying the district, please state the estimated date and time when the records will be made available.

Finding 3 - Overstated Indirect Costs

The State Controller asserts "during the audit period, the district improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs..." The district uses a federally approved indirect cost rate. Since the rate was calculated using salaries and benefits as the allocation base, the State Controller asserts that the rate cannot be applied to any other indirect costs except for salaries and benefits. No cost accounting rationale or legal basis for this peculiar conclusion is provided by the State Controller.

The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller. The State Controller's claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State Controller to show, either factually or as a matter of law, that the indirect cost rate method used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d) (2)). If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

Finding 4 - Understated Authorized Health Fee Revenues Claimed

The State Controller alleges that claimants must compute the total student health fees collectible based on the highest "authorized" rate. The State Controller does not provide the factual basis for the calculation of the "authorized" rate, nor provide any reference to the "authorizing" source, nor the legal right of any state entity to "authorize" student health services rates absent rulemaking or compliance with the Administrative Procedures Act by the "authorizing" state agency.

Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee . . . for health supervision and services . . ." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the Education Code must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

The State Controller also misconstrues the legal meaning of Government Code Section 17556, which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

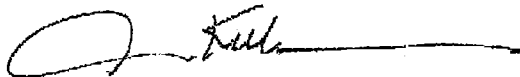
¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

Finally, the State Controller asserts that "to the extent that community college districts can charge a fee, they are not required to incur a cost." Revenues and costs are separate and unique accounting concepts, as the State Controller should know. Not charging a fee, that is, not collecting a revenue or income, has no effect on expenses. The fees actually collected appropriately reduces the amounts claimed for reimbursement, but do not change the actual cost of the program.

o o o

The District requests that the audit report be changed to comply with the appropriate application of the Government Code concerning audits of mandate claims.

Sincerely,



Jim Keller, Executive Vice Chancellor
San Mateo County Community College District

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874**

<http://www.sco.ca.gov>

S03-MCC-045

Exhibit E



Cañada College, Redwood City
College of San Mateo, San Mateo
Skyline College, San Bruno

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

Associate Chancellor

November 15, 2004

CERTIFIED MAIL: 7000 1670 0002 2598 7604

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
California State Controller
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 1, Statutes of 1984
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Fiscal Years: 2001-02 and 2002-03

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The issue for the State Controller appears to be the quality or quantity of supporting

3401 CSM DRIVE, SAN MATEO, CALIFORNIA 94402-3695 ♦ W:(650) 358-6790 F:(650) 574-6574

Business Services ♦ Compensation & Employee Management Systems ♦ Facilities ♦ Purchasing ♦ Payroll

documentation, rather than the reasonableness of the claimed costs. This finding is based, partially, upon the report's assertion that the "*Parameters and Guidelines* states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs." The *Parameters and Guidelines* actually state, in that regard, that "...all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs." It appears as if the audit report is applying some previously unpublished definition to the term "source documents." In fact, the definition applied by the audit report is still undefined and unpublished because nowhere in the report does it state what kind of "source documents" would satisfy its unpublished demands.

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Finding 4 - Understated Authorized Health Fee Revenues Claimed

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Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee . . . for health supervision and services . . ." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "if, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the Education Code must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

The State Controller also misconstrues the legal meaning of Government Code Section 17556, which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

Finally, the State Controller asserts that "to the extent that community college districts can charge a fee, they are not required to incur a cost." Revenues and costs are separate and unique accounting concepts, as the State Controller should know. Not charging a fee, that is, not collecting a revenue or income, has no effect on expenses. The fees actually collected appropriately reduces the amounts claimed for reimbursement, but do not change the actual cost of the program.

○ ○ ○

The District requests that the audit report be changed to comply with the appropriate application of the Government Code concerning audits of mandate claims.

Sincerely,



Jim Keller, Executive Vice Chancellor
San Mateo County Community College District

Exhibit F

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET
SACRAMENTO, CA 95814-6511
(916) 445-8752
HTTP://WWW.CCCCO.EDU



March 5, 2001

To: Superintendents/Presidents
Chief Business Officers
Chief Student Services Officers
Health Services Program Directors
Financial Aid Officers
Admissions and Records Officers
Extended Opportunity Program Directors

From: Thomas J. Nussbaum
Chancellor

Subject: Student Health Fee Increase

Education Code Section 76355 provides the governing board of a community college district the option of increasing the student health services fee by the same percentage as the increase in the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar above the existing fee, the fee may be increased by \$1.00.

Based on calculations by the Financial, Economic, and Demographic Unit in the Department of Finance, the Implicit Price Deflator Index has now increased enough since the last fee increase of March 1997 to support a one dollar increase in the student health fees. Effective with the Summer Session of 2001, districts may begin charging a maximum fee of \$12.00 per semester, \$9.00 for summer session, \$9.00 for each intersession of at least four weeks, or \$9.00 for each quarter.

For part-time students, the governing board shall decide the amount of the fee, if any, that the student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

The governing board operating a health services program must have rules that exempt the following students from any health services fee:

- Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

- Students who are attending a community college under an approved apprenticeship training program.
- Students who receive Board of Governors Enrollment Fee Waivers, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

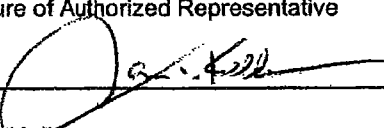
All fees collected pursuant to this section shall be deposited in the Student Health Fee Account in the Restricted General Fund of the district. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors. Allowable expenditures include health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both. Allowable expenditures exclude athletic-related salaries, services, insurance, insurance deductibles, or any other expense that is not available to all students. No student shall be denied a service supported by student health fee on account of participation in athletic programs.

If you have any questions about this memo or about student health services, please contact Mary Gill, Dean, Enrollment Management Unit at 916.323.5951. If you have any questions about the fee increase or the underlying calculations, please contact Patrick Ryan in Fiscal Services Unit at 916.327.6223.

CC: Patrick J. Lenz
Ralph Black
Judith R. James
Frederick E. Harris

I:\Fisc\FiscUnit\01StudentHealthFees\01\StuHealthFees.doc

Annual Reimbursement Claims

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION			For State Controller Use Only	
			(19) Program Number 00029	Program 029
			(20) Date File	___/___/___
			(21) LRS Input	___/___/___
(01) Claimant Identification Number			S41100	
(02) Mailing Address			Reimbursement Claim Data	
Claimant Name			(22) HFE-1.0,(04)(b)	541,047
County of Location			(23)	
Street Address or P.O.Box			(24)	
City San Mateo State CA Zip Code			(25)	
			(26)	
Type of Claim	Estimated Claim	Reimbursement Claim		
(3) Estimated	<input checked="" type="checkbox"/>	(9) Reimbursement	<input checked="" type="checkbox"/>	(27)
(4) Combined	<input type="checkbox"/>	(10) Combined	<input type="checkbox"/>	(28)
(5) Amended	<input type="checkbox"/>	(11) Amended	<input type="checkbox"/>	(29)
				(30)
Fiscal Year of Cost	(6) 2002 / 2003	(12) 2001 / 2002		(31)
Total Claimed Amount	(7) 412,990	(13) 541,047		(32)
Less: 10% Late Penalty, not to exceed \$1,000		(14)		(33)
Less: Estimated Claim Payment Received		(15) 403,444		(34)
Net Claimed Amount		(16)		(35)
Due from State	(8) 412,990	(17) 137,603		(36)
Due to State		(18)		
(38) CERTIFICATION OF CLAIM				
<p>In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, Inclusive.</p> <p>I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987.</p> <p>The amounts for Estimated Claim and / or Reimbursement Claim are hereby claimed from the State for payment of estimated and / or actual costs for the mandated program of Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987, set forth on the attached statements.</p>				
Signature of Authorized Representative			Date	
			1/15/03	
James Keller			Executive Vice Chancellor	
Type or Print Name			Title	
(39) Name of Contact Person for Claim			Telephone Number	
Raymond Chow			650-358-6742 EXT.	
chow@smccd.net				

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001 / 2002
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College		(b) Claimed Amount
1. College of San Mateo		296,955
2. Canada College		116,122
3. Skyline College		127,970
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	541,047

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input checked="" type="checkbox"/>	Fiscal Year 2002 / 2003
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College		(b) Claimed Amount
1. College of San Mateo		256,252
2. Canada College		76,705
3. Skyline College		80,033
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	412,990

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input checked="" type="checkbox"/>	Fiscal Year 2001 / 2002				
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	184,216	55,265	239,481				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	184,216	55,265	239,481				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	953	3,503	11	10,485	11	38,531	49,016
2. Per spring semester	973	3,792	11	10,699	11	41,716	52,415
3. Per summer session	4	2,737	8	33	8	21,895	21,928
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						123,359
(10) Sub-total	[Line (07) - line (09)]						116,122
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						116,122

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District		(02) Type of Claim Reimbursement Estimated	Fiscal Year 2002 / 2003				
(03) Name of College		CANADA COLLEGE					
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>		SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>				
		Direct Cost	Indirect Cost				
(05) Cost of health services for the fiscal year of claim		189,742	56,923				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]		189,742	56,923				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,381	5,346	11	15,191	11	58,806	73,997
2. Per spring semester	1,269	4,948	11	13,959	11	54,428	68,387
3. Per summer session	1	3,446	8	8	8	27,568	27,576
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected				[Line (8.1g) + (8.2g) +.....(8.6g)]			169,960
(10) Sub-total				[Line (07) - line (09)]			76,705
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed							76,705

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District		(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001 / 2002				
(03) Name of College COLLEGE OF SAN MATEO							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP , do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; text-align: center;"> <div>LESS <input type="checkbox"/></div> <div>SAME <input checked="" type="checkbox"/></div> <div>MORE <input type="checkbox"/></div> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	431,805	129,541	561,346				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	431,805	129,541	561,346				
(08) Complete Columns (a) through (g) to provide detail data for health fees.							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	2,537	7,545	11	27,902	11	83,000	110,902
2. Per spring semester	2,368	7,747	11	26,051	11	85,214	111,265
3. Per summer session	82	5,196	8	655	8	41,569	42,224
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						264,391
(10) Sub-total	[Line (07) - line (09)]						296,955
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						296,955

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2002 / 2003				
(03) Name of College COLLEGE OF SAN MATEO							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	444,759	133,428	578,187				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	444,759	133,428	578,187				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	3,146	9,433	11	34,606	11	103,763	138,369
2. Per spring semester	2,782	9,100	11	30,602	11	100,100	130,702
3. Per summer session	9	6,599	8	72	8	52,792	52,864
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						321,935
(10) Sub-total	[Line (07) - line (09)]						256,252
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {line (11) +line (12)}]						256,252

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	Form HFE-1.1
--	-------------------------

(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001 / 2002
---	--	-----------------------------------

(03) Name of College **SKYLINE COLLEGE**

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed

LESS	SAME	MORE
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim	255,494	76,648	332,142
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of Providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	255,494	76,648	332,142

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part-time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,753	5,288	11	19,282	11	58,169	77,451
2. Per spring semester	1,766	5,941	11	19,426	11	65,351	84,777
3. Per summer session	11	5,232	8	88	8	41,856	41,944
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +.....(8.6g)] 204,172

(10) Sub-total [Line (07) - line (09)] 127,970

Cost Reduction

(11) Less: Offsetting Savings, if applicable 0

(12) Less: Other Reimbursements, if applicable 0

(13) Total Amount Claimed [Line (10) - {line (11) +line (12)}] 127,970

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 50%; height: 15px;"></td></tr> <tr><td style="width: 50%; text-align: center;">X</td></tr> </table>		X	Fiscal Year 2002 / 2003		
X							
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	263,159	78,948	342,106				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	263,159	78,948	342,106				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	2,433	7,161	11	26,763	11	78,771	105,534
2. Per spring semester	2,112	7,105	11	23,232	11	78,155	101,387
3. Per summer session	7	6,887	8	56	8	55,096	55,152
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						262,073
(10) Sub-total	[Line (07) - line (09)]						80,033
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						80,033

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2001 / 2002	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) Fy of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon			
Dermatology, family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.)			
Psychologist, full services			
Cancel / Change Appointments		X	X
Registered Nurse		X	X
Check Appointments		X	X
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports			
Nutrition		X	X
Test Results, Office			
Venereal Disease			
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye / Vision		X	X
Dermatology / Allergy		X	X
Gynecology / Pregnancy Service		X	X
Neuralgic			
Orthopedic		X	X
Genito / Urinary		X	X
Dental		X	X
Gastro - Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	X
Substance Abuse Identification and Counseling			
Acquired Immune Deficiency Syndrome		X	X
Eating Disorders			
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, List		X	X
Examinations, minor illnesses			
Recheck Minor Injury		X	X
Health Talks or Fairs, Information			
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2001 / 2002	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) Fy of Claim
	Child Abuse		
	Birth Control / Family Planning		
	Stop Smoking		
	Library, Videos and Cassettes	X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
	Diphtheria / Tetanus	X	X
	Measles / Rubella (Last time was 1987)	X	X
	Influenza	X	X
	Information		
Insurance			
	On Campus Accident	X	X
	Voluntary	X	X
	Insurance Inquiry / Claim Administration	X	X
Laboratory Tests Done			
	Inquiry / Interpretation		
	Pap Smears		
Physical Examinations			
	Employees		
	Students		
	Athletes		
Medications			
	Antacids	X	X
	Antidiarrheal	X	X
	Aspirin, Tylenol, Etc	X	X
	Skin Rash Preparations	X	X
	Eye Drops		
	Ear Drops		
	Toothache, oil cloves	X	X
	Stingkill	X	X
	Mido!, Menstrual Cramps	X	X
	Other, list		
Parking Cards / Elevator Keys			
	Tokens		
	Return Card / Key		
	Parking Inquiry	X	X
	Elevator Passes		
	Temporary Handicapped Parking Permits		

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2001 / 2002	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) Fy of Claim
Referrals to Outside Agencies	Private Medical Doctor	X	X
	Health Department	X	X
	Clinic	X	X
	Dental	X	X
	Counseling Centers	X	X
	Crisis Centers	X	X
	Transitional Living Facilities, battered / homeless women	X	X
	Family Planning Facilities		
	Other Health Agencies		
Tests	Blood Pressure	X	X
	Hearing	X	X
	Tuberculosis		
	Reading	X	X
	Information	X	X
	Vision	X	X
	Glucometer		
	Urinalysis		
	Hemoglobin		
	EKG		
	Strep A testing	X	X
	PG Testing		
	Monospot		
	Hemacult		
	Others, list		
Miscellaneous	Absence Excuses / PE Waiver	X	X
	Allergy Injections	X	X
	Band-aids	X	X
	Booklets / Pamphlets	X	X
	Dressing Change	X	X
	Rest	X	X
	Suture Removal	X	X
	Temperature	X	X
	Weight	X	X
	Information	X	X
	Report / Form	X	X
	Wart Removal		
	Others, list		
Committees	Safety	X	X
	Environmental		
	Disaster Planning	X	X

Health Fee Elimination Worksheet
Reimbursement Claim for 2001 / 2002

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part-time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 01	13	6,176	8	104	8	49,408	49,512
Fall 01	2,101	6,338	11	23,111	11	69,718	92,829
Spring 02	2,112	7,105	11	23,232	11	78,155	101,387
Canada							
Summer 01	5	3,318	8	40	8	26,544	26,584
Fall 01	1,227	4,509	11	13,497	11	49,599	63,096
Spring 02	1,269	4,948	11	13,959	11	54,428	68,387
CSM							
Summer 01	93	5,899	8	744	8	47,192	47,936
Fall 01	2,956	8,793	11	32,516	11	96,723	129,239
Spring 02	2,782	9,100	11	30,602	11	100,100	130,702

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 01	13	6,176	6,189	946	5,243	0.1529
Fall 01	2,101	6,338	8,439	1,398	7,041	0.1657
Spring 02	2,112	7,105	9,217	1,510	7,707	0.1638
Canada						
Summer 01	5	3,318	3,323	582	2,741	0.1751
Fall 01	1,227	4,509	5,736	1,280	4,456	0.2232
Spring 02	1,269	4,948	6,217	1,452	4,765	0.2336
CSM						
Summer 01	93	5,899	5,992	714	5,278	0.1192
Fall 01	2,956	8,793	11,749	1,667	10,082	0.1419
Spring 02	2,782	9,100	11,882	1,767	10,115	0.1487

Health Fee Elimination Worksheet
Estimated Claim for 2002 / 2003

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part-time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 02	7	6,887	8	56	8	55,096	55,152
Fall 02	2,433	7,161	11	26,763	11	78,771	105,534
Spring 03	2,112	7,105	11	23,232	11	78,155	101,387
Canada							
Summer 02	1	3,446	8	8	8	27,568	27,576
Fall 02	1,381	5,346	11	15,191	11	58,806	73,997
Spring 03	1,269	4,948	11	13,959	11	54,428	68,387
CSM							
Summer 02	9	6,599	8	72	8	52,792	52,864
Fall 02	3,146	9,433	11	34,606	11	103,763	138,369
Spring 03	2,782	9,100	11	30,602	11	100,100	130,702

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 02	7	6,887	6,894	946	5,948	0.1372
Fall 02	2,433	7,161	9,594	1,398	8,196	0.1457
Spring 03	2,112	7,105	9,217	1,510	7,707	0.1638
				-		
Canada						
Summer 02	1	3,446	3,447	582	2,865	0.1688
Fall 02	1,381	5,346	6,727	1,280	5,447	0.1903
Spring 03	1,269	4,948	6,217	1,452	4,765	0.2336
				-		
CSM						
Summer 02	9	6,599	6,608	714	5,894	0.1081
Fall 02	3,146	9,433	12,579	1,667	10,912	0.1325
Spring 03	2,782	9,100	11,882	1,767	10,115	0.1487

Health Fee Elimination Worksheet
Base Year Vs Current Year

<u>Total Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total</u>
Base Yr: 86-87	254,875	178,473	133,768	567,116
Current Yr: 01-02	431,805	255,494	184,216	871,514
Diff. Base Vs Current Yr.	176,930	77,021	50,448	304,398

Indirect Cost Rate 30%

<u>Staffing information</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>
Certificated			
Classified			

Expenditures by Account Type


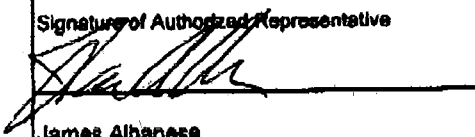
<u>Fund 1 (1%)</u> <u>Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total Expenses</u>
Cert. Salary	119,578.34	22,527.30	63,997.94	86,525.24
Classified Salary	12,400.00	-	-	-
Benefit	19,294.54	1,765.37	11,624.14	32,684.05
Supplies & Materials	5,627.16	1,103.98	317.09	7,048.23
Other Oper. Expenses	24,459.39	-	1,423.18	25,882.57
Capital Outlay	1,684.57	-	-	1,684.57
Other outgo Expenses	16,063.00	22,836.00	2,476.00	41,375.00
Total Expenses	199,107.00	48,232.65	79,838.35	195,199.66

<u>Fund 3 (39030)</u>				
Cert. Salary	138,324.54	97,239.50	76,224.02	173,463.52
Classified Salary	36,217.82	34,725.72	335.53	35,061.25
Benefit	40,819.13	18,062.64	14,717.41	32,780.05
Supplies & Materials	16,468.76	16,977.45	2,063.93	19,041.38
Other Oper. Expenses	867.57	21,410.83	11,036.65	32,447.48
Capital Outlay	-	18,844.93	-	18,844.93
Other outgo Expenses	-	-	-	-
Total Expenses	232,697.82	207,261.07	104,377.54	311,638.61
Total Fund 1 & 3	431,804.82	255,493.72	184,215.89	506,838.27

Copy

State Controller's Office

State Mandated Cost Manual

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION		For State Controller Use Only	
		(19) Program Number 00028	
		(20) Date File	
		(21) LRS Input	
(01) Claimant Identification Number S41100		Reimbursement Claim Data	
(02) Mailing Address		(22) HFE-1.0,(04)(b)	381,031
Claimant Name San Mateo Co. Comm Col. Dist		(23)	
County of Location San Mateo County		(24)	
Street Address or P.O.Box 3401 CSM Drive		(25)	
City San Mateo	State CA	Zip Code 94402	(26)
Type of Claim	Estimated Claim	Reimbursement Claim	
	(3) Estimated <input checked="" type="checkbox"/>	(9) Reimbursement <input checked="" type="checkbox"/>	(27)
	(4) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(5) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
			(30)
Fiscal Year of Cost	(6) 2001 / 2002	(12) 2000 / 2001	(31)
Total Claimed Amount	(7) 403,444	(13) 381,031	(32)
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(33)
Less: Estimated Claim Payment Received		(15) 386,258	(34)
Net Claimed Amount		(16)	(35)
Due from State	(8) 403,444	(17)	(36)
Due to State		(18) (25,227)	
(38) CERTIFICATION OF CLAIM			
<p>In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.</p> <p>I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987.</p> <p>The amounts for Estimated Claim and / or Reimbursement Claim are hereby claimed from the State for payment of estimated and / or actual costs for the mandated program of Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987, set forth on the attached statements.</p>			
Signature of Authorized Representative		Date	
		1/10/02	
James Albanese		Associate Chancellor	
Type or Print Name		Title	
(39) Name of Contact Person for Claim		Telephone Number	
Raymond Chow		650-358-8742 EXT.	
chow@smccd.net			

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2000 / 2001
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a)	(b)	
Name of College	Claimed Amount	
1. College of San Mateo	193,082	
2. Canada College	139,007	
3. Skyline College	28,942	
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	361,031

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input checked="" type="checkbox"/>	Fiscal Year 2001 / 2002
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College		(b) Claimed Amount
1. College of San Mateo		211,957
2. Canada College		149,789
3. Skyline College		41,698
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	403,444

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001				
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP , do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	207,897	62,369	270,267				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	207,897	62,369	270,267				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	719	4,162	11	7,909	11	45,782	53,691
2. Per spring semester	638	4,469	11	7,018	11	49,159	56,177
3. Per summer session	1	2,673	8	8	8	21,384	21,392
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						131,260
(10) Sub-total	[Line (07) - line (09)]						139,007
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {line (11) +line (12)}]						139,007

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001				
(03) Name of College COLLEGE OF SAN MATEO							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	353,992	106,198	460,190				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	353,992	106,198	460,190				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,974	8,446	11	21,714	11	92,906	114,620
2. Per spring semester	1,702	8,474	11	18,722	11	93,214	111,936
3. Per summer session	7	5,062	8	56	8	40,496	40,552
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						267,108
(10) Sub-total	[Line (07) - line (09)]						193,082
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						193,082

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2000 / 2001					
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; text-align: center;"> <div>LESS <input type="checkbox"/></div> <div>SAME <input checked="" type="checkbox"/></div> <div>MORE <input type="checkbox"/></div> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	189,214	56,764	245,978				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	189,214	56,764	245,978				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,294	6,536	11	14,234	11	71,896	86,130
2. Per spring semester	1,307	6,683	11	14,377	11	73,513	87,890
3. Per summer session	6	5,371	8	48	8	42,968	43,016
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						217,036
(10) Sub-total	[Line (07) - line (09)]						28,942
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						28,942

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2001 / 2002				
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around;"> LESS <input type="checkbox"/> SAME <input checked="" type="checkbox"/> MORE <input type="checkbox"/> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	214,134	64,240	278,375				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	214,134	64,240	278,375				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	719	4,162	11	7,908	11	45,783	53,691
2. Per spring semester	638	4,469	11	7,018	11	49,159	56,177
3. Per summer session	1	2,673	7	6	7	18,712	18,718
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) + (8.6g)]						128,586
(10) Sub-total	[Line (07) - line (09)]						149,789
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						149,789

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2001 / 2002				
(03) Name of College COLLEGE OF SAN MATEO							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">LESS <input type="checkbox"/></div> <div style="text-align: center;">SAME <input checked="" type="checkbox"/></div> <div style="text-align: center;">MORE <input type="checkbox"/></div> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	364,612	109,384	473,996				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	364,612	109,384	473,996				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,974	8,446	11	21,716	11	92,904	114,620
2. Per spring semester	1,702	8,474	11	18,717	11	93,219	111,936
3. Per summer session	7	5,062	7	49	7	35,434	35,483
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						262,039
(10) Sub-total	[Line (07) - line (09)]						211,957
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {line (11) +line (12)}]						211,957

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2001 / 2002				
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	194,890	58,467	253,357				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	194,890	58,467	253,357				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,294	6,536	11	14,229	11	71,901	86,130
2. Per spring semester	1,307	6,683	11	14,372	11	73,518	87,890
3. Per summer session	6	5,371	7	42	7	37,597	37,639
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						211,659
(10) Sub-total	[Line (07) - line (09)]						41,698
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						41,698

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2000 / 2001	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) Fy of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon			
Dermatology, family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.)			
Psychologist, full services			
Cancel / Change Appointments		X	X
Registered Nurse		X	X
Check Appointments		X	X
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports			
Nutrition		X	X
Test Results, Office			
Venereal Disease			
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye / Vision		X	X
Dermatology / Allergy		X	X
Gynecology / Pregnancy Service		X	X
Neuralgic			
Orthopedic		X	X
Genito / Urinary		X	X
Dental		X	X
Gastro - Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	X
Substance Abuse Identification and Counseling			
Acquired Immune Deficiency Syndrome		X	X
Eating Disorders			
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, List		X	X
Examinations, minor illnesses			
Recheck Minor Injury		X	X
Health Talks or Fairs, Information			
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2000 / 2001	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) Fy of Claim
	Child Abuse		
	Birth Control / Family Planning		
	Stop Smoking		
	Library, Videos and Cassettes	X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
	Diphtheria / Tetanus		
	Measles / Rubella (Last time was 1987)	X	X
	Influenza		
	Information	X	X
Insurance			
	On Campus Accident	X	X
	Voluntary	X	X
	Insurance Inquiry / Claim Administration	X	X
Laboratory Tests Done			
	Inquiry / Interpretation		
	Pap Smears		
Physical Examinations			
	Employees		
	Students		
	Athletes		
Medications			
	Antacids	X	X
	Antidiarrheal	X	X
	Aspirin, Tylenol, Etc	X	X
	Skin Rash Preparations	X	X
	Eye Drops		
	Ear Drops		
	Toothache, oil cloves	X	X
	Stingkill	X	X
	Midol, Menstrual Cramps	X	X
	Other, list		
Parking Cards / Elevator Keys			
	Tokens		
	Return Card / Key		
	Parking Inquiry	X	X
	Elevator Passes		
	Temporary Handicapped Parking Permits		

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2000 / 2001	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) Fy of Claim
Referrals to Outside Agencies	Private Medical Doctor	X	X
	Health Department	X	X
	Clinic	X	X
	Dental	X	X
	Counseling Centers	X	X
	Crisis Centers	X	X
	Transitional Living Facilities, battered / homeless women	X	X
	Family Planning Facilities	X	X
	Other Health Agencies		
Tests	Blood Pressure	X	X
	Hearing	X	X
	Tuberculosis		
	Reading Information	X	X
	Information	X	X
	Vision	X	X
	Glucometer		
	Urinalysis		
	Hemoglobin		
	EKG		
	Strep A testing	X	X
	PG Testing		
	Monospot		
	Hemacult		
	Others, list		
Miscellaneous	Absence Excuses / PE Waiver	X	X
	Allergy Injections	X	X
	Band-aids	X	X
	Booklets / Pamphlets	X	X
	Dressing Change	X	X
	Rest	X	X
	Suture Removal	X	X
	Temperature	X	X
	Weight	X	X
	Information	X	X
	Report / Form	X	X
	Wart Removal		
	Others, list		
Committees	Safety	X	X
	Environmental		
	Disaster Planning	X	X

Health Fee Elimination Worksheet
Reimbursement Claim for 2000 / 2001

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 00	6	5,371	8	48	8	42,968	43,016
Fall 00	1,294	6,536	11	14,234	11	71,896	86,130
Spring 01	1,307	6,683	11	14,377	11	73,513	87,890
Canada							
Summer 00	1	2,673	8	8	8	21,384	21,392
Fall 00	719	4,162	11	7,909	11	45,782	53,691
Spring 01	638	4,469	11	7,018	11	49,159	56,177
CSM							
Summer 00	7	5,062	8	56	8	40,496	40,552
Fall 00	1,974	8,446	11	21,714	11	92,906	114,620
Spring 01	1,702	8,474	11	18,722	11	93,214	111,936

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 00	7	6,238	6,245	868	5,377	0.1390
Fall 00	1,504	7,600	9,104	1,274	7,830	0.1399
Spring 01	1,510	7,724	9,234	1,244	7,990	0.1347
Canada						
Summer 00	1	2,974	2,975	301	2,674	0.1012
Fall 00	839	4,857	5,696	815	4,881	0.1431
Spring 01	759	5,317	6,076	969	5,107	0.1595
CSM						
Summer 00	8	5,727	5,735	666	5,069	0.1161
Fall 00	2,276	9,737	12,013	1,593	10,420	0.1326
Spring 01	1,957	9,747	11,704	1,528	10,176	0.1306

Health Fee Elimination Worksheet
Estimated Claim for 2000 / 2001

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part-time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 00	6	5,371	7	42	7	37,597	37,639
Fall 00	1,294	6,536	11	14,229	11	71,901	86,130
Spring 01	1,307	6,683	11	14,372	11	73,518	87,890
Canada							
Summer 00	1	2,673	7	6	7	18,712	18,718
Fall 00	719	4,162	11	7,908	11	45,783	53,691
Spring 01	638	4,469	11	7,018	11	49,159	56,177
CSM							
Summer 00	7	5,062	7	49	7	35,434	35,483
* Fall 00	1,974	8,446	11	21,716	11	92,904	114,620
Spring 01	1,702	8,474	11	18,717	11	93,219	111,936

Net (Total number F/T - Health Fee Waivers)

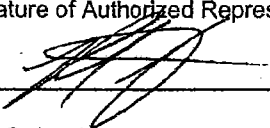
	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 00	7	6,238	6,245	852	5,393	0.1364
Fall 00	1,504	7,600	9,104	1,220	7,884	0.1340
Spring 01	1,510	7,724	9,234	1,220	8,014	0.1321
Canada						
Summer 00	1	2,974	2,975	329	2,646	0.1106
Fall 00	839	4,857	5,696	568	5,128	0.0997
Spring 01	759	5,317	6,076	568	5,508	0.0935
CSM						
Summer 00	8	5,727	5,735	657	5,078	0.1146
Fall 00	2,276	9,737	12,013	1,420	10,593	0.1182
Spring 01	1,957	9,747	11,704	1,420	10,284	0.1213

Health Fee Elimination Worksheet
Base Year Vs Current Year

<u>Total Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total</u>
Base Yr: 86-87	254,875	178,473	133,768	567,116
Current Yr: 00-01	353,992	189,214	207,897	751,104
Diff. Base Vs Current Yr.	99,117	10,741	74,129	183,988
Indirect Cost Rate	30%			

Expenditures by Account Type

<u>Fund 1 (1%) Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total Expenses</u>
Salary & Benefit	120,455.47	17,798.00	109,222.72	247,476.19
Supplies & Materials	4,433.82		1,367.91	5,801.73
Other Oper. Expenses	26,534.64		1,381.01	27,915.65
Capital Outlay			4,253.23	4,253.23
Other outgo Expenses				-
Total Expenses	151,423.93	17,798.00	116,224.87	285,446.80
<u>Fund 3 (39030)</u>				
Salary & Benefit	191,040.37	123,251.72	80,240.99	394,533.08
Supplies & Materials	8,814.72	22,718.45		31,533.17
Other Oper. Expenses	2,497.41	18,783.50	11,431.62	32,712.53
Capital Outlay	215.99	6,662.16		6,878.15
Other outgo Expenses				-
Total Expenses	202,568.49	171,415.83	91,672.61	465,656.93
Total Fund 1 & 3	353,992.42	189,213.83	207,897.48	751,103.73

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION			For State Controller Use Only	
			(19) Program Number 00029	
			(20) Date File _____/_____/_____	
			(21) LRS Input _____/_____/_____	
(01) Claimant Identification Number S41100			Reimbursement Claim Data	
(02) Mailing Address			(22) HFE-1.0,(04)(b)	357,148
Claimant Name San Mateo Co. Comm Col. Dist				
County of Location San Mateo County			(24)	
Street Address or P.O.Box 3401 CSM Drive			(25)	
City San Mateo	State CA	Zip Code 94402	(26)	
Type of Claim	Estimated Claim		Reimbursement Claim	
	(3) Estimated	<input checked="" type="checkbox"/>	(9) Reimbursement	<input checked="" type="checkbox"/> (27)
	(4) Combined	<input type="checkbox"/>	(10) Combined	<input type="checkbox"/> (28)
	(5) Amended	<input type="checkbox"/>	(11) Amended	<input type="checkbox"/> (29)
			(30)	
Fiscal Year of Cost	(6) 2000 / 2001	(12) 1999 / 2000	(31)	
Total Claimed Amount	(7) 386,258	(13) 357,148	(32)	
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(33)	
Less: Estimated Claim Payment Received		(15) 311,496	(34)	
Net Claimed Amount		(16)	(35)	
Due from State	(8) 386,258	(17) 45,652	(36)	
Due to State		(18)	(37)	
(38) CERTIFICATION OF CLAIM				
<p>In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, Inclusive.</p> <p>I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987.</p> <p>The amounts for Estimated Claim and / or Reimbursement Claim are hereby claimed from the State for payment of estimated and / or actual costs for the mandated program of Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987, set forth on the attached statements.</p>				
Signature of Authorized Representative			Date	
			<u>1/10/01</u>	
Ron Galatolo			Associate Chancellor	
Type or Print Name			Title	
(39) Name of Contact Person for Claim Raymond Chow			Telephone Number 650-358-6742 EXT.	
			chow@smccd.net	

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999 / 2000
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College	(b) Claimed Amount	
1. College of San Mateo	187,175	
2. Canada College	127,999	
3. Skyline College	41,974	
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	357,148

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College		(b) Claimed Amount
1. College of San Mateo		200,796
2. Canada College		135,959
3. Skyline College		49,504
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	386,258

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999 / 2000					
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; text-align: center;"> <div>LESS <input type="checkbox"/></div> <div>SAME <input checked="" type="checkbox"/></div> <div>MORE <input type="checkbox"/></div> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	204,104	61,231	265,335				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	204,104	61,231	265,335				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	687	4,539	11	7,557	11	49,929	57,486
2. Per spring semester	685	4,700	11	7,535	11	51,700	59,235
3. Per summer session	4	2,941	7	28	7	20,587	20,615
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						137,336
(10) Sub-total	[Line (07) - line (09)]						127,999
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {line (11) +line (12)}]						127,999

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999 / 2000					
(03) Name of College COLLEGE OF SAN MATEO							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; text-align: center;"> LESS <input type="checkbox"/> SAME <input checked="" type="checkbox"/> MORE <input type="checkbox"/> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	349,219	104,766	453,984				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	349,219	104,766	453,984				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	2,047	8,290	11	22,517	11	91,190	113,707
2. Per spring semester	1,873	8,628	11	20,603	11	94,909	115,512
3. Per summer session	30	5,340	7	210	7	37,380	37,590
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						266,809
(10) Sub-total	[Line (07) - line (09)]						187,175
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						187,175

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999 / 2000					
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around;"> LESS <input type="checkbox"/> SAME <input checked="" type="checkbox"/> MORE <input type="checkbox"/> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	193,063	57,919	250,982				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	193,063	57,919	250,982				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,338	6,399	11	14,718	11	70,389	85,107
2. Per spring semester	1,280	6,891	11	14,080	11	75,801	89,881
3. Per summer session	4	4,856	7	28	7	33,992	34,020
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						209,008
(10) Sub-total	[Line (07) - line (09)]						41,974
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						41,974

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001				
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP , do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	210,227	63,068	273,295				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	210,227	63,068	273,295				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	687	4,539	11	7,554	11	49,932	57,486
2. Per spring semester	685	4,700	11	7,539	11	51,696	59,235
3. Per summer session	4	2,941	7	31	7	20,584	20,615
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) + (8.6g)]						137,336
(10) Sub-total	[Line (07) - line (09)]						135,959
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - (line (11) +line (12))]						135,959

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							Form HFE-1.1				
(01) Claimant San Mateo County Community College District			(02) Type of Claim Reimbursement Estimated		<table border="1" style="width:100%; border-collapse: collapse;"> <tr><td style="width:50%;"></td><td style="width:50%;"></td></tr> <tr><td style="text-align: center;">X</td><td></td></tr> </table>				X		Fiscal Year 2000 / 2001
X											
(03) Name of College COLLEGE OF SAN MATEO											
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed											
LESS <input type="checkbox"/>		SAME <input checked="" type="checkbox"/>		MORE <input type="checkbox"/>							
					Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim					359,695	107,909	467,604				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87											
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]					359,695	107,909	467,604				
(08) Complete Columns (a) through (g) to provide detail data for health fees											
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)				
1. Per fall semester	2,047	8,290	11	22,512	11	91,195	113,707				
2. Per spring semester	1,873	8,628	11	20,598	11	94,913	115,511				
3. Per summer session	30	5,340	7	212	7	37,378	37,590				
4. Per first quarter											
5. Per second quarter											
6. Per third quarter											
(09) Total health fee that could have been collected					[Line (8.1g) + (8.2g) +(8.6g)]		266,808				
(10) Sub-total					[Line (07) - line (09)]		200,796				
Cost Reduction											
(11) Less: Offsetting Savings, if applicable							0				
(12) Less: Other Reimbursements, if applicable							0				
(13) Total Amount Claimed					[Line (10) - {line (11) +line (12)}]		200,796				

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001				
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	198,855	59,657	258,512				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	198,855	59,657	258,512				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,338	6,399	11	14,714	11	70,393	85,107
2. Per spring semester	1,280	6,891	11	14,084	11	75,797	89,881
3. Per summer session	4	4,856	7	30	7	33,990	34,020
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						209,008
(10) Sub-total	[Line (07) - line (09)]						49,504
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - (line (11) +line (12))]						49,504

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a)	(b)
		FY 1985/86	Fy of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon			
Dermatology, family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.)			
Psychologist, full services			
Cancel / Change Appointments		X	X
Registered Nurse		X	X
Check Appointments		X	X
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports			
Nutrition		X	X
Test Results, Office			
Venereal Disease			
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye / Vision		X	X
Dermatology / Allergy		X	X
Gynecology / Pregnancy Service		X	X
Neuralgic			
Orthopedic		X	X
Genito / Urinary		X	X
Dental		X	X
Gastro - Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	X
Substance Abuse Identification and Counseling			
Acquired Immune Deficiency Syndrome		X	X
Eating Disorders			
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, List		X	X
Examinations, minor illnesses			
Recheck Minor Injury		X	X
Health Talks or Fairs, Information			
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) FY of Claim
	Child Abuse		
	Birth Control / Family Planning		
	Stop Smoking		
	Library, Videos and Cassettes	X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
	Diphtheria / Tetanus		
	Measles / Rubella (Last time was 1987)	X	X
	Influenza		
	Information	X	X
Insurance			
	On-Campus Accident	X	X
	Voluntary	X	X
	Insurance Inquiry / Claim Administration	X	X
Laboratory Tests Done			
	Inquiry / Interpretation		
	Pap Smears		
Physical Examinations			
	Employees		
	Students		
	Athletes		
Medications			
	Antacids	X	X
	Antidiarrheal	X	X
	Aspirin, Tylenol, Etc	X	X
	Skin Rash Preparations	X	X
	Eye Drops		
	Ear Drops		
	Toothache, oil cloves	X	X
	Stingkill	X	X
	Midol, Menstrual Cramps	X	X
	Other, list		
Parking Cards / Elevator Keys			
	Tokens		
	Return Card / Key		
	Parking Inquiry	X	X
	Elevator Passes		
	Temporary Handicapped Parking Permits		

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) Fy of Claim
Referrals to Outside Agencies	Private Medical Doctor	X	X
	Health Department	X	X
	Clinic	X	X
	Dental	X	X
	Counseling Centers	X	X
	Crisis Centers	X	X
	Transitional Living Facilities, battered / homeless women	X	X
	Family Planning Facilities		
	Other Health Agencies		
Tests	Blood Pressure	X	X
	Hearing	X	X
	Tuberculosis		
	Reading	X	X
	Information	X	X
	Vision		
	Glucometer		
	Urinalysis		
	Hemoglobin		
	EKG		
	Strep A testing	X	X
	PG Testing		
	Monospot		
	Hemacult		
	Others, list		
Miscellaneous	Absence Excuses / PE Waiver	X	X
	Allergy Injections	X	X
	Band-aids	X	X
	Booklets / Pamphlets	X	X
	Dressing Change	X	X
	Rest	X	X
	Suture Removal	X	X
	Temperature	X	X
	Weight	X	X
	Information	X	X
	Report / Form	X	X
	Wart Removal		
	Others, list		
Committees	Safety	X	X
	Environmental		
	Disaster Planning	X	X

Health Fee Elimination Worksheet
Reimbursement Claim for 1999 / 2000

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part-time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 99	4	4,856	7	28	7	33,992	34,020
Fall 99	1,338	6,399	11	14,718	11	70,389	85,107
Spring 00	1,280	6,891	11	14,080	11	75,801	89,881
Canada							
Summer 99	4	2,941	7	28	7	20,587	20,615
Fall 99	687	4,539	11	7,557	11	49,929	57,486
Spring 00	685	4,700	11	7,535	11	51,700	59,235
CSM							
Summer 99	30	5,340	7	210	7	37,380	37,590
Fall 99	2,047	8,290	11	22,517	11	91,190	113,707
Spring 00	1,873	8,628	11	20,603	11	94,909	115,512

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 99	5	5,713	5,718	858	4,860	0.1501
Fall 99	1,564	7,482	9,046	1,309	7,737	0.1447
Spring 00	1,488	8,008	9,496	1,325	8,171	0.1395
Canada						
Summer 99	5	3,272	3,277	332	2,945	0.1013
Fall 99	766	5,063	5,829	603	5,226	0.1034
Spring 00	768	5,266	6,034	649	5,385	0.1076
CSM						
Summer 99	34	5,993	6,027	657	5,370	0.1090
Fall 99	2,340	9,479	11,819	1,482	10,337	0.1254
Spring 00	2,125	9,792	11,917	1,416	10,501	0.1188

Health Fee Elimination Worksheet
Estimated Claim for 2000 / 2001

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 00	4	4,856	7	30	7	33,990	34,020
Fall 00	1,338	6,399	11	14,714	11	70,393	85,107
Spring 01	1,280	6,891	11	14,084	11	75,797	89,881
Canada							
Summer 00	4	2,941	7	31	7	20,584	20,615
Fall 00	687	4,539	11	7,554	11	49,932	57,486
Spring 01	685	4,700	11	7,539	11	51,696	59,235
CSM							
Summer 00	30	5,340	7	212	7	37,378	37,590
Fall 00	2,047	8,290	11	22,512	11	91,195	113,707
Spring 01	1,873	8,628	11	20,598	11	94,913	115,511

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 00	5	5,713	5,718	852	4,866	0.1490
Fall 00	1,564	7,482	9,046	1,220	7,826	0.1349
Spring 01	1,488	8,008	9,496	1,220	8,276	0.1285
Canada						
Summer 00	5	3,272	3,277	329	2,948	0.1004
Fall 00	766	5,063	5,829	568	5,261	0.0974
Spring 01	768	5,266	6,034	568	5,466	0.0941
CSM						
Summer 00	34	5,993	6,027	657	5,370	0.1090
Fall 00	2,340	9,479	11,819	1,420	10,399	0.1201
Spring 01	2,125	9,792	11,917	1,420	10,497	0.1192

Health Fee Elimination Worksheet
Base Year Vs Current Year

<u>Total Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total</u>
Base Yr: 86-87	254,875	178,473	133,768	567,116
Current Yr: 99-00	349,219	193,063	204,104	746,386
Diff. Base Vs Current Yr.	94,344	14,590	70,336	179,270
Indirect Cost Rate	30%			

Expenditures by Account Type

<u>Fund 1 (1%)</u> <u>Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total Expenses</u>
Salary & Benefit	89,854.97	14,130.68	95,536.85	199,522.50
Supplies & Materials	5,297.43	3,929.65	840.76	10,067.84
Other Oper. Expenses	29,435.27		770.00	30,205.27
Capital Outlay	1,067.35	8,724.19	408.10	10,199.64
Other outgo Expenses				-
Total Expenses	125,655.02	26,784.52	97,555.71	249,995.25
 <u>Fund 3 (39030)</u>				
Salary & Benefit	218,919.97	134,975.18	91,576.54	445,471.69
Supplies & Materials	4,143.87	8,007.00	2,057.26	14,208.13
Other Oper. Expenses		20,504.78	12,914.04	33,418.82
Capital Outlay	499.98	2,791.83		3,291.81
Other outgo Expenses				-
Total Expenses	223,563.82	166,278.79	106,547.84	496,390.45
Total Fund 1 & 3	349,218.84	193,063.31	204,103.55	



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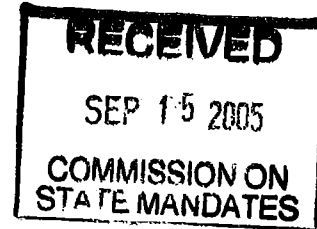
SixTen and Associates

Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone: (858) 514-8605
Fax: (858) 514-8645
E-Mail: Kbpsixten@aol.com

September 13, 2005



Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: Health Fee Elimination
Fiscal Years: 2001-02 through 2002-03
Incorrect Reduction Claim

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for San Bernardino Community College District.

SixTen and Associates has been appointed by the District as its representative for this matter and all interested parties should direct their inquiries to me, with a copy as follows:

Robert Temple
Vice Chancellor Fiscal Services
San Bernardino Community College District
114 S. Del Rosa Drive
San Bernardino, Ca 92408

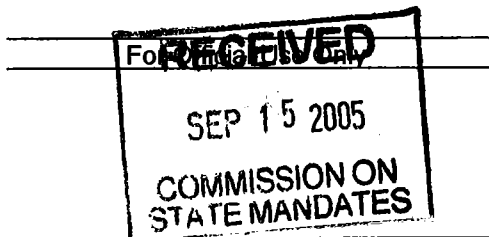
Thank-you.

Sincerely,

A handwritten signature in black ink, appearing to read "KB Petersen".

Keith B. Petersen

State of California
COMMISSION ON STATE MANDATES
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562
CSM 2 (12/89)



INCORRECT REDUCTION CLAIM FORM

Claim No. 05-4206-I-08

Local Agency or School District Submitting Claim

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

Contact Person

Telephone Number

Keith B. Petersen, President
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Voice: 858-514-8605
Fax: 858-514-8645
E-Mail: Kbpsixten@aol.com

Address

Robert Temple, Vice Chancellor Fiscal Services
San Bernardino Community College District
114 S. Del Rosa Drive
San Bernardino, CA 92408

Representative Organization to be Notified

Telephone Number

Robert Miyashiro, Consultant, Education Mandated Cost Network
c/o School Services of California
1121 L Street, Suite 1060
Sacramento, CA 95814

Voice: 916-446-7517
Fax: 916-446-2011
E-Mail: robertm@SScal.com

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to section 17561 of the Government Code. This incorrect reduction claim is filed pursuant to section 17561(b) of the Government Code.

CLAIM IDENTIFICATION: Specify Statute or Executive Order

HEALTH FEE ELIMINATION Chapter 1, Statutes of 1984, 2nd E.S. Education Code Section 76355
Chapter 1118, Statutes of 1987

<u>Fiscal Year</u>	<u>Amount of the Incorrect Reduction</u>
2001-2002	\$299,174
2002-2003	\$311,149
Total Amount	\$610,323

IMPORTANT: PLEASE SEE INSTRUCTIONS AND FILING REQUIREMENTS FOR COMPLETING AN INCORRECT REDUCTION CLAIM ON THE REVERSE SIDE.

Name and Title of Authorized Representative

Telephone No.

Robert Temple, Vice Chancellor Fiscal Services

Voice: 909-382-4021
Fax: 909-382-0116
E-Mail: btemple@sbccd.cc.ca.us

Signature of Authorized Representative

Date

X

A handwritten signature in black ink, appearing to read "Robert Temple".

August 31, 2005

1 Claim Prepared by:
2 Keith B. Petersen
3 SixTen and Associates
4 5252 Balboa Avenue, Suite 807
5 San Diego, California 92117
6 Voice: (858) 514-8605
7 Fax: (858) 514-8645

8 BEFORE THE
9 COMMISSION ON STATE MANDATES
10 STATE OF CALIFORNIA

11 INCORRECT REDUCTION CLAIM OF:)
12) No. CSM _____
13)
14) Chapter 1, Statutes of 1984, 2nd E.S.
15) Chapter 1118, Statutes of 1987
16 SAN BERNARDINO)
17 Community College District,) Education Code Section 76355
18)
19) Health Fee Elimination
20 Claimant.)
21) Annual Reimbursement Claims:
22)
23) Fiscal Year 2001-02
24) Fiscal Year 2002-03
25)
26 _____)

INCORRECT REDUCTION CLAIM FILING

27 PART I. AUTHORITY FOR THE CLAIM

28 The Commission on State Mandates has the authority pursuant to Government
29 Code Section 17551(d) to “ . . . to hear and decide upon a claim by a local agency or
30 school district, filed on or after January 1, 1985, that the Controller has incorrectly
31 reduced payments to the local agency or school district pursuant to paragraph (2) of
32 subdivision (d) of Section 17561.” San Bernardino Community College District
33 (hereafter “district” or “claimant”) is a school district as defined in Government Code

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 Section 17519.¹ Title 2, CCR, Section 1185 (a), requires the claimant to file an
2 incorrect reduction claim with the Commission.

3 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),
4 requires incorrect reduction claims to be filed no later than three years following the
5 date of the Controller's remittance advice notifying the claimant of a reduction. A
6 Controller's audit report dated November 10, 2004 has been issued, but no remittance
7 advices have been issued. The audit report constitutes a demand for repayment and
8 adjudication of the claim. On May 12, 2005, the Controller issued a "results of review
9 letters" for FY 2001-02, and on May 14, 2005 for FY 2002-3 reporting the audit results
10 and amounts due claimant, subject to payment when appropriations are available, and
11 these letters constitute a payment action.

12 There is no alternative dispute resolution process available from the Controller's
13 office. In response to an audit issued March 10, 2004, Foothill-De Anza Community
14 College attempted to utilize the informal audit review process established by the
15 Controller to resolve factual disputes. Foothill-De Anza was notified by the Controller's
16 legal counsel by letter of July 15, 2004 (attached as Exhibit "A"), that the Controller's
17 informal audit review process was not available for mandate audits and that the proper

¹ Government Code Section 17519, added by Chapter 1459, Statutes of 1984,
Section 1:

"School district' means any school district, community college district, or county
superintendent of schools."

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 forum was the Commission on State Mandates.

2 **PART II. SUMMARY OF THE CLAIM**

3 The Controller conducted a field audit of District's annual reimbursement claims
4 for the District's actual costs of complying with the legislatively mandated Health Fee
5 Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and
6 Chapter 1118, Statutes of 1987) for the period of July 1, 2001 through June 30, 2003.
7 As a result of the audit, the Controller determined that \$610,323 of the claimed costs
8 were unallowable:

9	Fiscal	Amount	Audit	SCO	Amount Due
10	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u><State> District</u>
11	2001-02	\$509,850	\$299,174	\$92,835	\$117,841
12	2002-03	<u>\$620,719</u>	<u>\$311,149</u>	<u>\$ 0</u>	<u>\$309,570</u>
13	Totals	\$1,130,569	\$610,323	\$92,835	\$427,411

14 Since the District has been paid \$92,835 for these claims, the audit report concludes
15 that a remaining amount of \$427, 411 should be paid to the District "contingent on
16 available appropriations."

17 **PART III. PREVIOUS INCORRECT REDUCTION CLAIMS**

18 The District has not filed any previous incorrect reduction claims for this
19 mandate program. The District is not aware of any other incorrect reduction claims
20 having been adjudicated on the specific issues or subject matter raised by this incorrect
21 reduction claim.

quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

The governing board of each community college district may increase this fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).

(b) If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

(c) The governing board of a district maintaining a community college shall adopt rules and regulations that exempt the following students from any fee required pursuant to subdivision (a):

(1) Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

(2) Students who are attending a community college under an approved apprenticeship training program.

(3) Low-income students, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

(d) All fees collected pursuant to this section shall be deposited in the fund of the district designated by the California Community Colleges Budget and Accounting Manual. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors.

Authorized expenditures shall not include, among other things, athletic trainers' salaries, athletic insurance, medical supplies for athletics, physical examinations for intercollegiate athletics, ambulance services, the salaries of health professionals for athletic events, any deductible portion of accident claims filed for athletic team members, or any other expense that is not available to all students. No student shall be denied a service supported by student health fees on account of participation in athletic programs.

(e) Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 Section 72246, effective April 15, 1993.

2 2. Test Claim

3 On December 2, 1985, Rio Hondo Community College District filed a test claim
4 alleging that Chapter 1, Statutes of 1984, 2nd Extraordinary Session, by eliminating the
5 authority to levy a fee and by requiring a maintenance of effort, mandated additional
6 costs by mandating a new program or the higher level of service of an existing program
7 within the meaning of California Constitution Article XIII B, Section 6.

8 On November 20, 1986, the Commission on State Mandates determined that
9 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon
10 community college districts by requiring any community college district, which provided
11 health services for which it was authorized to charge a fee pursuant to former Section
12 72246 in the 1983-1984 fiscal year, to maintain health services at that level in the
13 1984-1985 fiscal year and each fiscal year thereafter.

14 At a hearing on April 27, 1989, the Commission of State Mandates determined
15 that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to
16 apply to all community college districts which provided health services in fiscal year
17 1986-1987 and required them to maintain that level of health services in fiscal year

district.

(f) A district that begins charging a health fee may use funds for startup costs from other district funds and may recover all or part of those funds from health fees collected within the first five years following the commencement of charging the fee.

(g) The board of governors shall adopt regulations that generally describe the types of health services included in the health service program."

1 1987-1988 and each fiscal year thereafter.

2 3. Parameters and Guidelines

3 On August 27, 1987, the original parameters and guidelines were adopted. On
4 May 25, 1989, those parameters and guidelines were amended. A copy of the
5 parameters and guidelines, as amended on May 25, 1989, is attached as Exhibit "B."
6 So far as is relevant to the issues presented below, the parameters and guidelines
7 state:

8 "V. REIMBURSABLE COSTS

9 A. Scope of Mandate

10 Eligible community college districts shall be reimbursed for
11 the costs of providing a health services program. Only
12 services provided in 1986-87 fiscal year may be claimed.
13 ...

14 VI. CLAIM PREPARATION

15 ...
16 B...

17 3. Allowable Overhead Cost

18 Indirect costs may be claimed in the manner
19 described by the State Controller in his claiming
20 instructions.

21 VII. SUPPORTING DATA

22 For auditing purposes, all costs claimed must be traceable to
23 source documents and/or worksheets that show evidence of the
24 validity of such costs....

25 VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

26 Any offsetting savings the claimant experiences as a direct result
27 of this statute must be deducted from the costs claimed. In

1 addition, reimbursement for this mandate received from any
2 source, e.g., federal, state, etc., shall be identified and deducted
3 from this claim. This shall include the amount of \$7.50 per full-time
4 student per semester, \$5.00 per full-time student for summer
5 school, or \$5.00 per full-time student per quarter, as authorized by
6 Education Code section 72246(a). This shall also include
7 payments (fees) received from individuals other than students who
8 are not covered by Education Code Section 72246 for health
9 services.

10 ...”

11 4. Claiming Instructions

12 The Controller has annually issued or revised claiming instructions for the
13 Health Fee Elimination mandate. A copy of the September 1997 revision of the
14 claiming instructions is attached as Exhibit “C.” The September 1997 claiming
15 instructions are believed to be, for the purposes and scope of this incorrect reduction
16 claim, substantially similar to the version extant at the time the claims which are the
17 subject of this Incorrect reduction claim were filed. However, since the Controller’s
18 claim forms and instructions have not been adopted as regulations, they have no force
19 of law, and, therefore, have no effect on the outcome of this incorrect reduction claim.

20 PART V. STATE CONTROLLER CLAIM ADJUDICATION

21 The Controller conducted an audit of District’s annual reimbursement claims for
22 fiscal years 2001-02 and 2002-03. The audit concluded that 46% of the District’s
23 costs, as claimed, were allowable. A copy of the November 10, 2004-audit report is
24 attached as Exhibit “D.”

1 VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER

2 By letter dated September 30, 2004, the Controller transmitted a copy of its draft
3 audit report. By letter dated October 13, 2004, the District objected to the proposed
4 adjustments set forth in the draft audit report. A copy of District's letter of October 13,
5 2004, is attached as Exhibit "E." The Controller then issued its final audit report without
6 change to the adjustments as stated in the draft audit report.

7 PART VII. STATEMENT OF THE ISSUES

8 **Finding 1: Overstated Health Services**

9 The Controller asserts "overstated health services costs" of \$103,128 for both
10 fiscal years. The audit report states that the "costs are unallowable because the
11 services were not provided in FY 1986-87." The Controller also asserts that the
12 District could not substantiate health services activities from FY 1986-87, and the costs
13 were disallowed because "(f)or auditing purposes, all costs claimed must be traceable
14 to source documents and/or worksheets that show evidence of the validity of such
15 costs."

16 Disallowance Calculation

17 The audit report does not explain how the adjustments were calculated. From
18 one of the Controller's audit workpapers, it appears that the Controller generated the
19 disallowance by first assigning some type of numeric unit of service provided for each
20 health service activity listed in the audit year health services inventories. For each

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 health service activity, a percentage of the total services was assigned based on the
2 number of units of service for that particular service divided by the total number of
3 services for the audit year. Note that this method assumes that the cost of each type of
4 service is the same, that is, for example, the cost of a cardiogram is the same as the
5 cost of an eye exam.

6 Second, the health services inventory for each of the audit years was compared
7 to the health services inventory for *FY 1997-98*. Those activities listed for the health
8 services inventory for the audit years which were not also listed for *FY 1997-98* were
9 assumed to be new "services not offered in 86/87." Thus, the Controller established *FY*
10 *1997-98* as an alternative base year, contrary to the Education Code and the
11 parameters and guidelines.

12 Third, the percentage amounts for each of the "new" activities in the audit years
13 (flu shots, Hepatitis B shots, outside lab services, and pap smears) were added to
14 determine a total percentage for each year of unallowable new services. In a similar
15 manner, the Controller identified "unallowable TB services to staff" from this
16 comparison. The percentages for the unallowable "new" services and unallowable
17 "staff" services were added together, generating a total percentage of unallowable
18 services for the entire district, which aggregated to 12.51% for *FY 2001-02* and 13.78%
19 for *FY 2002-03*. These percentages were applied to the total health services costs and
20 yielded disallowances of \$37,318 and \$43,157 for *FY 2001-02* and *FY 2002-03*
21 respectively.

1 Statutory and Regulatory Requirements

2 Education Code Section 76355, subdivision (e), states:

3 "Any community college district that provided health services in the 1986-87
4 fiscal year shall maintain health services, at the level provided during the 1986-
5 87 fiscal year, and each fiscal year thereafter."

6 The parameters and guidelines state at Part III Eligible Claimants:

7 "Community college districts which provided health services in 1986-87 fiscal
8 year and continue to provide the same services as a result of this mandate are
9 eligible to claim reimbursement of those costs."

10 Alternative Base Year

11 There is no choice of the base year for the comparison of services provided.

12 The statutory base year is fiscal year 1986-87 pursuant to Education Code Section
13 76355 and the parameters and guidelines. The Controller utilized the health services
14 inventory for the claim filed for fiscal year 1997-98. Thus, the Controller created an
15 alternate base-year, contrary to the Education Code and the parameters and guidelines
16 which designate 1986-87 as the base year. It appears the presumption was that since
17 fiscal year 1997-98 is closer to 1986-87, it is more "accurate" in terms of services
18 provided. There is no basis in fact or law for the assumption that any particular fiscal
19 year claim health services inventory is more accurate than another. The claimant is
20 responsible for supporting the accuracy of data in the fiscal year audited, not a prior
21 year past audit. The Controller had ample opportunity to audit the 1986-87 base year,
22 as well as the fiscal year 1997-98 claim chosen by the Controller to use an "alternate"
23 base-year. These years are now beyond the statute of limitations for an audit. While it

1 is the Controller's expectation that the claimant will bear the burden of documentation
2 of the costs and activities of almost twenty-years past, the burden is actually on the
3 Controller to timely audit those prior period claims.

4 Services Provided vs. Services Rendered

5 The Controller audit findings do not demonstrate if the enumerated services
6 allegedly "not provided" in FY 1986-87 were actually available to students. The
7 Controller has no findings for FY 1986-87, or for the alternative base-year of FY 1997-
8 98 they have chosen. The Controller also misstates the law; there are no specific
9 student health services required for each college district. The parameters and
10 guidelines state that "[o]nly services provided in 1986-87 fiscal year may be claimed."
11 Thus, the requirement is to continue the level of services provided in FY 1986-87, but
12 there is no statewide standard list of types of mandatory services to be provided. In
13 addition, the maintenance of effort mandate requires comparison of the types of
14 services and not the cost of services.

15 The Controller is endeavoring to compare the student health services *rendered*
16 during the fiscal years claimed (audit years) to those services *rendered* during 1986-87
17 fiscal year (the base year). The comparison is intended to determine whether the same
18 or greater level of services are *rendered* in the audit years which may result in some
19 audit year costs being disallowed for being in excess of the mandate. The Controller
20 is requiring claimants to prove that services rendered in the audit years were also
21 rendered in the base year. In order to make this determination, the Controller is

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 reviewing base year services claimed which are clearly beyond the statute of limitations
2 for audit or record retention.

3 The statutory requirement is that at least the same level of services be *provided*.
4 There is no basis in law or fact which requires the entire variety of health care services
5 *available* each year to actually have been utilized, which is to say *rendered*, each year
6 in order to prove that the same services are *provided*. The District is certifying that the
7 same level of services continues to be available, not that each and every service was
8 rendered each year. In other words, for example, hearing tests may be available every
9 year, but there may be a year in which no hearing tests were required by students.

10 A reasonable person can take notice that incidences of diseases and courses of
11 treatment change over a period of fifteen years. This dynamic perhaps was not
12 anticipated when the parameters and guidelines were adopted about twenty years ago,
13 but the drafting weaknesses cannot be charged to the claimants, it is a Commission-
14 adopted document.

15 District Level Test of Services

16 The Controller states that its review of the student health services provided
17 indicated that *San Bernardino Valley College* "provided" student health services
18 "exceeding" those services provided by the *district* during the base year. This is the
19 wrong standard of review. The comparison of the levels of services available (not
20 rendered) is a *district* level test, not a *college* level test. The Controller's Form HFE 2.1
21 is consistent with the parameters and guidelines which establish the inventory of

Incorrect Reduction Claim of San Bernardino Community College District
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1 student health services as a district-level test, not a particular college within the district.

2 Percentage of Services Rendered

3 The Controller's calculation of the cost of services "not provided" in the base
4 year utilizes extrapolation of facts not reasonably related to the actual cost of those
5 services. Assigning a percentage to the number of services provided does not result
6 in a determination of actual costs, which was the stated scope of the audit. The
7 parameters and guidelines do not allow the claimant to use this method for reporting
8 actual mandate costs. The parameters and guidelines do not allow the Controller to
9 use this technique for the determination of program compliance. Claimants were never
10 on notice that the Controller would be utilizing this technique. The parameters and
11 guidelines require maintenance of effort rather than cost accounting for the services
12 provided. There is no evidence that the cost of the services disallowed by the
13 Controller represent the percentage of activities disallowed. There is no basis to
14 presume that the services disallowed are uniform in cost to the services allowed. The
15 Controller's action lacks factual foundation as well as a legal basis. This is a standard
16 of general application being enforced by the Controller without benefit of the
17 rulemaking procedures required by the Administrative Procedure Act.

18 "New" Services

19 The Controller asserts that the flu shots, Hepatitis B shots, outside lab services,
20 and pap smears provided in the audit years are "new" services because these services
21 were not rendered in the base year. Notwithstanding the previously discussed factual

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 deficiencies regarding Controller's the lack of findings on FY 1986-87 and the
2 Controller's insistence on auditing services rendered as opposed to services available,
3 the characterization of these services as new services is also incorrect. For example,
4 the District's Form HFE 2.1 submitted for each audited fiscal year accurately reflect
5 that *immunization services* were available in FY1986-87. Hepatitis B vaccinations and
6 flu shots are just a part of the whole scope of *services* which may comprise
7 immunization services.

8 The Controller, as the audit agency proposing the adjustment, has the burden of
9 proving the factual and legal basis for its adjustments. The Controller provides no legal
10 basis to conclude that the absence or inclusion of one specific type of service
11 constitutes a different level of *service* from year to year.

12 Source Documentation

13 This finding is also based, partially, upon the report's assertion that all costs
14 claimed must be traceable to source documentation that shows evidence of the validity
15 of such costs, that is, there was insufficient source documentation. The Controller's
16 expectation is that the claimant will provide a log of services provided to students. The
17 Education Code and parameters and guidelines do not require the claimant to provide
18 records of the services rendered as a condition of reimbursement, only to certify to the
19 services available. Thus, the Controller is penalizing the claimant for not having
20 documentation which it is not required to maintain.

21 As a factual matter, if the documentation used by the Controller was sufficient for

1 the Controller to calculate the dollar amount of alleged new services, it is contrary for
2 the Controller to assert that the adjustment is due to insufficient documentation. It
3 would therefore appear that this finding is based upon the wrong standard for review.
4 The Controller, as the audit agency imposing the adjustment, has the burden of proving
5 the factual and legal basis for its adjustments. Instead, the Controller incorrectly
6 audited the services rendered rather than services available to the students; incorrectly
7 used only the services provided at one college when the test is for the entire district;
8 and, incorrectly applied their findings as a percentage reduction in cost without a
9 factual basis to presume that the cost of services disallowed are uniform.

10 Unreasonable or Excessive

11 None of the adjustments were made because the costs claimed were excessive
12 or unreasonable. The Controller does not assert that the claimed costs were excessive
13 or unreasonable, which is the only mandated cost audit standard in statute
14 (Government Code Section 17561(d) (2)). It would therefore appear that the entire
15 findings are based upon the wrong standard for review. If the Controller wishes to
16 enforce other audit standards for mandated cost reimbursement, the Controller should
17 comply with the Administrative Procedure Act.

18 **Finding 2: Overstated Services and Supplies**

19 The Controller asserts unallowable services and supplies direct costs totaling
20 \$75,670 for both fiscal years. This total amount consists of \$72,554 in "ineligible"

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 athletic insurance costs and unsupported costs of \$3,116 for services and supplies for
2 both fiscal years.

3 Health Insurance Premium

4 The District pays two types of student insurance premiums. The basic /
5 catastrophic coverage for the general student population, and a separate premium
6 amount for intercollegiate athletes. The Controller's adjustment improperly disallows a
7 portion of the general population premium as somehow being related to intercollegiate
8 athletics. The audit report does not describe how the disallowance was calculated.
9 Regardless, the adjustment is inappropriate since student athletes are part of the
10 student population for purpose of the general student population insurance premium.
11 The insurance premiums for athletes pertains to coverage while participating in
12 intercollegiate sports, not while they are attending class or on campus in their capacity
13 a member of the general student population.

14 Services and Supplies

15 The Controller's audit report does not indicate the costs disallowed or the type of
16 documentation required to support the costs. The Controller asserts unallowable
17 expenses of \$3,116 for both years. The entire basis of the Controller's adjustments is
18 the quantity and quality of District documentation. None of the adjustments were made
19 because the costs claimed were excessive or unreasonable. The District has complied
20 with the parameters and guidelines as it has provided source documents that show
21 evidence of the validity of such costs and their relationship to the state-mandated

1 program. The Controller did not cite any statutory basis for its audit adjustments.
2 Absent some statutory authorization, another source of authority must be stated by the
3 Controller.

4 **Finding 3 - Overstated Indirect Cost Rates Claimed**

5 The Controller asserts that the district overstated its indirect cost rates and costs
6 in the amount of \$281,494. This finding is based upon the Controller's statement that
7 "(t)he district claimed indirect costs based on an indirect cost rate proposal (IRCP)
8 prepared for each fiscal year by an outside consultant. However, the district did not
9 obtain federal approval for its IRCPs. We calculated indirect cost rates using the
10 methodology allowed by the SCO claiming instructions."

11 Federal Approval

12 Contrary to the Controller's ministerial preferences, there is no requirement in
13 law that the claimant's indirect cost rate must be "federally" approved. Neither the
14 Commission nor the Controller has ever specified the federal agencies which have the
15 authority to approve indirect cost rates. Further, it should be noted that the Controller
16 did not determine that the District's rate was excessive or unreasonable, just that it
17 wasn't federally approved.

18 CCFS-311

19 In fact, both the District's method and the Controller's method utilized the same
20 source document, the CCFS-311 annual financial and budget report required by the

1 state. The difference in the claimed and audited methods is in the determination of
2 which of those cost elements are direct costs and which are indirect costs. Indeed,
3 federally "approved" rates which the Controller will accept without further action, are
4 "negotiated" rates calculated by the district and submitted for approval, indicating that
5 the process is not an exact science, but a determination of the relevance and
6 reasonableness of the cost allocation assumptions made for the method used.

7 Regulatory Requirements

8 No particular indirect cost rate calculation is required by law. The parameters
9 and guidelines state that "Indirect costs *may be claimed* in the manner described by the
10 Controller in his claiming instructions." The district claimed these indirect costs "in the
11 manner" described by the Controller. The correct forms were used and the claimed
12 amounts were entered at the correct locations. Further, "may" is not "shall"; the
13 parameters and guidelines do not require that indirect costs be claimed in the manner
14 described by the Controller. In the audit report, the Controller asserts that "the specific
15 directions for the indirect cost rate calculation in the claiming instructions are an
16 extension of *Parameters and Guidelines*." It is not clear what the legal significance of
17 the concept of "extension" might be, regardless, the reference to the claiming
18 instructions in the parameters and guidelines does not change "may" into a "shall."
19 Since the Controller's claiming instructions were never adopted as law, or regulations
20 pursuant to the Administrative Procedure Act, the claiming instructions are merely a
21 statement of the ministerial interests of the Controller and not law.

1 Unreasonable or Excessive

2 Government Code Section 17561(d)(2) requires the Controller to pay claims,
3 provided that the Controller may audit the records of any school district to verify the
4 actual amount of the mandated costs, and may reduce any claim that the Controller
5 determines is excessive or unreasonable. The Controller is authorized to reduce a
6 claim only if it determines the claim to be excessive or unreasonable. Here, the District
7 has computed its ICRPs utilizing cost accounting principles from the Office of
8 Management and Budget Circular A-21, and the Controller has disallowed it without a
9 determination of whether the product of the District's calculation would, or would not, be
10 excessive, unreasonable, or inconsistent with cost accounting principles.

11 Neither State law nor the parameters and guidelines made compliance with the
12 Controller's claiming instructions a condition of reimbursement. The district has
13 followed the parameters and guidelines. The burden of proof is on the Controller to
14 prove that the product of District's calculation is unreasonable, not to recalculate the
15 rate according to its unenforceable ministerial preferences. Therefore, Controller
16 made no determination as to whether the method used by the District was reasonable,
17 but, merely substituted its FAM-29C method for the method reported by the District.
18 The substitution of the FAM-29C method is an arbitrary choice of the Controller, not a
19 "finding" enforceable either by fact or law.

1 **Finding 4 - Understated Authorized Health Fee Revenues Claimed**

2 This finding is based on the Controller's recalculation of the student health
3 services fees which may have been "collectible" which was then compared to the
4 District's student health fee revenues actually received, resulting in a total adjustment
5 of \$150,031 for the two fiscal years. The Controller alleges that claimants must
6 compute the total student health fees collectible and reduce claimed costs by this
7 amount even if those fees are not collected in full or part.

8 Education Code Section 76355

9 Education Code Section 76355, subdivision (a), in relevant part, provides: "The
10 governing board of a district maintaining a community college *may require* community
11 college students to pay a fee . . . for health supervision and services . . ." There is no
12 requirement that community colleges levy these fees. The permissive nature of the
13 provision is further illustrated in subdivision (b) which states "*if*, pursuant to this
14 Section, a fee is required, the governing board of the district shall decide the amount of
15 the fee, *if any*, that a part-time student is required to pay. *The governing board may*
16 *decide whether the fee shall be mandatory or optional.*"

17 Parameters and Guidelines

18 This Controller states that the "*Parameters and Guidelines* states that health
19 fees authorized by the *Education Code* must be deducted from the costs claimed."
20 The parameters and guidelines do not state this but instead state:

1 “Any offsetting savings that the claimant experiences as a direct result of
2 this statute must be deducted from the costs claimed. In addition,
3 reimbursement for this mandate received from any source, e.g., federal, state,
4 etc., shall be identified and deducted from this claim. This shall include the
5 amount of [student fees] as authorized by Education Code Section 72246(a)³.”

6 In order for the district to “experience” these “offsetting savings” the district must
7 actually have collected these fees. Student fees actually collected must be used to
8 offset costs, but not student fees that could have been collected and were not. The use
9 of the term “any offsetting savings” further illustrates the permissive nature of the fees.

10 Government Code Section 17514

11 The Controller relies upon Government Code Section 17514 for the conclusion
12 that “[t]o the extent community college districts can charge a fee, they are not required
13 to incur a cost.” Government Code Section 17514, as added by Chapter 1459, Statutes
14 of 1984, actually states:

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

21 There is nothing in the language of the statute regarding the authority to charge a fee,
22 any nexus of fee revenue to increased cost, nor any language which describes the
23 legal effect of fees collected.

³ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

1 Government Code Section 17556

2 The Controller relies upon Government Code Section 17556 for the conclusion
3 that "the COSM shall not find costs mandated by the State if the school district has the
4 authority to levy fees to pay for the mandated program or increased level of service."

5 Government Code Section 17556 as last amended by Chapter 589/89 actually states:

6 "The commission shall not find costs mandated by the state, as defined in
7 Section 17514, in any claim submitted by a local agency or school district, if after
8 a hearing, the commission finds that: . . .

9 (d) The local agency or school district has the authority to levy service
10 charges, fees, or assessments sufficient to pay for the mandated program or
11 increased level of service. ..."

12 The Controller misrepresents the law. Government Code Section 17556 prohibits the
13 Commission on State Mandates from finding costs subject to reimbursement, that is,
14 approving a test claim activity for reimbursement, where there is statutory authority in
15 the mandate program legislation to levy fees in an amount sufficient to offset the entire
16 mandated costs. Here, the Commission has already approved the test claim and made
17 a finding of a new program or higher level of service for which the claimants do not
18 have the ability to levy a fee in an amount sufficient to offset the entire mandated costs.

19 Student Health Services Fee Amount

20 The Controller asserts that the district should have collected a student health
21 service fee each semester from non-exempt students in the amount of \$9 or \$12,
22 depending whether the student is enrolled full time or part time. Districts receive
23 notice of these fee amounts from the Chancellor of the California Community Colleges.

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 An example of one such notice is the letter dated March 5, 2001, attached as Exhibit
2 "F." While Education Code Section 76355 provides for an increase in the student
3 health service fee, it did not grant the Chancellor the authority to establish mandatory
4 fee amounts or mandatory fee increases. No state agency was granted that authority
5 by the Education Code, and no state agency has exercised its rulemaking authority to
6 establish mandatory fees amounts. It should be noted that the Chancellor's letter
7 properly states that increasing the amount of the fee is at the option of the district, and
8 that the Chancellor is not asserting that authority. Therefore, the Controller cannot rely
9 upon the Chancellor's notice as a basis to adjust the claim for "collectible" student
10 health services fees.

11 Fees Collected vs. Fees Collectible

12 This issue is one of student health fees revenue actually received, rather than
13 student health fees which might be collected. The Commission determined, as stated
14 in the parameters and guidelines that the student fees "experienced" (*collected*) would
15 reduce the amount subject to reimbursement. Student fees not collected are student
16 fees not "experienced" and as such should not reduce reimbursement. Further, the
17 amount "collectible" will never equal actual revenues collected due to changes in
18 student's BOGG eligibility, bad debt accounts, and refunds.

19 Because districts are not required to collect a fee from students for student
20 health services, and if such a fee is collected, the amount is to be determined by the
21 District and not the Controller, the Controller's adjustment is without legal basis. What

1 claimants are required by the parameters and guidelines to do is to reduce the amount
2 of their claimed costs by the amount of student health services fee revenue actually
3 received. Therefore, student health fees are merely collectible, they are not
4 mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

5 **PART VIII. RELIEF REQUESTED**

6 The District filed its annual reimbursement claims within the time limits
7 prescribed by the Government Code. The amounts claimed by the District for
8 reimbursement of the costs of implementing the program imposed by Chapter 1,
9 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code
10 Section 76355 represent the actual costs incurred by the District to carry out this
11 program. These costs were properly claimed pursuant to the Commission's parameters
12 and guidelines. Reimbursement of these costs is required under Article XIII B, Section
13 6 of the California Constitution. The Controller denied reimbursement without any
14 basis in law or fact. The District has met its burden of going forward on this claim by
15 complying with the requirements of Section 1185, Title 2, California Code of
16 Regulations. Because the Controller has enforced and is seeking to enforce these
17 adjustments without benefit of statute or regulation, the burden of proof is now upon the
18 Controller to establish a legal basis for its actions.

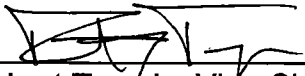
19 The District requests that the Commission make findings of fact and law on each
20 and every adjustment made by the Controller and each and every procedural and
21 jurisdictional issue raised in this claim, and order the Controller to correct its audit

1 report findings therefrom.

2 PART IX. CERTIFICATION

3 By my signature below, I hereby declare, under penalty of perjury under the laws
4 of the State of California, that the information in this incorrect reduction claim
5 submission is true and complete to the best of my own knowledge or information or
6 belief, and that the attached documents are true and correct copies of documents
7 received from or sent by the state agency which originated the document.

8 Executed on August 31, at San Bernardino, California, by

9 
10 Robert Temple, Vice-Chancellor, Fiscal Services
11 San Bernardino Community College District
12 114 South Del Rosa Drive
13 San Bernardino, CA 94250-5874
14 Voice: 909-382-4021
15 Fax: 909-382-0116
16 E-Mail: btemple@sbccd.cc.ca.us

17 APPOINTMENT OF REPRESENTATIVE

18 West Valley-Mission Community College District appoints Keith B. Petersen,
19 SixTen and Associates, as its representative for this incorrect reduction claim.

20 
21 Robert Temple, Vice-Chancellor, Fiscal Services
22 San Bernardino Community College District

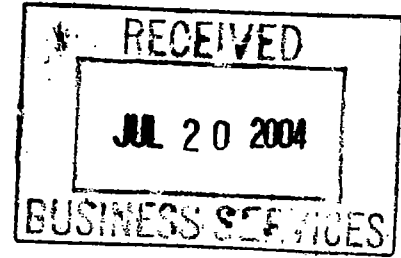
AUGUST 31, 2005

Date

23 Attachments:

- 24 Exhibit "A" SCO Legal Counsel's Letter dated July 15, 2004
25 Exhibit "B" Parameters and Guidelines as amended May 25, 1989
26 Exhibit "C" Controller's Claiming Instructions September 1997
27 Exhibit "D" SCO Audit Report dated November 10, 2004
28 Exhibit "E" Claimant's Letter dated October 13, 2004
29 Exhibit "F" Chancellor's Letter dated March 5, 2001

Exhibit A



STEVE WESTLY
California State Controller

July 15, 2004

Mike Brandy, Vice Chancellor
Foothill-De Anza Community College District
12345 El Monte Road
Los Altos, CA 94022

Re: Foothill-De Anza Community College District Audit

Dear Mr. Brandy:

This is in response to your letter to me dated May 13, 2004, concerning the Controller's Audit of the Health Fee claim.

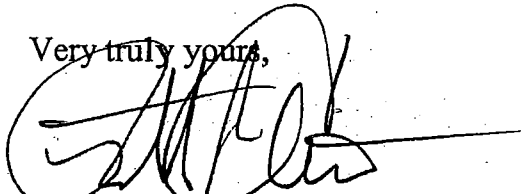
The Controller's informal audit review process was established to resolve factual disputes where no other forum for resolution, other than a judicial proceeding, is available.

The proper forum for resolving issues involving mandated cost programs is through the incorrect reduction process through the Commission on State Mandates. As such, this office will not be scheduling an informal conference for this matter.

However, in light of the concerns expressed in your letter concerning the auditors assigned and the validity of the findings, I am forwarding your letter to Vince Brown, Chief Operating Officer, for his review and response.

If you have any questions you may contact Mr. Vince Brown at (916) 445-2038.

Very truly yours,



RICHARD J. CHIVARO
Chief Counsel

RJC/st

cc: Vincent P. Brown, Chief Operating Officer, State Controller's Office
Jeff Brownfield, Chief, Division of Audits, State Controller's Office

Exhibit B

Adopted: 8/27/87
Amended: 5/25/89

PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S. .
Chapter 1118, Statutes of 1987
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
- Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

Birth Control
Lab Reports
Nutrition
Test Results (office)
VD
Other Medical Problems
CD
URI
ENT
Eye/Vision
Derm./Allergy
Gyn/Pregnancy Services
Neuro
Ortho
GU
Dental
GI
Stress Counseling
Crisis Intervention
Child Abuse Reporting and Counseling
Substance Abuse Identification and Counseling
Aids
Eating Disorders
Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)

Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
~~Temporary handicapped parking permits~~

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis

Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no

less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) received from individuals other than students who are not covered by Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

_____	_____
Signature of Authorized Representative	Date
_____	_____
Title	Telephone No.

0350d

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17564(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to Item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services.

Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE-2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms

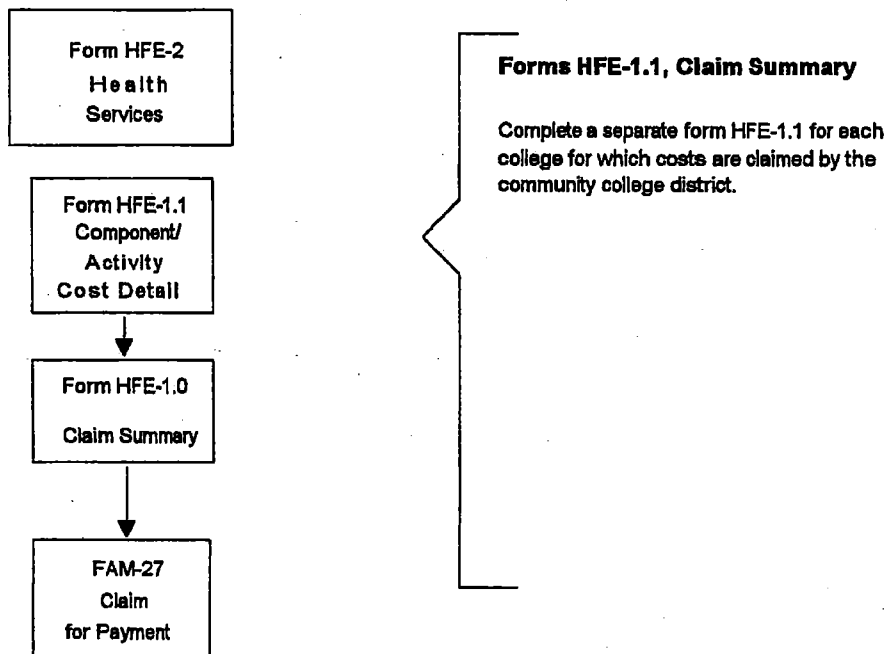


Exhibit D

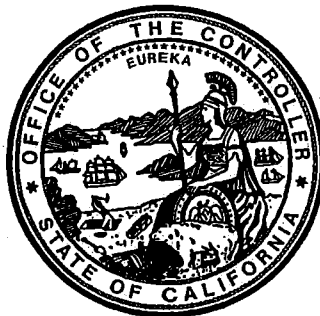
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

Audit Report

HEALTH FEE ELIMINATION PROGRAM

Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987

July 1, 2001, through June 30, 2003



STEVE WESTLY
California State Controller

November 2004



STEVE WESTLY
California State Controller

November 10, 2004

Donald F. Averill, Ed.D., Chancellor
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408

Dear Dr. Averill:

The State Controller's Office audited the claims filed by the San Bernardino Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003.

The district claimed \$1,130,569 for the mandated program. Our audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred because the district claimed ineligible costs, overstated indirect costs, and understated revenue offsets. The State paid the district \$92,835. The State will pay allowable costs claimed that exceed the amount paid, totaling \$427,411, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site at www.csm.ca.gov (Guidebook link), and obtain IRC forms by telephone at (916) 323-3562 or by e-mail at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

A handwritten signature in cursive script that reads "Vincent P. Brown".

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/jj

cc: (See page 2)

Handwritten initials "ST. present" in cursive script.

cc: Robert Temple, Vice Chancellor
Fiscal Services
San Bernardino Community College District
Ed Monroe, Program Assistant
Fiscal Accountability Section
Chancellor's Office
California Community Colleges
Jeannie Oropeza, Program Budget Manager
Education Systems Unit
Department of Finance
Charles Pillsbury, School Apportionment Specialist
Department of Finance

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Findings and Recommendations	6
Attachment—District’s Response to Draft Audit Report	

Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the San Bernardino Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session (E.S.), and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. The last day of fieldwork was August 16, 2004.

The district claimed \$1,130,569 for the mandated program. The audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred because the district claimed ineligible costs, overstated indirect costs, and understated revenue offsets. The State paid the district \$92,835. The State will pay allowable costs claimed that exceed the amount paid, totaling \$427,411, contingent upon available appropriations.

Background

Education Code Section 72246 (repealed by Chapter 1, Statutes of 1984, 2nd E.S.) authorizes community college districts to charge a health fee for providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during fiscal year (FY) 1983-84 had to be maintained at that level in FY 1984-85 and every year thereafter. The provisions of this statute would automatically sunset on December 31, 1987, reinstating the community college districts' authority to charge a health fee as specified.

Education Code Section 72246 (amended by Chapter 1118, Statutes of 1987) requires any community college district that provided health services in FY 1986-97 to maintain health services at the level provided during that year in FY 1987-88 and each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (COSM) determined that Chapter 1, Statutes of 1984, 2nd E.S., imposed a "new program" upon community college districts, by requiring any community college district that provided health services for which it was authorized to charge a fee pursuant to former *Education Code* Section 72246 in FY 1983-84 to maintain health services at the level provided during that year in FY 1984-85 and each fiscal year thereafter. This maintenance-of-effort requirement applies to all community college districts that levied a health services fee in FY 1983-84, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the FY 1983-84 level.

On April 27, 1989, COSM determined that Chapter 1118, Statutes of 1987, amended this maintenance-of-effort requirement to apply to all community college districts that provided health services in FY 1986-87, and required them to maintain that level in FY 1987-88 and each fiscal year thereafter.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted *Parameters and Guidelines* on August 27, 1987, and last amended it on May 25, 1989. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Health Fee Elimination Program for the period of July 1, 2001, through June 30, 2003.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, not funded by another source, and not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Section 17558.5. We did not audit the district's financial statements. Our audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the San Bernardino Community College District claimed \$1,130,569 for Health Fee Elimination Program costs. Our audit disclosed that \$520,246 is allowable and \$610,323 is unallowable.

For FY 2001-02, the State paid the district \$92,835. Our audit disclosed that \$210,676 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$117,841, contingent upon available appropriations.

For FY 2002-03, the district received no payment. Our audit disclosed that \$309,570 is allowable. The State will pay allowable costs claimed, totaling \$309,570, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on September 30, 2004. Robert Temple, Vice Chancellor, responded by letter dated October 13, 2004, disagreeing with the audit results. The final audit report includes the district's response (Attachment).

Restricted Use

This report is solely for the information and use of the San Bernardino Community College District, the California Community Colleges Chancellor's Office, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2003**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
July 1, 2001, through June 30, 2002				
Health services costs:				
Salaries	\$ 367,585	\$ 326,196	\$ (41,389)	Finding 1
Benefits	54,560	54,560	—	
Services and supplies	123,819	86,471	(37,348)	Finding 2
Indirect costs	210,961	88,166	(122,795)	Finding 3
Total health services costs	756,925	555,393	(201,532)	
Less cost of services in excess of FY 1986-87 services	(2,564)	(2,564)	—	
Subtotals	754,361	552,829	(201,532)	
Less authorized health fees	(231,122)	(328,764)	(97,642)	Finding 4
Subtotals	523,239	224,065	(299,174)	
Less offsetting savings/reimbursements	(13,389)	(13,389)	—	
Total program costs	<u>\$ 509,850</u>	210,676	<u>\$ (299,174)</u>	
Less amount paid by the State		(92,835)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 117,841</u>		
July 1, 2002, through June 30, 2003				
Health services costs:				
Salaries	\$ 402,669	\$ 340,930	\$ (61,739)	Finding 1
Benefits	59,734	59,734	—	
Services and supplies	159,834	121,512	(38,322)	Finding 2
Indirect costs	249,766	91,067	(158,699)	Finding 3
Total health services costs	872,003	613,243	(258,760)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotals	872,003	613,243	(258,760)	
Less authorized health fees	(234,810)	(287,199)	(52,389)	Finding 4
Subtotals	637,193	326,044	(311,149)	
Less offsetting savings/reimbursements	(16,474)	(16,474)	—	
Total program costs	<u>\$ 620,719</u>	309,570	<u>\$ (311,149)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 309,570</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
Summary: July 1, 2001, through June 30, 2003				
Health services costs:				
Salaries	\$ 770,254	\$ 667,126	\$ (103,128)	Finding 1
Benefits	114,294	114,294	—	
Services and supplies	283,653	207,983	(75,670)	Finding 2
Indirect costs	460,727	179,233	(281,494)	Finding 3
Total health services costs	1,628,928	1,168,636	(460,292)	
Less cost of services in excess of FY 1986-87 services	(2,564)	(2,564)	—	
Subtotals	1,626,364	1,166,072	(460,292)	
Less authorized health fees	(465,932)	(615,963)	(150,031)	Finding 4
Subtotals	1,160,432	550,109	(610,323)	
Less offsetting savings/reimbursements	(29,863)	(29,863)	—	
Total program costs	\$1,130,569	520,246	\$ (610,323)	
Less amount paid by the State		(92,835)		
Allowable costs claimed in excess of (less than) amount paid		\$ 427,411		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Overstated health
services**

The district overstated health services costs by \$103,128 for the audit period.

The costs are unallowable because the services were not provided in FY 1986-87. These costs include flu shots, hepatitis shots, pap smears, and outside laboratory services for San Bernardino Valley College, and flu shots, hepatitis shots, outside laboratory services, and marriage therapy for Crafton Hills College.

A summary of the adjustment is as follows:

	Fiscal Year		Total
	2001-02	2002-03	
San Bernardino Valley College	\$ (20,673)	\$ (29,847)	\$ (50,520)
Crafton Hills College	(20,716)	(31,892)	(52,608)
Audit adjustment	<u>\$ (41,389)</u>	<u>\$ (61,739)</u>	<u>\$ (103,128)</u>

Parameters and Guidelines specifies that community college districts shall only be reimbursed the costs of health services provided to the extent they were provided by the district in FY 1986-87.

Recommendation

We recommend that the district ensure it only claims costs of health services that were provided by the district in FY 1986-87.

District's Response

The State Controller alleges overstated audit period costs for certain health services which were "not provided" in Fiscal Year 1986-87. The State Controller states that "*Parameters and Guidelines* specifies that community college districts shall only be reimbursed the costs of the health services provided to the extent they were provided by the district in FY 1986-87."

The parameters and guidelines also state at Part III Eligible Claimants:

"Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of the mandate are eligible to claim reimbursement of those costs."

Education Code section 76355, subdivision (e), states:

"Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter."

The State Controller, as the audit agency proposing the adjustment, has the burden of proving the factual and legal basis for its adjustments. The State Controller audit findings do not demonstrate if the enumerated services allegedly "not provided" in Fiscal Year 1986-87 were indeed actually available. It would therefore appear that this finding is based upon the wrong standard for review.

In addition, the State Controller's calculation of the cost of services "not provided" utilizes extrapolation of facts not reasonably related to the actual cost of those services.

SCO's Comment

The finding and recommendation remain unchanged.

In addition to the criteria mentioned above, our position is supported by Parts V and VIII of the *Parameters and Guidelines*. Part V(A)—Scope of Mandate states, "Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in FY 1986-87 may be claimed." Part VIII—Supporting Data states:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for FY 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on request of the State Controller or his agent.

Throughout the audit fieldwork and up until October 22, 2004 (the date of this response), the district did not provide us with any documentation to substantiate its assertion that the health services in question were provided at the San Bernardino Valley College and/or Crafton Hills College in FY 1986-87.

Furthermore, in an attempt to determine if the health services in question were reported in prior-year mandated cost claims, we asked district personnel to provide the earliest mandated cost claims available. We were given a copy of the FY 1997-98 Health Fee Elimination cost claim. From our review of this claim, we observed that the health services in question were not listed. If the district staff believes information in prior year claims is inaccurate, it has the responsibility to corroborate its position.

**FINDING 2—
Overstated services
and supplies**

The district overstated service and supply costs by \$75,670 because it claimed ineligible athletic insurance costs of \$72,554 and did not support costs of \$3,116.

A summary of the adjustment is as follows:

	Fiscal Year		Total
	2001-02	2002-03	
Athletic insurance costs	\$ (37,348)	\$ (35,206)	\$ (72,554)
Unsupported costs	—	(3,116)	(3,116)
Audit adjustment	<u>\$ (37,348)</u>	<u>\$ (38,322)</u>	<u>\$ (75,670)</u>

Parameters and Guidelines states that community college districts shall be reimbursed only for costs of health services programs that are traceable to supporting documentation showing evidence of the validity of such costs. Also, *Education Code* Section 76355(d) (formerly Section 72246(2)) states that authorized expenditures for health services shall not include the cost of athletic insurance.

Recommendation

We recommend that the district ensure all claimed costs are eligible and supported.

District's Response

The District is still investigating the athletic insurance costs to determine if the amounts reported in the claim related to basic insurance costs for students who also were covered by athletic insurance. However, the final audit report need not be delayed for this work.

SCO's Comment

The finding and recommendation remain unchanged.

The district did not provide any additional information supporting this finding.

**FINDING 3—
Overstated indirect
cost rate claimed**

The district overstated indirect costs by \$281,494 for the audit period.

The district claimed indirect costs based on an indirect cost rate proposal (ICRP) prepared for each fiscal year by an outside consultant. However, the district did not obtain federal approval for its rate. We calculated indirect cost rates using the methodology allowed by the SCO's claiming instructions. The calculated indirect cost rates did not support the indirect cost rates claimed.

A summary of the claimed and audited indirect cost rates is as follows:

	Fiscal Year	
	2001-02	2002-03
Allowable indirect cost rate based on total direct costs	18.87%	17.44%
Claimed indirect cost rate based on total direct costs	38.64%	40.14%

We recalculated indirect costs as follows:

	Fiscal Year		Total
	2001-02	2002-03	
Allowable direct costs claimed	\$ 467,227	\$ 522,176	
Allowable indirect cost rate	× 18.87%	× 17.44%	
Allowable indirect costs	88,166	91,067	
Less claimed indirect costs	(210,961)	(249,766)	
Audit adjustment	\$ (122,795)	\$ (158,699)	\$ (281,494)

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO’s claiming instructions.

The SCO’s claiming instructions state that community colleges have the option of using a federally approved rate prepared in accordance with OMB Circular A-21 or the alternate methodology using State Controller’s Form FAM-29C, which is based on total expenditures as reported in California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311).

Recommendation

We recommend that the district ensure indirect costs claimed are computed using a federally approved rate prepared in accordance with OMB Circular A-21, or the SCO’s alternate methodology using Form FAM-29C.

District’s Response

The State Controller asserts that the District must obtain federal approval for its indirect cost rate or use a method prescribed by the State Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that “Indirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions.” The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller.

The State Controller’s claiming instructions for Form HFE-1.1, line (05), state that for claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, from FAM 29C, or a 7% indirect cost rate. The State Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If

the State Controller wishes to enforce the audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

SCO's Comment

The finding and recommendation remain unchanged.

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO's claiming instructions. Therefore, the specific directions for the indirect cost rate calculation in the claiming instructions are an extension of the *Parameters and Guidelines*. The SCO's claiming instructions state that community colleges have the option of using a federally approved rate prepared in accordance with OMB Circular A-21 or the SCO's alternate methodology using Form FAM-29C. In this case, the district chose to use indirect cost rates not approved by a federal agency, which is not an option provided by the SCO's claiming instructions.

**FINDING 4—
Understated
authorized health fee
revenues claimed**

The district understated authorized health fee revenue by \$150,031 for the audit period.

The district reduced claimed costs by actual rather than authorized health fee revenues. Therefore, we recalculated authorized health fee revenues by multiplying student enrollment by term net of allowable health fee exemption by the authorized student health fee. Student enrollment information was obtained from the term unit report, and the student waiver information was obtained from the Board of Governors Grant (BOGG) report.

A summary of our adjustment to authorized health fee revenues is as follows:

	<u>Summer</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
<u>FY 2000-01</u>				
Student enrollment	9,485	16,519	17,640	
Allowable health fee exemptions	<u>(3,309)</u>	<u>(5,636)</u>	<u>(5,758)</u>	
Subtotals	6,176	10,883	11,882	
Authorized student health fee	× \$ 9	× \$ 12	× \$ 12	
Audited authorized health fee revenues	<u>\$ 55,584</u>	<u>\$130,596</u>	<u>\$142,584</u>	\$ 328,764
Claimed authorized health fee revenues				<u>(231,122)</u>
Audit adjustment, FY 2000-01				<u>97,642</u>
<u>FY 2001-02</u>				
Student enrollment	3,406	18,176	16,773	
Allowable health fee exemptions	<u>(1,595)</u>	<u>(6,102)</u>	<u>(6,272)</u>	
Subtotal	1,811	12,074	10,501	
Authorized student health fee	× \$ 9	× \$ 12	× \$ 12	
Audited authorized health fee revenues	<u>\$ 16,299</u>	<u>\$144,888</u>	<u>\$126,012</u>	287,199
Claimed authorized health fee revenues				<u>(234,810)</u>
Audit adjustment, FY 2001-02				<u>52,389</u>
Total audit adjustment				<u>\$ 150,031</u>

Parameters and Guidelines states that health fees authorized by the *Education Code* must be deducted from costs claimed. *Education Code* Section 76355(c) states that health fees are authorized from all students except those who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need.

Also, *Government Code* Section 17514 states that costs mandated by the State means any increased costs which a district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, *Government Code* Section 17556 states that COSM shall not find costs mandated by the State if the district has the authority to levy fees to pay for the mandated program or increased level of services.

Recommendation

We recommend that the district should ensure that allowable health services program costs are offset by the amount of health service fee revenues authorized by *Education Code*.

District's Response

The State Controller alleges that claimants must compute the total student health fees collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee . . . for health supervision and services . . ." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the Education Code must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

The State Controller also misconstrues the legal meaning of Government Code Section 17556 which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

Notwithstanding the State Controller's argument for its adjustment, State Controller audit staff stated that they would be providing to the District additional information in support of their health fee calculation before the draft audit report was issued and would allow the District time to respond. This information was not provided to the District and the draft audit report has been issued.

SCO's Comment

The fiscal effect of the finding and recommendation remain unchanged. The language in the draft report relating to the unavailability of the student attendance data has been deleted based on information provided by the district.

We agree that community college districts may choose not to levy a health services fee. This is true even if *Education Code* Section 76355 provides the districts with the authority to levy such fees. However, the effect of not imposing the health services fee is that the related health services costs do not meet the requirement for mandated costs as defined by *Government Code* Section 17514. In simple terms, health services costs recoverable through an authorized fee are not costs that the district is required to incur. Moreover, *Government Code* Section 17556 states that COSM shall not find costs mandated by the State as defined in *Government Code* Section 17514 if the district has authority to levy fees to pay for the mandated program or increased level of service.

**Attachment—
District's Response to
Draft Audit Report**



October 13, 2004

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
California State Controller
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 1, Statutes of 1984
Health Fee Elimination
State Controller's Audit
Fiscal Years: 2001-02 and 2002-03

Dear Mr. Spano:

This letter is the response of the San Bernardino Community College District to the letter from Vincent P. Brown, Chief Operating Officer, State Controller's Office, dated September 30, 2004, and received by the District on October 6, 2004, which enclosed a draft copy of your audit report of the District's Health Fee Elimination claims for the period of July 1, 2001 through June 30, 2003.

Finding 1 - Overstated Health Services

The State Controller alleges overstated audit period costs for certain health services which were "not provided" in Fiscal Year 1986-87. The State Controller states that "Parameters and Guidelines specifies that community college districts shall only be reimbursed the costs of the health services provided to the extent they were provided by the district in FY 1986-87."

The parameters and guidelines also state at Part III Eligible Claimants:

"Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of the mandate are eligible to claim reimbursement of those costs."

Education Code section 76355, subdivision (e), states:

"Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter."

The State Controller, as the audit agency proposing the adjustment, has the burden of proving the factual and legal basis for its adjustments. The State Controller audit findings do not demonstrate if the enumerated services allegedly "not provided" in Fiscal Year 1986-87 were indeed actually available. It would therefore appear that this finding is based upon the wrong standard for review.

In addition, the State Controller's calculation of the cost of services "not provided" utilizes extrapolation of facts not reasonably related to the actual cost of those services.

Finding 2 - Overstated Services and Supplies

The District is still investigating the athletic insurance costs to determine if the amounts reported in the claim related to basic insurance costs for students who also were covered by athletic insurance. However, the final audit report need not be delayed for this work.

Finding 3 - Overstated Indirect Cost Rates Claimed

The State Controller asserts that the District must obtain federal approval for its indirect cost rate or use a method prescribed by the State Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller.

The State Controller's claiming instructions for Form HFE-1.1, line (05), state that for claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, from FAM-29C, or a 7% indirect cost rate. The State Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

Finding 4 - Understated Authorized Health Fee Revenues Claimed

The State Controller alleges that claimants must compute the total student health fees

collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee . . . for health supervision and services . . ." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the Education Code must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

The State Controller also misconstrues the legal meaning of Government Code Section 17556 which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

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¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

Jim Spano, Chief

4

October 13, 2004

the draft audit report has been issued.

o o o

The District requests that the audit report be changed to comply with the law.

Sincerely,



Robert Temple, Vice Chancellor
Fiscal Services
San Bernardino Community College District

C: Keith Petersen, President, SixTen and Associates

Exhibit E



October 13, 2004

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
California State Controller
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 1, Statutes of 1984
Health Fee Elimination
State Controller's Audit
Fiscal Years: 2001-02 and 2002-03

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Education Code section 76355, subdivision (e), states:

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The State Controller, as the audit agency proposing the adjustment, has the burden of proving the factual and legal basis for its adjustments. The State Controller audit findings do not demonstrate if the enumerated services allegedly "not provided" in Fiscal Year 1986-87 were indeed actually available. It would therefore appear that this finding is based upon the wrong standard for review.

In addition, the State Controller's calculation of the cost of services "not provided" utilizes extrapolation of facts not reasonably related to the actual cost of those services.

Finding 2 - Overstated Services and Supplies

The District is still investigating the athletic insurance costs to determine if the amounts reported in the claim related to basic insurance costs for students who also were covered by athletic insurance. However, the final audit report need not be delayed for this work.

Finding 3 - Overstated Indirect Cost Rates Claimed

The State Controller asserts that the District must obtain federal approval for its indirect cost rate or use a method prescribed by the State Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller.

The State Controller's claiming instructions for Form HFE-1.1, line (05), state that for claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, from FAM-29C, or a 7% indirect cost rate. The State Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

Finding 4 - Understated Authorized Health Fee Revenues Claimed

The State Controller alleges that claimants must compute the total student health fees

collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee . . . for health supervision and services . . ." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the Education Code must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

The State Controller also misconstrues the legal meaning of Government Code Section 17556 which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

Notwithstanding the State Controller's argument for its adjustment, State Controller audit staff stated that they would be providing to the District additional information in support of their health fee calculation before the draft audit report was issued and would allow the District time to respond. This information was not provided to the District and

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

Jim Spano, Chief

4

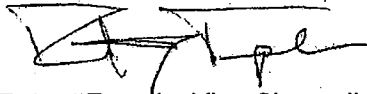
October 13, 2004

the draft audit report has been issued.

o o o

The District requests that the audit report be changed to comply with the law.

Sincerely,



Robert Temple, Vice Chancellor
Fiscal Services
San Bernardino Community College District

C: Keith Petersen, President, SixTen and Associates

Exhibit F

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET
SACRAMENTO, CA 95814-6511
(916) 445-8752
HTTP://WWW.CCCCO.EDU



March 5, 2001

To: Superintendents/Presidents
Chief Business Officers
Chief Student Services Officers
Health Services Program Directors
Financial Aid Officers
Admissions and Records Officers
Extended Opportunity Program Directors

From: Thomas J. Nussbaum
Chancellor

Subject: Student Health Fee Increase

Education Code Section 76355 provides the governing board of a community college district the option of increasing the student health services fee by the same percentage as the increase in the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar above the existing fee, the fee may be increased by \$1.00.

Based on calculations by the Financial, Economic, and Demographic Unit in the Department of Finance, the Implicit Price Deflator Index has now increased enough since the last fee increase of March 1997 to support a one dollar increase in the student health fees. Effective with the Summer Session of 2001, districts may begin charging a maximum fee of \$12.00 per semester, \$9.00 for summer session, \$9.00 for each intersession of at least four weeks, or \$9.00 for each quarter.

For part-time students, the governing board shall decide the amount of the fee, if any, that the student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

The governing board operating a health services program must have rules that exempt the following students from any health services fee:

- Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

- Students who are attending a community college under an approved apprenticeship training program.
- Students who receive Board of Governors Enrollment Fee Waivers, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

All fees collected pursuant to this section shall be deposited in the Student Health Fee Account in the Restricted General Fund of the district. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors. Allowable expenditures include health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both. Allowable expenditures exclude athletic-related salaries, services, insurance, insurance deductibles, or any other expense that is not available to all students. No student shall be denied a service supported by student health fee on account of participation in athletic programs.

If you have any questions about this memo or about student health services, please contact Mary Gill, Dean, Enrollment Management Unit at 916.323.5951. If you have any questions about the fee increase or the underlying calculations, please contact Patrick Ryan in Fiscal Services Unit at 916.327.6223.

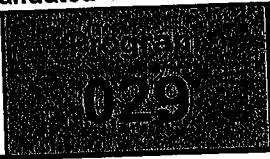
CC: Patrick J. Lenz
Ralph Black
Judith R. James
Frederick E. Harris

I:\Fisc\FiscUnit\01StudentHealthFees\011StuHealthFees.doc

Annual Reimbursement Claims

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

For State Controller Use only
(19) Program Number 00029
(20) Date File ___/___/___
(21) LRS Input ___/___/___



L
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(01) Claimant Identification Number:
S36160

(02) Mailing Address:
Claimant Name
San Bernardino Community College District
County of Location
San Bernardino
Street Address
114 S. Del.Rosa Drive
City State Zip Code
San Bernardino CA 92408

Reimbursement Claim Data	
(22) HFE - 1.0, (04)(b)	\$ 509,850
(23)	
(24)	
(25)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	

Type of Claim	Estimated Claim	Reimbursement Claim
(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	
Fiscal Year of Cost	(06) 2002-2003	(12) 2001-2002
Total Claimed Amount	(07) \$ 550,000	(13) \$ 509,850
Less: 10% Late Penalty, but not to exceed \$1000	(14) \$ -	(14) \$ -
Less: Estimate Claim Payment Received	(15) \$ 92,835	(15) \$ 92,835
Net Claimed Amount	(16) \$ 417,015	(16) \$ 417,015
Due from State	(08) \$ 550,000	(17) \$ 417,015
Due to State	(18) \$ -	(18) \$ -

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, Inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer

Date

Robert Temple
Type or Print Name

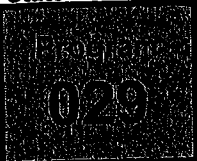
DECEMBER 27, 2002
Vice Chancellor - Fiscal Affairs
Title

(39) Name of Contact Person or Claim

Telephone Number (858) 514-8605

SixTen and Associates

E-Mail Address kbpsixten@aol.com



**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.0**

(01) Claimant:	(02) Type of Claim:		Fiscal Year
Claimant Name	Reimbursement	<input checked="" type="checkbox"/>	
San Bernardino Community College District	Estimated	<input type="checkbox"/>	2001-2002

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

	(a) Name of College		(b) Claimed Amount
1.	San Bernardino Valley College	\$	300,527.26
2.	Crafton Hills College	\$	209,322.78
3.		\$	-
4.		\$	-
5.		\$	-
6.		\$	-
7.		\$	-
8.		\$	-
9.		\$	-
10.		\$	-
11.		\$	-
12.		\$	-
13.		\$	-
14.		\$	-
15.		\$	-
16.		\$	-
17.		\$	-
18.		\$	-
19.		\$	-
20.		\$	-
21.		\$	-
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$	509,850

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR
2000-2001**

*FOR 01-02
CLAIMS*

REFERENCE (CCFS 311)	DESCRIPTION	2000-2001
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	
	Instructional Salaries and Benefits	22,718,493
	Instructional Operating Expenses	1,472,949
	Instructional Support Instructional Salaries and Benefits	317,958
	Auxiliary Operations Instructional Salaries and Benefits	17,139
	TOTAL INSTRUCTIONAL COSTS 1	24,526,539
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	2,794,284
	Instructional Admin. Salaries and Benefits	1,495,214
	Instructional Admin. Operating Expenses	217,876
	Auxiliary Classes Non-Inst. Salaries and Benefits	86,351
	Auxiliary Classes Operating Expenses	28,626
	TOTAL NON-INSTRUCTIONAL COSTS 2	4,622,351
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1+2)	29,148,890
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	1,351,194
	Instructional Support Services Operating Expenses	191,614
	Admissions and Records	1,096,212
	Counseling and Guidance	1,998,881
	Other Student Services	4,364,465
	TOTAL DIRECT SUPPORT COSTS 4	9,002,366
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	38,151,256
	Indirect Support Costs	
	Operation and Maintenance of Plant	5,965,189
	Planning and Policy Making	1,522,230
	General Instructional Support Services	7,254,855
	TOTAL INDIRECT SUPPORT COSTS 6	14,742,274
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS, AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	52,893,530
SUPPORT COSTS ALLOCATION RATES		
Indirect Support Costs Allocation Rate =	Total Indirect Supports Costs (6)	38.64%
	Total Instructional Activity Costs and Direct Support Costs (5)	
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4)	30.88%
	Total Instructional Activity Costs (3)	
Total Support Cost Allocation		69.53%

	MANDATED COSTS	FORM HFE-1.1
	HEALTH FEE ELIMINATION	
	CLAIM SUMMARY	

(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001-2002
--	---	------------------------------

(03) Name of College San Bernardino Valley College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of. 38.64%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 318,843	\$ 123,201	\$ 442,044
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ 1,156.00	\$ 447	\$ 1,603
(07) Cost of providing current fiscal year health services at the 1986/87 level	\$ 317,687	\$ 122,754	\$ 440,441
[Line (05) - line (06)]			

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	155	7,598		\$ -		\$ -	\$ -
2. Per spring semester	267	8,071		\$ -		\$ -	\$ -
3. Per summer session	55	4,135		\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

(09) Total health fee income that <u>has</u> been collected	[Line (8.1g) + (8.2g) +(8.6g)]	\$ 133,625
(10) Sub-total	[Line (07) - line (09)]	\$ 306,816

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ 6,289
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))] \$ 300,527

MANDATED COSTS	HEALTH FEE ELIMINATION	FORM
	CLAIM SUMMARY	HFE-1.2

(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001-2002
--	---	------------------------------

(03) Name of College Crafton Hills College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, **STOP**, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 38.64%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 227,121	\$ 87,760	\$ 314,881
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ 693.00	\$ 268	\$ 961
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 226,428	\$ 87,492	\$ 313,920

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	701	3,037		\$ -		\$ -	\$ -
2. Per spring semester	672	3,511		\$ -		\$ -	\$ -
3. Per summer session	21	1,371		\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee income that has been collected	[Line (8.1g) + (8.2g) +(8.6g)]						\$ 97,497
(10) Sub-total	[Line (07) - line (09)]						\$ 216,423
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							\$ -
7100							\$ 7,100
(13) Total Amount Claimed	[Line (10) - {line (11) + line (12)}]						\$ 209,323

San Bernardino Community College District
Mandated Costs - HFE Total Expenses
11/18/2002

SIX TEN & ASSOC.
2002 NOV 21 PM 1:38

	CHC	SBVC	District
Total Expenses			
Amounts per General Ledger	190,919.49	275,424.87	466,344.36
Add: Prior Year Expenses			
	241.66	-	241.66
<i>STUDENT Insurance</i> →	35,959.50	43,418.50	79,378.00
	<u>227,120.65</u>	<u>318,843.37</u>	<u>545,964.02</u>
Income Offsets Received During 2001-2002			
Other Local Revenues	5,628.50	4,499.38	10,127.88
Hepatitis Immunization Fee	1,471.00	1,789.66	3,260.66
	<u>7,099.50</u>	<u>6,289.04</u>	<u>13,388.54</u>

**San Bernardino Community College District
HFE Claim - 2001-2002**

Summary of Health Fee Exclusions

that were not performed in base year 1986/87
and are now being performed in 2001-2002.

	San Bernardino Valley College		Crafton Hills College	
	<u>Number</u>	<u>Cost</u>	<u>Number</u>	<u>Cost</u>
1, Immunizations (diphtheria/tetanus, measles, rubella, etc. 30 injections at 8.28 each	20	165.60	10	82.80
2. Outside Lab expenses (actual costs) \$6.50 x 80 tests	60	390.00	20	130.00
3. Pap Smear expense (actual costs) \$12.00 per test x 90 tests	50	600.00	40	480.00
Total Costs to be excluded for 2001-2002		<u>1155.60</u>		<u>692.80</u>

BDX110
health svcs
72 San Bernardino Community Col

SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM
BUDGET SUMMARY REPORT
07/01/2001 TO 06/30/2002

#J2050

10/22/2002

PAGE 1

SIBVC

Fund: 01 GENERAL FUND

Site: 01 SAN BERNARDINO VALLEY COLLEGE

ACCOUNT CLASSIFICATION Fu Ls Si Prog Subp Object Type	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	PENDING/ ENCUMBERED	UNENCUMBERED BALANCE	%
8681.00 STATE MANDATED COST	130,000.00	245,608.16	245,608.16	100.0	0.00	115,608.16	.0
01-14-01-8210-0000-8681.00-0000	130,000.00	245,608.16	245,608.16	100.0	0.00	115,608.16	.0
TOTAL: 8681.00							
8876.00 HEALTH SERVICES	127,797.00	133,624.50	133,624.50	100.0	0.00	5,827.50	.0
01-00-01-8210-0310-8876.00-0000	127,797.00	133,624.50	133,624.50	100.0	0.00	5,827.50	.0
TOTAL: 8876.00							
8890.00 OTHER LOCAL REVENUES	2,200.00	4,499.38	4,499.38	100.0	0.00	2,299.38	.0
01-38-01-8210-0000-8890.00-0000	2,200.00	4,499.38	4,499.38	100.0	0.00	2,299.38	.0
TOTAL: 8890.00							
8896.00 HEPATITIS	1,500.00	1,789.66	1,789.66	100.0	0.00	289.66	.0
01-38-01-8210-0000-8896.00-0000	1,500.00	1,789.66	1,789.66	100.0	0.00	289.66	.0
TOTAL: 8896.00							
TOTAL: 8000	261,497.00	385,521.70	385,521.70	100.0	0.00	124,024.70	.0
282.00 CERT COORDINATORS	2,640.00	2,640.00	2,640.00	100.0	0.00	0.00	.0
01-14-01-8210-0000-1282.00-6440	2,640.00	2,640.00	2,640.00	100.0	0.00	0.00	.0
TOTAL: 1282.00							
1283.00 CERT NON-MGT. NON-TEACH	84,718.00	89,220.00	89,220.00	100.0	0.00	4,502.00	.0
01-14-01-8210-0000-1283.00-6440	84,718.00	89,220.00	89,220.00	100.0	0.00	4,502.00	.0
TOTAL: 1283.00							
1480.00 NONINSTRUCTION HOURLY	0.00	32,629.73	32,629.73	100.0	0.00	32,629.73	.0
01-14-01-8210-0000-1480.00-6440	0.00	32,629.73	32,629.73	100.0	0.00	32,629.73	.0
01-00-01-8210-0310-1480.00-6440	55,000.00	59,002.75	59,002.75	100.0	0.00	4,002.75	.0
TOTAL: 1480.00	55,000.00	91,632.48	91,632.48	100.0	0.00	36,632.48	.0
1481.00 SUBSTITUTE-NON INSTRUCTION	4,500.00	0.00	0.00	.0	0.00	4,500.00	100.0
01-00-01-8210-0310-1481.00-6440	4,500.00	0.00	0.00	.0	0.00	4,500.00	100.0
TOTAL: 1481.00							
TOTAL: 1000	146,858.00	183,492.48	183,492.48	100.0	0.00	36,634.48	.0
2181.00 CLASS UNIT MEMBER NONINSTRUCTI	32,390.00	34,050.00	34,050.00	100.0	0.00	1,660.00	.0
01-00-01-8210-0310-2181.00-6440	32,390.00	34,050.00	34,050.00	100.0	0.00	1,660.00	.0
TOTAL: 2181.00							
2384.00 CLASS EMPLOYEE-CONSULTANT	4,950.00	4,440.00	4,440.00	89.6	0.00	510.00	10.3
01-00-01-8210-0310-2384.00-6440	4,950.00	4,440.00	4,440.00	89.6	0.00	510.00	10.3
TOTAL: 2384.00							

ACCOUNT CLASSIFICATION	WORKING BUDGET	CURRENT	EXPENDED/RECEIVED YEAR TO DATE	% ENCUMBERED	PENDED/ENCUMBERED	UNENCUMBERED BALANCE	%
Fu Ls Si Prog SubP Object Type							
2385.00 HR SUBSTITUTE, ADDITIONAL COST	400.00	745.16	745.16	100.0	0.00	345.16-	.0
01-00-01-8210-0310-2385.00-6440	400.00	745.16	745.16	100.0	0.00	345.16-	.0
TOTAL: 2385.00							
TOTAL: 2000	37,740.00	39,235.16	39,235.16	100.0	0.00	1,495.16-	.0
3180.00 STRS OTHER ACADEMIC-N.I-OTHERS							
01-14-01-8210-0000-3180.00-6440	7,207.00	7,528.94	7,528.94	100.0	0.00	321.94-	.0
01-00-01-8210-0310-3180.00-6440	0.00	3,985.12	3,985.12	100.0	0.00	3,985.12-	.0
TOTAL: 3180.00	7,207.00	11,514.06	11,514.06	100.0	0.00	4,307.06-	.0
3328.00 OASDI CLASS/I.A.-NON-INST OTHE							
01-00-01-8210-0310-3328.00-6440	2,008.00	2,111.10	2,111.10	100.0	0.00	103.10-	.0
TOTAL: 3328.00	2,008.00	2,111.10	2,111.10	100.0	0.00	103.10-	.0
3346.00 MEDICARE NON-INSTRUCTIONAL							
01-00-01-8210-0310-3346.00-6440	1,410.00	1,897.54	1,897.54	100.0	0.00	487.54-	.0
TOTAL: 3346.00	1,410.00	1,897.54	1,897.54	100.0	0.00	487.54-	.0
3360.00 PARS-NON-INSTRUCTIONAL							
01-00-01-8210-0310-3360.00-6440	843.00	316.45	316.45	37.5	0.00	526.55	62.4
TOTAL: 3360.00	843.00	316.45	316.45	37.5	0.00	526.55	62.4
3421.00 DENTAL CLASS/I.A. NON-INSTRUCT							
01-00-01-8210-0310-3421.00-6440	653.00	652.56	652.56	99.9	0.00	0.44	.0
TOTAL: 3421.00	653.00	652.56	652.56	99.9	0.00	0.44	.0
3423.00 KAISER-CLASS/I.A. NON-INSTRUCT							
01-00-01-8210-0310-3423.00-6440	5,240.00	5,240.28	5,240.28	100.0	0.00	0.28-	.0
TOTAL: 3423.00	5,240.00	5,240.28	5,240.28	100.0	0.00	0.28-	.0
3433.00 HEALTH NET-OTHER ACADEM-NONINS							
01-14-01-8210-0000-3433.00-6440	5,029.00	5,029.08	5,029.08	100.0	0.00	0.08-	.0
TOTAL: 3433.00	5,029.00	5,029.08	5,029.08	100.0	0.00	0.08-	.0
3434.00 DENTAL-OTHER ACADEM-NON-INSTRU							
01-14-01-8210-0000-3434.00-6440	653.00	652.56	652.56	99.9	0.00	0.44	.0
TOTAL: 3434.00	653.00	652.56	652.56	99.9	0.00	0.44	.0
3528.00 SUI CLASS/I.A. NON-INSTR OTHER							
01-00-01-8210-0310-3528.00-6440	49.00	51.00	51.00	100.0	0.00	2.00-	.0
TOTAL: 3528.00	49.00	51.00	51.00	100.0	0.00	2.00-	.0

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	ENCUMBERED	PENDED/ENCUMBERED	BALANCE	UNENCUMBERED %
3538.00 SUI OTHER ACADEMIC-N.I. OTHERS	114.00	118.72	118.72	100.0	0.00	0.00	4.72-	.0
01-14-01-8210-0000-3538.00-6440	77.00	119.09	119.09	100.0	0.00	0.00	42.09-	.0
01-00-01-8210-0310-3538.00-6440	191.00	237.81	237.81	100.0	0.00	0.00	46.81-	.0
TOTAL: 3538.00								
3628.00 W/C CLASS/I.A.-NON-INST-OTHER	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	0.00	.0
01-00-01-8210-0310-3628.00-6440	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	0.00	.0
TOTAL: 3628.00								
3638.00 W/C OTHER ACADEMIC-N.I. -OTHER	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	0.00	.0
01-14-01-8210-0000-3638.00-6440	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	0.00	.0
TOTAL: 3638.00								
3928.00 LIFE-CLASS/I.A. NON-INST-OTHER	68.00	75.60	75.60	100.0	0.00	0.00	7.60-	.0
01-00-01-8210-0310-3928.00-6440	68.00	75.60	75.60	100.0	0.00	0.00	7.60-	.0
TOTAL: 3928.00								
3938.00 LIFE-OTHER ACADEMIC N.I. OTHER	76.00	75.60	75.60	99.4	0.00	0.00	0.40	.5
01-14-01-8210-0000-3938.00-6440	76.00	75.60	75.60	99.4	0.00	0.00	0.40	.5
TOTAL: 3938.00								
3983.00 HRC-CLASS/I.A.-NON-INS-OTHERS	21.00	20.76	20.76	98.8	0.00	0.00	0.24	1.1
01-00-01-8210-0310-3983.00-6440	21.00	20.76	20.76	98.8	0.00	0.00	0.24	1.1
TOTAL: 3983.00								
3985.00 HRC-OTHER ACADEMIC-N.I.-OTHER	21.00	20.76	20.76	98.8	0.00	0.00	0.24	1.1
01-14-01-8210-0000-3985.00-6440	21.00	20.76	20.76	98.8	0.00	0.00	0.24	1.1
TOTAL: 3985.00								
TOTAL: 3000	25,509.00	29,935.16	29,935.16	100.0	0.00	0.00	4,426.16-	.0
4200.00 BOOK,MAGAZINE&PERIOD-DIST.USE	150.00	0.00	0.00	.0	0.00	0.00	150.00	100.0
01-00-01-8210-0310-4200.00-6440	150.00	0.00	0.00	.0	0.00	0.00	150.00	100.0
TOTAL: 4200.00								
4210.00 MAGAZINES & SUBSCRIPTIONS	28.00	28.00	28.00	100.0	0.00	0.00	0.00	.0
01-00-01-8210-0310-4210.00-6440	28.00	28.00	28.00	100.0	0.00	0.00	0.00	.0
TOTAL: 4210.00								
4400.00 MEDIA AND SOFTWARE-DISTRCT USE	150.00	0.00	0.00	.0	0.00	0.00	150.00	100.0
01-00-01-8210-0310-4400.00-6440	150.00	0.00	0.00	.0	0.00	0.00	150.00	100.0
TOTAL: 4400.00								

Fund: 01 GENERAL FUND Site: 01 SAN BERNARDINO VALLEY COLLEGE

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT YEAR TO DATE	%	PENDED/ENCUMBERED	UNENCUMBERED BALANCE
4500.00 NONINSTRUCTIONAL SUPPLIES					
01-00-01-8210-0000-4500.00-6440	3,000.00	2,341.50	78.0	0.00	658.50
01-00-01-8210-0310-4500.00-6440	2,971.00	2,992.12	100.0	0.00	21.12
TOTAL: 4500.00	5,971.00	5,333.62	89.3	0.00	637.38
4700.00 FOOD SUPPLIES					
01-00-01-8210-0310-4700.00-6440	25.00	0.00	.0	0.00	25.00
TOTAL: 4700.00	25.00	0.00	.0	0.00	25.00
TOTAL: 4000	6,324.00	5,361.62	84.7	0.00	962.38
5113.00 INDEPENDENT CONTRACTORS					
01-00-01-8210-0310-5113.00-6440	13,705.00	15,000.00	100.0	0.00	1,295.00
TOTAL: 5113.00	13,705.00	15,000.00	100.0	0.00	1,295.00
5120.00 OTHER CONTRACTS/OUTSIDE SERVICE					
01-00-01-8210-0000-5120.00-6440	660.00	523.48	79.3	0.00	136.52
01-00-01-8210-0310-5120.00-6440	1,367.00	1,334.70	97.6	0.00	32.30
TOTAL: 5120.00	2,027.00	1,858.18	91.6	0.00	168.82
5210.00 PERSONAL MILEAGE					
01-00-01-8210-0310-5210.00-6440	425.00	377.27	88.7	0.00	47.73
TOTAL: 5210.00	425.00	377.27	88.7	0.00	47.73
5300.00 POST/DUES/MEMBERSHIPS-DIST.USE					
01-00-01-8210-0310-5300.00-6440	147.00	0.00	.0	0.00	147.00
TOTAL: 5300.00	147.00	0.00	.0	0.00	147.00
5310.00 DUES AND MEMBERSHIP					
01-00-01-8210-0310-5310.00-6440	50.00	50.00	100.0	0.00	0.00
TOTAL: 5310.00	50.00	50.00	100.0	0.00	0.00
5640.00 REPAIRS					
01-00-01-8210-0310-5640.00-6440	150.00	115.00	76.6	0.00	35.00
TOTAL: 5640.00	150.00	115.00	76.6	0.00	35.00
TOTAL: 5000	16,504.00	17,400.45	100.0	0.00	896.45
TOTAL: 1000-5999	232,935.00	275,424.87	100.0	0.00	42,489.87
6400.00 ADDITIONAL/IMPROVED EQUIPMENT					
01-00-01-8210-0000-6400.00-6440	1,340.00	0.00	.0	0.00	1,340.00
TOTAL: 6400.00	1,340.00	0.00	.0	0.00	1,340.00
TOTAL: 6000	1,340.00	0.00	.0	0.00	1,340.00

Fund: 01 GENERAL FUND Site: 01 SAN BERNARDINO VALLEY COLLEG

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	ENCUMBERED	PENDED/ENCUMBERED	BALANCE	UNENCUMBERED %
Fu Ls Si Prog SubP Object Type								
TOTAL: 1000-6999	234,275.00	275,424.87	275,424.87	100.0	0.00		41,149.87	.0

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San Bernardino Community Col

SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM
 BUDGET SUMMARY REPORT
 07/01/2001 TO 06/30/2002

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Fund: 01 GENERAL FUND Site: 02 CRAFTON HILLS COLLEGE

ACCOUNT CLASSIFICATION Funds Prog Subp Object Type	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	ENCUMBERED	PENDING/	UNENCUMBERED BALANCE	%
8696.00 STATE MANDATED COST	91,737.00	170,928.84	170,928.84	100.0	0.00	0.00	79,191.84-	0
01-00-02-8210-0000-8681.00-0000	91,737.00	170,928.84	170,928.84	100.0	0.00	0.00	79,191.84-	0
TOTAL: 8681.00								
8876.00 HEALTH SERVICES	91,130.00	97,497.00	97,497.00	100.0	0.00	0.00	6,367.00-	0
01-00-02-8210-0310-8876.00-0000	91,130.00	97,497.00	97,497.00	100.0	0.00	0.00	6,367.00-	0
TOTAL: 8876.00								
8890.00 OTHER LOCAL REVENUES	4,600.00	5,628.50	5,628.50	100.0	0.00	0.00	1,028.50-	0
01-38-02-8210-0000-8890.00-0000	4,600.00	5,628.50	5,628.50	100.0	0.00	0.00	1,028.50-	0
TOTAL: 8890.00								
8896.00 HEPATITIS	1,100.00	1,471.00	1,471.00	100.0	0.00	0.00	371.00-	0
01-38-02-8210-0000-8896.00-0000	1,100.00	1,471.00	1,471.00	100.0	0.00	0.00	371.00-	0
TOTAL: 8896.00								
TOTAL: 8000	188,567.00	275,525.34	275,525.34	100.0	0.00	0.00	86,958.34-	0
2883.00 CERT NON-MGT. NON-TEACH	74,483.00	78,396.00	78,396.00	100.0	0.00	0.00	3,913.00-	0
01-00-02-8210-0310-1283.00-6440	74,483.00	78,396.00	78,396.00	100.0	0.00	0.00	3,913.00-	0
TOTAL: 1283.00								
1480.00 NONINSTRUCTION HOURLY	39,200.00	39,200.00	39,200.00	100.0	0.00	0.00	0.00	0
01-14-02-8210-0000-1480.00-6440	0.00	383.09	383.09	100.0	0.00	0.00	383.09-	0
01-00-02-8210-0310-1480.00-6440	39,200.00	39,583.09	39,583.09	100.0	0.00	0.00	383.09-	0
TOTAL: 1480.00								
1481.00 SUBSTITUTE-NON INSTRUCTION	1,000.00	255.77	255.77	25.5	0.00	0.00	744.23	74.4
01-14-02-8210-0000-1481.00-6440	1,000.00	255.77	255.77	25.5	0.00	0.00	744.23	74.4
TOTAL: 1481.00								
TOTAL: 1000	114,683.00	118,234.86	118,234.86	100.0	0.00	0.00	3,551.86-	0
2181.00 CLASS UNIT MEMBER NONINSTRUCTI	21,156.00	21,289.84	21,289.84	100.0	0.00	0.00	133.84-	0
01-14-02-8210-0000-2181.00-6440	0.00	814.42	814.42	100.0	0.00	0.00	814.42-	0
01-00-02-8210-0310-2181.00-6440	21,156.00	22,104.26	22,104.26	100.0	0.00	0.00	948.26-	0
TOTAL: 2181.00								
2386.00 SUBSTITUTE, NO ADD. COST	6,000.00	4,519.04	4,519.04	75.3	0.00	0.00	1,480.96	24.6
01-14-02-8210-0000-2386.00-6440	6,000.00	4,519.04	4,519.04	75.3	0.00	0.00	1,480.96	24.6
TOTAL: 2386.00								
TOTAL: 2000	27,156.00	26,623.30	26,623.30	98.0	0.00	0.00	532.70	1.9

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Fund: 01 GENERAL FUND
Site: 02 CRAFTON HILLS COLLEGE

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SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM
BUDGET SUMMARY REPORT
07/01/2001 TO 06/30/2002

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	% ENCUMBERED	PENDED/ENCUMBERED	UNENCUMBERED BALANCE	%
3180.00 STRS OTHER ACADEMIC-N.I-OTHERS	0.00	2,214.01	2,214.01	100.0	0.00	2,214.01-	.0
01-14-02-8210-0000-3180.00-6440	6,145.00	6,467.66	6,467.66	100.0	0.00	322.66-	.0
01-00-02-8210-0310-3180.00-6440	6,145.00	8,681.67	8,681.67	100.0	0.00	2,536.67-	.0
TOTAL: 3180.00							
3328.00 OASDI CLASS/I.A.-NON-INST OTHE	3,294.00	1,275.90	1,275.90	38.7	0.00	2,018.10	61.2
01-14-02-8210-0000-3328.00-6440	3,294.00	1,275.90	1,275.90	38.7	0.00	2,018.10	61.2
TOTAL: 3328.00							
3346.00 MEDICARE NON-INSTRUCTIONAL	850.00	941.57	941.57	100.0	0.00	91.57-	.0
01-14-02-8210-0000-3346.00-6440	850.00	941.57	941.57	100.0	0.00	91.57-	.0
TOTAL: 3346.00							
3360.00 PARS-NON-INSTRUCTIONAL	439.00	118.93	118.93	27.0	0.00	320.07	72.9
01-14-02-8210-0000-3360.00-6440	439.00	118.93	118.93	27.0	0.00	320.07	72.9
TOTAL: 3360.00							
3421.00 DENTAL CLASS/I.A. NON-INSTRUCT	653.00	489.42	489.42	74.9	0.00	163.58	25.0
01-14-02-8210-0000-3421.00-6440	653.00	489.42	489.42	74.9	0.00	163.58	25.0
TOTAL: 3421.00							
3424.00 HEALTH NET-CLASS/I.A. NON-INST	5,029.00	3,771.81	3,771.81	75.0	0.00	1,257.19	24.9
01-14-02-8210-0000-3424.00-6440	5,029.00	3,771.81	3,771.81	75.0	0.00	1,257.19	24.9
TOTAL: 3424.00							
3431.00 HLINET-POS-OTHER ACADEM-NONINS	5,315.00	6,551.40	6,551.40	100.0	0.00	1,236.40-	.0
01-00-02-8210-0310-3431.00-6440	5,315.00	6,551.40	6,551.40	100.0	0.00	1,236.40-	.0
TOTAL: 3431.00							
3434.00 DENTAL-OTHER ACADEM-NON-INSTRU	653.00	652.56	652.56	99.9	0.00	0.44	.0
01-00-02-8210-0310-3434.00-6440	653.00	652.56	652.56	99.9	0.00	0.44	.0
TOTAL: 3434.00							
3528.00 SUI CLASS/I.A. NON-INST OTHER	36.00	35.23	35.23	97.8	0.00	0.77	2.1
01-14-02-8210-0000-3528.00-6440	36.00	35.23	35.23	97.8	0.00	0.77	2.1
TOTAL: 3528.00							
3538.00 SUI OTHER ACADEMIC-N.I. OTHERS	40.00	51.75	51.75	100.0	0.00	11.75-	.0
01-14-02-8210-0000-3538.00-6440	97.00	100.81	100.81	100.0	0.00	3.81-	.0
01-00-02-8210-0310-3538.00-6440	137.00	152.56	152.56	100.0	0.00	15.56-	.0
TOTAL: 3538.00							
3628.00 W/C CLASS/I.A.-NON-INST-OTHER	1,020.00	765.00	765.00	75.0	0.00	255.00	25.0
01-14-02-8210-0000-3628.00-6440	1,020.00	765.00	765.00	75.0	0.00	255.00	25.0
TOTAL: 3628.00							

Fund: 01 GENERAL FUND Site: 02 CRAFTON HILLS COLLEGE

ACCOUNT CLASSIFICATION		WORKING BUDGET	EXPENDED/RECEIVED CURRENT YEAR TO DATE	%	ENCUMBERED	PENDED/ENCUMBERED	UNENCUMBERED BALANCE	%
3638.00 W/C OTHER ACADEMIC-N.I. -OTHER		1,020.00	1,020.00	100.0	0.00	0.00	0.00	.0
TOTAL: 3638.00		1,020.00	1,020.00	100.0	0.00	0.00	0.00	.0
3928.00 LIFE-CLASS/I.A. NON-INST-OTHER		68.00	56.70	83.3	0.00	0.00	11.30	16.7
TOTAL: 3928.00		68.00	56.70	83.3	0.00	0.00	11.30	16.7
3938.00 LIFE-OTHER ACADEMIC N.I. OTHER		76.00	75.60	99.4	0.00	0.00	0.40	.5
TOTAL: 3938.00		76.00	75.60	99.4	0.00	0.00	0.40	.5
3983.00 HHRC-CLASS/I.A. NON-INS-OTHERS		21.00	15.57	74.1	0.00	0.00	5.43	25.8
TOTAL: 3983.00		21.00	15.57	74.1	0.00	0.00	5.43	25.8
3985.00 HHRC-OTHER ACADEMIC-N.I.-OTHER		21.00	20.76	98.8	0.00	0.00	0.24	1.1
TOTAL: 3985.00		21.00	20.76	98.8	0.00	0.00	0.24	1.1
TOTAL: 3000		24,777.00	24,624.68	99.3	0.00	0.00	152.32	.6
4200.00 BOOK, MAGAZINE&PERIOD-DIST. USE		17.09	0.00	.0	0.00	0.00	17.09	100.0
TOTAL: 4200.00		17.09	0.00	.0	0.00	0.00	17.09	100.0
4210.00 MAGAZINES & SUBSCRIPTIONS		13.50	13.50	100.0	0.00	0.00	0.00	.0
TOTAL: 4210.00		137.50	80.30	58.4	0.00	0.00	57.20	46.7
4220.00 REFERENCE BOOKS		49.64	49.64	100.0	0.00	0.00	0.00	.0
TOTAL: 4220.00		1,125.49	1,098.18	97.5	0.00	0.00	27.31	2.5
4400.00 MEDIA AND SOFTWARE-DISTRCT USE		11.28	0.00	.0	0.00	0.00	11.28	100.0
TOTAL: 4400.00		11.28	0.00	.0	0.00	0.00	11.28	100.0
4440.00 MEDIA		47.00	47.30	100.0	0.00	0.00	0.30	.0
TOTAL: 4440.00		310.93	297.58	95.7	0.00	0.00	13.35	4.2

Fund: 01 GENERAL FUND Site: 02 CRAFTON HILLS COLLEGE

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	EXPENDED/RECEIVED YEAR TO DATE	% ENCUMBERED	PENDEDED/ ENCUMBERED	UNENCUMBERED BALANCE	%
4500.00 NONINSTRUCTIONAL SUPPLIES							
01-14-02-8210-0000-4500.00-6440	2,876.96	2,638.19	2,638.19	91.7	0.00	238.77	8.2
01-38-02-8210-0000-4500.00-6440	3,550.24	3,789.61	3,789.61	100.0	0.00	239.37	.0
01-00-02-8210-0310-4500.00-6440	470.85	545.25	545.26	100.0	0.00	74.41	.0
TOTAL: 4500.00	6,898.05	6,973.05	6,973.06	100.0	0.00	75.01	.0
TOTAL: 4000	8,500.34	8,449.12	8,449.12	99.3	0.00	51.22	.0
5113.00 INDEPENDENT CONTRACTORS							
01-00-02-8210-0310-5113.00-6440	500.00	500.00	500.00	100.0	0.00	0.00	.0
TOTAL: 5113.00	500.00	500.00	500.00	100.0	0.00	0.00	.0
5200.00 TRAVEL & CONFERENCE EXPENSES							
01-38-02-8210-0000-5200.00-6440	358.02	358.02	358.02	100.0	0.00	0.00	.0
TOTAL: 5200.00	358.02	358.02	358.02	100.0	0.00	0.00	.0
5310.00 DUES AND MEMBERSHIP							
01-38-02-8210-0000-5310.00-6440	35.37	35.37	35.37	100.0	0.00	0.00	.0
01-00-02-8210-0310-5310.00-6440	409.00	409.00	409.00	100.0	0.00	0.00	.0
TOTAL: 5310.00	444.37	444.37	444.37	100.0	0.00	0.00	.0
5536.00 HAZARDOUS MATERIALS							
01-38-02-8210-0000-5536.00-6440	432.00	432.00	432.00	100.0	0.00	0.00	.0
TOTAL: 5536.00	432.00	432.00	432.00	100.0	0.00	0.00	.0
5540.00 TELEPHONE							
01-00-02-8210-0310-5540.00-6570	253.00	0.00	0.00	.0	0.00	253.00	100.0
TOTAL: 5540.00	253.00	0.00	0.00	.0	0.00	253.00	100.0
5640.00 REPAIRS							
01-38-02-8210-0000-5640.00-6440	183.95	183.95	183.95	100.0	0.00	0.00	.0
TOTAL: 5640.00	183.95	183.95	183.95	100.0	0.00	0.00	.0
5809.00 OTHER EXPENSES & FEES							
01-38-02-8210-0000-5809.00-6440	150.00	170.00	170.00	100.0	0.00	20.00	.0
01-00-02-8210-0310-5809.00-6440	195.00	194.82	194.82	99.9	0.00	0.18	.0
TOTAL: 5809.00	345.00	364.82	364.82	100.0	0.00	19.82	.0
TOTAL: 5000	2,516.34	2,283.16	2,283.16	90.7	0.00	233.18	9.2
TOTAL: 1000-5999	177,632.68	180,215.12	180,215.12	100.0	0.00	2,582.44	.0
6400.00 ADDITIONAL/IMPROVED EQUIPMENT							
01-14-02-8210-0000-6400.00-6440	2,042.33	1,952.36	1,952.36	95.5	0.00	89.97	4.4
01-38-02-8210-0000-6400.00-6440	880.28	754.82	754.82	85.7	0.00	125.46	14.2

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	EXPENDED/RECEIVED YEAR TO DATE	PENDED/ ENCUMBERED %	UNENCUMBERED BALANCE %
TOTAL: 6400.00	2,922.61	2,707.18	2,707.18	92.6	215.43 7.3
6410.00 ADDL EQUIP-\$1,000 OR MORE	8,011.71	7,997.19	7,997.19	99.8	14.52 .1
01-14-02-8210-0000-6410.00-6440	8,011.71	7,997.19	7,997.19	99.8	14.52 .1
TOTAL: 6410.00	10,934.32	10,704.37	10,704.37	97.8	229.95 2.1
TOTAL: 6000	188,567.00	190,919.49	190,919.49	100.0	2,352.49 .0

BDX110
 health svcs
 72 San Bernardino Community Col

Fund: 01 GENERAL FUND
 Site: 25 CHC PRIOR YEAR FUNDING

San BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM
 BUDGET SUMMARY REPORT
 07/01/2001 TO 06/30/2002

#J2050
 10/22/2002
 PAGE 12

ACCOUNT CLASSIFICATION		WORKING BUDGET	EXPENDED/RECEIVED YEAR TO DATE	%	ENCUMBERED	PENDEDED/ENCUMBERED	UNENCUMBERED BALANCE	%
Fu	LS Si Prog Subp Object Type							
4500.00	NONINSTRUCTIONAL SUPPLIES	411.00	241.66	58.7	0.00	0.00	169.34	41.2
	01-14-25-8210-0000-4500.00-6440	411.00	241.66	58.7	0.00	0.00	169.34	41.2
	TOTAL: 4500.00							
	TOTAL: 4000							
5809.00	OTHER EXPENSES & FEES	0.00	0.00	.0	0.00	0.00	0.00	.0
	01-14-25-8210-0000-5809.00-0000	0.00	0.00	.0	0.00	0.00	0.00	.0
	TOTAL: 5809.00							
	TOTAL: 5000							
	TOTAL: 1000-5999							
		411.00	241.66	58.7	0.00	0.00	169.34	41.2

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
(01) Claimant San Bernardino Community College District		Fiscal Year 2001-2002	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon		X	X
Dermatology, Family practice		X	X
Internal Medicine		X	X
Outside Physician		X	X
Dental Services		X	X
Outside Labs, (X-ray, etc.,)			X
Psychologist, full services			
Cancel/Change Appointments		X	X
Registered Nurse		X	X
Check Appointments		X	X
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports			X
Nutrition		X	X
Test Results, office		X	X
Venereal Disease		X	X
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye/Vision		X	X
Dermatology/Allergy		X	X
Gynecology/Pregnancy Service			X
Neuralgic		X	X
Orthopedic		X	X
Genito/Urinary		X	X
Dental		X	X
Gastro-Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	X
Substance Abuse Identification and Counseling		X	X
Eating Disorders		X	X
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, list		X	X
Examinations, minor illnesses			
Recheck Minor Injury		X	X
Health Talks or Fairs, Information			
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X
Child Abuse		X	X

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
(01) Claimant San Bernardino Community College District		Fiscal Year 2001-2002	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning		X	X
Stop Smoking		X	X
Library, Videos and Cassettes		X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
Diphtheria/Tetanus			X
Measles/Rubella			X
Influenza		X	X
Information		X	X
Insurance			
On Campus Accident		X	X
Voluntary		X	X
Insurance Inquiry/Claim Administration		X	X
Laboratory Tests Done			
Inquiry/Interpretation		X	X
Pap Smears			X
Physical Examinations			
Employees			
Students			
Athletes			
Medications			
Antacids		X	X
Antidiarrheal		X	X
Aspirin, Tylenol, etc.,		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X
Ear Drops		X	X
Toothache, oil cloves		X	X
Stingkill		X	X
Midol, Menstrual Cramps		X	X
Other, list--> Ibuprofen			
Parking Cards/Elevator Keys			
Tokens			
Return Card/Key			
Parking Inquiry			
Elevator Passes			
Temporary Handicapped Parking Permits			

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
(01) Claimant San Bernardino Community College District		Fiscal Year 2001-2002	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies			
Private Medical Doctor		X	X
Health Department		X	X
Clinic		X	X
Dental		X	X
Counseling Centers		X	X
Crisis Centers		X	X
Transitional Living Facilities, battered/homeless women		X	X
Family Planning Facilities		X	X
Other Health Agencies			
Tests			
Blood Pressure		X	X
Hearing		X	X
Tuberculosis			
Reading		X	X
Information		X	X
Vision		X	X
Glucometer		X	X
Urinalysis		X	X
Hemoglobin		X	
EKG			
Strep A Testing		X	X
PG Testing		X	X
Monospot		X	X
Hemacult			X
Others, list			
Miscellaneous			
Absence Excuses/PE Waiver		X	X
Allergy Injections		X	X
Band-aids		X	X
Booklets/Pamphlets		X	X
Dressing Change		X	X
Rest		X	X
Suture Removal		X	X
Temperature		X	X
Weigh		X	X
Information		X	X
Report/Form		X	X
Wart Removal			X
Others, list			
Committees			
Safety		X	X
Environmental		X	X
Disaster Planning		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X

State of California

CLAIM FOR PAYMENT
 Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

For State Controller Use only
 (19) Program Number 00029
 (20) Date File ___/___/___
 (21) LRS Input ___/___/___

029

L
A
B
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E

(01) Claimant Identification Number:
 S36150

(02) Mailing Address:

Claimant Name
 San Bernardino Community College District

County of Location
 San Bernardino

Street Address
 114 S. Del Rosa Drive

City **State** **Zip Code**
 San Bernardino CA 92408

Reimbursement Claim Data	
(22) HFE - 1.0, (04)(b)	\$ 620,619
(23)	
(24)	
(25)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	

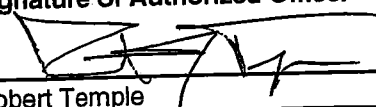
Type of Claim	Estimated Claim	Reimbursement Claim
(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(28)
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(29)
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(30)
Fiscal Year of Cost	(06) 2003-2004	(12) 2002-2003
Total Claimed Amount	(07) \$ 620,000	(13) \$ 620,619
Less: 10% Late Penalty, but not to exceed \$1000	(14) \$ -	(33)
Less: Estimate Claim Payment Received	(15) \$ -	(34)
Net Claimed Amount	(16) \$ 620,619	(35)
Due from State	(08) \$ 620,000	(17) \$ 620,619
Due to State	(18) \$ -	(37)

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer

 Robert Temple
 Type or Print Name

Date
 1-5-05
 Vice Chancellor, Fiscal Services
 Title

(39) Name of Contact Person or Claim
 SixTen and Associates
 Telephone Number (858) 514-8605
 E-Mail Address kbpsixten@aol.com

<div style="background-color: black; color: white; padding: 5px; font-weight: bold; font-size: 1.2em;">029</div>	<p>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</p>	<p>FORM HFE-1.0</p>
--	---	--

(01) Claimant:	(02) Type of Claim:	Fiscal Year
Claimant Name	Reimbursement <input checked="" type="checkbox"/>	
San Bernardino Community College District	Estimated <input type="checkbox"/>	2002-2003

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. San Bernardino Valley College	\$ 320,529.00
2. Crafton Hills College	\$ 300,089.76
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
(04) Total Amount Claimed	\$ 620,619

[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

029	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
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(03) Name of College San Bernardino Valley College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 40.14%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 332,549	\$ 133,485	\$ 466,034
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87		\$ -	
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 332,549	\$ 133,485	\$ 466,034

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester				\$ -		\$ -	\$ -
2. Per spring semester				\$ -		\$ -	\$ -
3. Per summer session				\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +(8.6g)] \$ 138,625

(10) Sub-total [Line (07) - line (09)] \$ 327,309

Cost Reduction	
(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ 6,780
(13) Total Amount Claimed [Line (10) - (line (11) + line (12))]	\$ 320,529

029	MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.2
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(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
--	---	------------------------------

(03) Name of College Crafton Hills College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 40.14%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 289,688	\$ 116,281	\$ 405,969
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87		\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 289,688	\$ 116,281	\$ 405,969

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester				\$ -		\$ -	\$ -
2. Per spring semester				\$ -		\$ -	\$ -
3. Per summer session				\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						\$ 96,185
(10) Sub-total	[Line (07) - line (09)]						\$ 309,784

Cost Reduction

(11) Less: Offsetting Savings, if applicable	\$ -
7100	\$ 9,694
(13) Total Amount Claimed	\$ 300,090

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR
2001-2002**

For 02-03 claims

REFERENCE (CCFS 311)	DESCRIPTION	2001-2002
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	
	Instructional Salaries and Benefits	24,168,434
	Instructional Operating Expenses	1,504,582
	Instructional Support Instructional Salaries and Benefits	373,853
	Auxiliary Operations Instructional Salaries and Benefits	8,666
	TOTAL INSTRUCTIONAL COSTS 1	26,055,535
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	3,331,636
	Instructional Admin. Salaries and Benefits	1,800,483
	Instructional Admin. Operating Expenses	233,352
	Auxiliary Classes Non-Inst. Salaries and Benefits	80,544
	Auxiliary Classes Operating Expenses	45,852
	TOTAL NON-INSTRUCTIONAL COSTS 2	5,491,867
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	31,547,402
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	1,468,019
	Instructional Support Services Operating Expenses	208,720
	Admissions and Records	1,282,793
	Counseling and Guidance	2,411,255
	Other Student Services	4,539,054
	TOTAL DIRECT SUPPORT COSTS 4	9,909,841
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	41,457,243
	Indirect Support Costs	
	Operation and Maintenance of Plant	7,046,384
	Planning and Policy Making	1,880,271
	General Instructional Support Services	7,715,397
	TOTAL INDIRECT SUPPORT COSTS 6	16,642,052
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	58,099,295
SUPPORT COSTS ALLOCATION RATES		
Indirect Support Costs Allocation Rate =	Total Indirect Support Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	40.14%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	31.41%
Total Support Cost Allocation		71.56%

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant San Bernardino Community College District	Fiscal Year 2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services	X	X
Outside Labs, (X-ray, etc.,)		X
Psychologist, full services		
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports		X
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service		X
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list	X	X
Examinations, minor illnesses		
Recheck Minor Injury	X	X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse	X	X

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant

Fiscal Year

San Bernardino Community College District

2002-2003

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.

(a) FY 1986/87	(b) FY of Claim
----------------------	-----------------------

Birth Control/Family Planning
Stop Smoking
Library, Videos and Cassettes

X	X
X	X
X	X

First Aid, Major Emergencies
First Aid, Minor Emergencies
First Aid Kits, Filled

X	X
X	X
X	X

Immunizations
Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

	X
	X
X	X
X	X

Insurance
On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

X	X
X	X
X	X

Laboratory Tests Done
Inquiry/Interpretation
Pap Smears

X	X
	X

Physical Examinations
Employees
Students
Athletes

Medications
Antacids
Antidiarrheal
Aspirin, Tylenol, etc.,
Skin Rash Preparations
Eye Drops
Ear Drops
Toothache, oil cloves
Stingkill
Midol, Menstrual Cramps
Other, list---> Ibuprofen

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Parking Cards/Elevator Keys
Tokens
Return Card/Key
Parking Inquiry
Elevator Passes
Temporary Handicapped Parking Permits

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant

Fiscal Year

San Bernardino Community College District

2002-2003

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.

(a) FY 1986/87	(b) FY of Claim
----------------------	-----------------------

Referrals to Outside Agencies

- Private Medical Doctor
- Health Department
- Clinic
- Dental
- Counseling Centers
- Crisis Centers
- Transitional Living Facilities, battered/homeless women
- Family Planning Facilities
- Other Health Agencies

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Tests

- Blood Pressure
- Hearing
- Tuberculosis
- Reading
- Information
- Vision
- Glucometer
- Urinalysis
- Hemoglobin
- EKG
- Strep A Testing
- PG Testing
- Monospot
- Hemacult
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	
X	X
X	X
X	X

Miscellaneous

- Absence Excuses/PE Waiver
- Allergy Injections
- Bandaids
- Booklets/Pamphlets
- Dressing Change
- Rest
- Suture Removal
- Temperature
- Weigh
- Information
- Report/Form
- Wart Removal
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Committees

- Safety
- Environmental
- Disaster Planning
- Skin Rash Preparations
- Eye Drops

X	X
X	X
X	X
X	X
X	X



JOHN CHIANG
California State Controller

April 24, 2008

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Keith B. Petersen
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Re: **Incorrect Reduction Claim**
Health Fee Elimination, 05-4206-I-04
San Mateo County Community College District, Claimant
Education Code Section 76355
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118
Fiscal Years 1999-00, 2000-01, and 2001-02

Dear Ms. Higashi and Mr. Petersen:

This letter is in response to the above-entitled Incorrect Reduction Claim. The subject claims were reduced primarily because the District claimed unsupported salary costs, utilized an unsupported benefit rate, and improperly applied an indirect cost rate. The reductions were appropriate and in accordance with law.

The Controller's Office is empowered to audit claims for mandated costs and to reduce those that are "excessive or unreasonable."¹ This power has been affirmed in recent cases, such as the Incorrect Reductions Claims (IRCs) for the *Graduation Requirements* mandate.² If the claimant disputes the adjustments made by the Controller pursuant to that power, the burden is upon them to demonstrate that they are entitled to the full amount of the claim. This principle likewise has been upheld in the *Graduation*

¹ See Government Code section 17561, subdivisions (d)(1)(C) and (d)(2), and section 17564.

² See for example, the Statement of Decision in the Incorrect Reduction Claim of San Diego Unified School District [No. CSM 4435-I-01 and 4435-I-37], adopted September 28, 2000, at page 9.

Requirements line of IRCs.³ See also Evidence Code section 500.⁴ In this case, the audit determined that the claimant was unable to support that salary costs claimed for several employees were directly attributable to the mandate. The district provided only employee earnings reports from its accounting system, but provided no documentation supporting the validity of the distribution of those costs to the performance of mandated activities. Therefore, these claimed costs are unsupported and thus, disallowed.

The district disputes the benefit rate calculated by the Controller's staff but fails to provide any alternative. The district failed to provide any documentation supporting actual benefit amounts paid to each employee, so the auditor calculated a benefit rate by dividing total benefits claimed by total salaries claimed. In fact, the district's Chief Accountant concurred with this approach.

The Claimant understated authorized health services fees, confusing collected with authorized. The Parameters and Guidelines provide that offsetting savings shall include the amount authorized for student fees. The relevant amount is not the amount charged, nor the amount collected, rather, it is the amount authorized. This is consistent with mandates law in general, and specific case law on point.⁵

Application of the indirect cost rate is also in dispute. Although the indirect cost rate was approved, it was only calculated based upon "direct salaries and wages including all fringe benefits." The district inappropriately applied this indirect cost rate to all costs, including direct services and supplies, other operating expenses, and capital outlay costs. This resulted in an overstatement of indirect costs by \$112,243, which was disallowed by the audit.

The Claimant also asserts that the audit of the 1999-00 and 2000-01 FYs is precluded by the statute of limitations, specifically, Government Code section 17558.5. However, the claimant incorrectly applies the 1996 version of this statute. Even under this inappropriate version, their conclusion is based on an erroneous interpretation that attempts to rewrite that section, adding a deadline for completion of the audit where none exists. Effective July 1, 1996, Section 17558.5 provided that a claim is "subject to audit" for two years after the end of the calendar year in which the reimbursement claim is filed (or last amended). In this case, the claim for 1999-00 was filed on January 10, 2001, and the claim for 2000-01 was filed on January 10, 2002, making the 1999-00 claim subject to audit up through December 31, 2003, and the 2000-01 claim "subject to audit" up to

³ See for example, the Statement of Decision in the Incorrect Reduction Claim of San Diego Unified School District [No. CSM 4435-I-01 and 4435-I-37], adopted September 28, 2000, at page 16.

⁴ "Except as otherwise provided by law, a party has the burden of proof as to each fact the existence or nonexistence of which is essential to the claim for relief or defense that he is asserting."

⁵ See *Connell v. Santa Margarita Water District* (1997) 59 Cal.App.4th 382, 400-03.

April 24, 2008

Page 3

December 31, 2004. Although the claimant disputes what constitutes the initiation of an audit, it is clear that the audit was initiated no later than January 2, 2003, when the entrance conference was held. This is well before the earliest deadline of December 31, 2003. Therefore, the audit of the fiscal year 1999-00 was proper, even under the 1996 version of Section 17558.5.

More important is the fact that the 1999-00 and 2000-01 audits were subject to the provisions of Section 17558.8 that were effective on January 1, 2003, not the 1996 version. Unless a statute expressly provides to the contrary, any enlargement of a statute of limitations provision applies to matters pending but not already barred.⁶ Under the 1996 version, the claims were subject to audit until December 31, 2003, well after the January 1, 2003, effective date. Therefore, the 2003 provisions of Section 17558.5 are applicable to the claim, requiring that the 1999-00 audit be initiated by January 10, 2004, and the 2000-01 audit be initiated by January 10, 2005. Since the audit of both years was initiated no later than January 2, 2003, when the entrance conference was held, it is valid and enforceable.

Enclosed please find a complete detailed analysis from our Division of Audits, exhibits, and supporting documentation with declaration.

Sincerely,



SHAWN D. SILVA
Staff Counsel

SDS/ac

Enclosure

cc: Jim Keller, San Mateo County Community College District
Ginny Brummels, Div. of Acctg. & Rptg., State Controller's Office (w/o encl.)
Jim Spano, Division of Audits, State Controller's Office (w/o encl.)

⁶ *Douglas Aircraft Co. v. Cranston* (1962) 58 Cal.2d 462, 465. See also, 43 Cal.Jur.3d, Limitations of Actions § 8.

1 **PROOF OF SERVICE**

2 I am employed in the County of Sacramento, State of California. At the time of service, I was at least 18
3 years of age, a United States citizen employed in the county where the mailing occurred, and not a party to the
within action. My business address is 300 Capitol Mall, Suite 1850, Sacramento, CA 95814.

4 On April 25, 2008, I served the foregoing document entitled:

5 **SCO'S RESPONSE TO THE INCORRECT REDUCTION CLAIM FOR**
6 **SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT, CSM 05-4206-I-04**

7 on all interested parties in this action by placing a true and correct copy thereof enclosed in a sealed envelope,
addressed as follows:

8 Paula Higashi (*original*)
9 Executive Director
10 Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Jim Keller, Executive Vice Chancellor
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

11 Keith B. Petersen, President
12 SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

13 **BY MAIL**

14 I placed the envelope for collection and processing for mailing following this business's ordinary practice with
15 which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited
in the ordinary course of business with the United States Postal Service.

16 **BY PERSONAL SERVICE**

I caused to be delivered by hand to the above-listed addressees.

17 **BY OVERNIGHT MAIL/COURIER**

18 To expedite the delivery of the above-named document, said document was sent via overnight courier for next day
delivery to the above-listed party.

19 **BY FACSIMILE TRANSMISSION**

20 In addition to the manner of service indicated above, a copy was sent by facsimile transmission to the above-listed
party.

21 I declare that I am employed in the office of a member of the bar of this court at whose direction the
22 service was made. I declare under penalty of perjury under the laws of California that the foregoing is true and
correct.

23 Executed on April 25, 2008, at Sacramento, California.

24 

25 Amber A. Camarena

**RESPONSE BY THE STATE CONTROLLER'S OFFICE (SCO)
TO THE INCORRECT REDUCTION CLAIM (IRC) BY
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
Health Fee Elimination Program**

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1 **OFFICE OF THE STATE CONTROLLER**

2 300 Capitol Mall, Suite 1850
3 Sacramento, CA 94250
4 Telephone No.: (916) 445-6854

4

5

BEFORE THE

6

COMMISSION ON STATE MANDATES

7

STATE OF CALIFORNIA

8

9

10 INCORRECT REDUCTION CLAIM ON:

No.: CSM 05-4206-I-04

11

Health Fee Elimination Program

AFFIDAVIT OF BUREAU CHIEF

12

Chapter 1, Statutes of 1984, 2nd Extraordinary
Session, and Chapter 1118, Statutes of 1987

13

SAN MATEO COUNTY COMMUNITY
14 COLLEGE DISTRICT,
15 Claimant

15

16

I, Jim L. Spano, make the following declarations:

17

1) I am an employee of the State Controller's Office (SCO) and am over the age of 18 years.

18

2) I am currently employed as a bureau chief, and have been so since April 21, 2000.

19

3) I am a California Certified Public Accountant.

20

21

4) I reviewed the work performed by the SCO auditor.

22

5) Any attached copies of records are true copies of records, as provided by the San Mateo County Community College District or retained at our place of business.

23

24

6) The records include claims for reimbursement, with attached supporting documentation, explanatory letters, or other documents relating to the above-entitled Incorrect Reduction Claim.

25

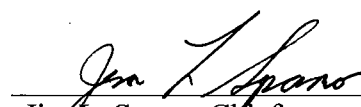
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7) A field audit of the claims for fiscal year (FY) 1999-2000, FY 2000-01, and FY 2001-02 commenced on June 2, 2003, and ended on January 7, 2005.

I do declare that the above declarations are made under penalty of perjury and are true and correct to the best of my knowledge, and that such knowledge is based on personal observation, information, or belief.

Date: November 17, 2006

OFFICE OF THE STATE CONTROLLER

By: 
Jim L. Spano, Chief
Compliance Audits Bureau
Division of Audits
State Controller's Office

**STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE
TO THE INCORRECT REDUCTION CLAIM BY
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
For Fiscal Year (FY) 1999-2000, FY 2000-01, and FY 2001-02**

**Health Fee Elimination Program
Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987**

SUMMARY

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim that the San Mateo County Community College District submitted on September 6, 2005. The SCO audited the district's claims for costs of the legislatively mandated Health Fee Elimination Program for the period of July 1, 1999, through June 30, 2002. The SCO issued its final report on January 7, 2005 (**Exhibit D**).

The district submitted reimbursement claims totaling \$1,259,226 as follows.

- FY 1999-2000—\$357,148 (**Exhibit G**)
- FY 2000-01—\$361,031 (**Exhibit G**)
- FY 2001-02—\$541,047 (**Exhibit G**)

The SCO determined that \$241,840 is allowable and \$1,017,386 is unallowable. The unallowable costs occurred primarily because the district claimed unsupported costs for salaries, benefits, and related services; and understated offsetting revenues. The State paid the district \$562,846. The amount paid in excess of allowable costs claimed totals \$321,006. The following table summarizes the audit results.

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 1999, through June 30, 2000</u>			
Salaries	\$ 552,729	\$ 367,095	\$ (185,634)
Benefits	92,265	61,278	(30,987)
Services and supplies	24,276	24,276	—
Other operating expenses	63,624	63,624	—
Capital outlays	13,491	13,491	—
Subtotals	746,385	529,764	(216,621)
Indirect costs	223,916	128,513	(95,403)
Subtotals, health expenditures	970,301	658,277	(312,024)
Less offsetting savings/reimbursements	613,153	(626,328)	(13,175)
Total costs	<u>\$ 357,148</u>	(31,949)	<u>\$ (325,199)</u>
Less amount paid by the State		<u>(357,148)</u>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (325,199)</u>	
<u>July 1, 2000, through June 30, 2001</u>			
Salaries	\$ 550,480	\$ 387,826	\$ (162,654)
Benefits	91,530	64,485	(27,045)
Services and supplies	37,335	37,335	—
Other operating expenses	60,628	60,628	—
Capital outlays	11,131	11,131	—
Subtotals	751,104	561,405	(189,699)
Indirect costs	225,331	135,693	(89,638)

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2000, through June 30, 2001 (continued)</u>			
Subtotals, health expenditures	976,435	697,098	(279,337)
Less offsetting savings/reimbursements	(615,404)	(615,404)	—
Total costs	<u>\$ 361,031</u>	(81,694)	<u>\$ (279,337)</u>
Less amount paid by the State		(111,475)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (29,781)</u>	
<u>July 1, 2001, through June 30, 2002</u>			
Salaries	\$ 601,571	\$ 428,365	\$ (173,206)
Benefits	106,283	75,682	(30,601)
Services and supplies	42,558	42,558	—
Other operating expenses	100,573	59,198	(41,375)
Capital outlays	20,530	20,530	—
Subtotals	871,515	626,333	(245,182)
Indirect costs	261,454	151,214	(110,240)
Subtotals, health expenditures	1,132,969	777,547	(355,422)
Less offsetting savings/reimbursements	(591,922)	(649,350)	(57,428)
Total costs	<u>\$ 541,047</u>	128,197	<u>\$ (412,850)</u>
Less amount paid by the State		(94,223)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 33,974</u>	
<u>Summary: July 1, 1999, through June 30, 2002</u>			
Salaries	\$ 1,704,780	\$ 1,183,286	\$ (521,494)
Benefits	290,078	201,445	(88,633)
Services and supplies	104,169	104,169	—
Other operating expenses	224,825	183,450	(41,375)
Capital outlays	45,152	45,152	—
Subtotals	2,369,004	1,717,502	(651,502)
Indirect costs	710,701	415,420	(295,281)
Subtotals, health expenditures	3,079,705	2,132,921	(946,784)
Less offsetting savings/reimbursements	(1,820,479)	(1,891,082)	(70,603)
Total costs	<u>\$ 1,259,226</u>	241,840	<u>\$(1,017,386)</u>
Less amount paid by the State		(562,846)	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (321,006)</u>	

The district believes that all salaries, benefits, other operating expenses, and related indirect costs claimed are reimbursable under the mandated program. The district also believes that its indirect cost rates were applied appropriately. In addition, the district believes that the SCO improperly calculated offsetting health service fee revenues. Furthermore, the district believes that the SCO was not authorized to audit the district's FY 1999-2000 and FY 2000-01 claims.

**I. SCO REBUTTAL TO STATEMENT OF DISPUTE—
CLARIFICATION OF REIMBURSABLE ACTIVITIES, CLAIM CRITERIA,
AND DOCUMENTATION REQUIREMENTS**

Parameters and Guidelines

On August 27, 1987, the Commission on State Mandates (COSM) adopted *Parameters and Guidelines* for Chapter 1, Statutes of 1984, 2nd Extraordinary Session. The COSM amended *Parameters and Guidelines* on May 25, 1989 (**Exhibit B**), because of Chapter 1118, Statutes of 1987.

Parameters and Guidelines (amended May 25, 1989) identifies the scope of the mandate and the reimbursable activities as follows.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87. . . . [see **Exhibit B** for a list of reimbursable items.]

Parameters and Guidelines (amended May 25, 1989) provides the following claim preparation criteria.

VI. CLAIM PREPARATION

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

Parameters and Guidelines (amended May 25, 1989) defines supporting data as follows.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

Parameters and Guidelines (amended May 25, 1989) defines offsetting savings and other reimbursements as follows.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount . . . authorized by Education Code Section 72246 for health services [now Education Code Section 76355].

SCO Claiming Instructions

The SCO annually issues mandated costs claiming instructions, which contain filing instructions for mandated cost programs. The September 2002 claiming instructions provide instructions for indirect costs (**Tab 3**). The instructions are consistent with the Health Fee Elimination Claim Summary Instructions, Item (5) (**Tab 4**). The September 2002 indirect cost claiming instructions are believed to be, for the purposes and scope of the audit period, substantially similar to the version extant at the time the district filed its FY 1999-2000, FY 2000-01, and FY 2001-02 mandated cost claims.

II. THE DISTRICT CLAIMED OVERSTATED SALARIES, BENEFITS, AND RELATED INDIRECT COSTS

Issue

The district overstated salaries and benefits by \$610,217 for the audit period. The related indirect costs total \$183,038. The overstated costs occurred because the district did not adequately support costs charged to the mandated program or provide evidence that certain employees performed any mandate-related activities; or if they performed mandate-related activities, to what extent the activities were performed. The district believes these costs are allowable.

SCO Analysis

The district provided only employee earnings reports from its accounting system in support of costs claimed for salaries and benefits for the audit period. The district allocated individual payroll costs to various departments, but provided no documentation supporting the validity of the distribution of costs made to the mandate. The district did not support the payroll entries with time logs, time studies, or any other corroborating documentation supporting actual time spent.

District's Response

The State Controller asserts that the District "overstated" employee salaries and benefits in the amount of \$610,127 and related indirect costs of \$180,038 for the three fiscal years audited. This amount appears to consist of the disallowance of specific employee time and some mathematical errors to reported salaries of other employees. After the salaries were eliminated or adjusted, the Controller applied an "audited" benefit rate each year to determine benefit costs.

Disallowed Employees

Based on information received during the audit, the employees for whom all salary costs were disallowed are as follows:

<u>Employee Name</u>	<u>Position</u>	<u>Fiscal Year Employee Disallowed</u>		
		<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
Ernest Rodriguez	Faculty	x	x	x
Dec Howard	Faculty	x	x	x
Angela Stocker	Faculty	x	x	x
Lawrence Stringari	Faculty	x	x	x
Rosario Car-Casanova	Faculty	x	x	x
Gloria Pena-Bench	Office Assistant	x		
Sheila Claxton	Office Assistant	x		
Roger Hubbard	Unknown			x
Rosemary O'Neil	Unknown			x

Other than stating that the “district did not provide documentation supporting the validity of the distribution” of these employees to the claim, the Controller has not provided a reason each employee was disallowed. Further, if the Controller doesn’t know the position title and job responsibilities of the person being disallowed, there is no factual basis for the disallowance. The propriety of these disallowances cannot be determined until the Controller states why these employees are not relevant to the mandate program.

SCO’s Comment

The audit report clearly states the basis for the unallowable costs. The audit report states that the district claimed \$530,342 in salaries based on information reported in its employee earnings report that allocated individual payroll costs to various accounts. The district did not provide documentation supporting the validity of the distribution made to the mandate.

In addition, on October 1, 2004, the SCO e-mailed the district a detailed schedules that show the unallowable employee and benefit costs for each fiscal year (**Tab 5**). The e-mail shows that the SCO attempted to work with the district concerning allocation of costs to the mandate. The district was able to provide job duty statements, job announcements, personnel forms, and salary orders that reasonably supported costs for certain employee salaries and benefits charged to the mandated program. However, the district was not able to support the mandate-related portion of costs claimed for full-time faculty during any of the years audited or for several office assistants in FY 1999-2000. The SCO also requested information concerning the position titles of Roger Hubbard and Rosemary O’Neil. The district did not respond to this request and nor did it indicate what mandated activities these employees performed.

Furthermore, the district, not the SCO, is responsible for showing how costs claimed for these employees are relevant to the mandate. The district has not provided this information to the SCO. In its response to the SCO’s draft audit report (**Exhibit E**), the district did not provide any additional supporting documentation—time logs, time studies, or other corroborating documentation—to support any of the unallowable employee salaries and benefits allocated to the mandated program to show whether these employees even performed any mandate-related activities or, if they did perform mandate-related activities, to what extent they performed these activities.

District’s Response

“Audited” Benefit Rate

The Controller calculated a benefit rate to be applied to the salaries to determine the total allowable salary and employee benefits for each employee. The rates calculated are 16.69264%, 16.62719%, 17.66762% for fiscal years 1999-00, 2000-01, and 2001-02, respectively. The Controller has not indicated why it was necessary to calculate an average benefit rate when the District reported actual benefit costs in its general ledger, that is, why an average rate is better than actual benefit costs. Further, since the Controller asserts that its claiming instructions have some validity, it should be noted that the claiming instructions allow a “default” benefit rate of 21%, which can be added to direct hourly payroll costs to determine a productive hourly rate. This default rate was used by the Controller for the concurrent audit of the District’s Collective Bargaining program. This raises the question of the need for an “audited” benefit rate when the District reported actual benefit costs for the employees.

SCO’s Comment

This was not a finding that was included in the SCO audit report. In addition, the district did not raise any issues concerning the amount of calculated employee benefits during the course of the audit and in its response to the draft audit report. Further, the district’s statement that the SCO’s claiming instructions for the Health Fee Elimination Program allow for a default employee benefit rate of 21% is in error. While claiming instructions for the Collective Bargaining Program do allow for a default benefit rate of 21%, that is not the program under consideration in this proceeding.

The district's average employee benefit rates were calculated for each year of the audit period using information from the district's general ledger. Specifically, the auditor divided total benefits claimed by total claimed salaries for each fiscal year to determine an average benefit rate. The district's Chief Accountant advised the auditor that it would have taken the district a long time to gather the information concerning actual employee benefit amounts claimed for each employee. The district's Chief Accountant advised the auditor to calculate employee benefit rates using total claimed salary and benefit amounts. The district has not provided any documentation supporting actual benefit amounts paid to each individual employee. In addition, the district has not demonstrated why the average benefit rates used do not reasonably reflect actual benefits paid.

District's Response

"Mathematical Errors"

The Controller asserts that the District understated its salary costs in the amount of \$8,848. While this is a net benefit to the District, the Controller does not disclose the nature of the errors.

SCO's Comment

The SCO auditor discussed the adjustments comprising the \$8,848 with the district's Chief Financial Officer during the course of the audit. The district did not comment on this finding in its response to the draft audit report.

During the audit, the auditor compared the claimed salary amounts that were recorded in the district's general ledger to the total of salary amounts paid by the district within its student health program (Program Code #643000) per the employee earnings reports that the district provided. For FY 1999-2000, the district's general ledger showed salary costs of \$552,729, while the details of employee salaries contained in the earnings reports totaled \$563,448, an underclaimed difference of \$10,719. For FY 2000-01 and FY 2001-02, the general ledger indicated salaries of \$550,480 and \$601,570, while the earnings reports showed salary amounts of \$549,883 and \$600,296, respectively. These differences indicated overclaimed salaries of \$597 for FY 2000-01 and \$1,274 for FY 2001-02. Accordingly, the total of underclaimed salaries was \$8,848 during the audit period.

District's Response

Document Retention Period

One of the stated reasons for the disallowance was that claimants must retain source documentation on file "for a period of no less than three years from the date of the final payment of the claim." No legal citation was provided for this assertion. Indeed, this appears to be a ministerial preference of the Controller's since Government Code Section 17558.5 specifies a two-year or three-year audit period for these fiscal years, depending on the date when the claim is filed, without reference to a requirement for full claim payment.

SCO's Comment

The district's statement that one of the SCO's stated reasons for the unallowable costs concerned the retention period for documentation is incorrect. The audit report clearly states the basis for the unallowable costs. The audit report states that the district claimed \$530,342 in salaries based on information reported in its employee earnings report that allocated individual payroll costs to various accounts. The district did not provide documentation supporting the validity of the distribution made to the mandate.

The criteria section of the audit finding does state that "Documentation must be kept on file for a period no less than three years from the date of the final payment of the claim." That information comes from Health Fee Elimination Program's *Parameters and Guidelines*, Section VII., Supporting Data. We are uncertain why the district believes that the documentation requirement is a "ministerial preference" of the SCO.

District's Response

Source Documentation

Since no reason related to the mandated activities was stated to explain the disallowance of these specific employees, it appears that the entire basis of the Controller's adjustments is the quantity and quality of the District documentation. The Controller cites the parameters and guidelines which states that "all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs." The audit report states that the District "did not provide documentation supporting the validity of the distribution made to the mandate."

Contrary to the assertion of the audit report, the District has complied with the parameters and guidelines by providing source documents that show evidence of the validity of such costs and their relationship to the state-mandated program. The salary and benefits were reported in the District general ledger in the normal course of financial accounting pursuant to state mandated financial accounting procedures. There are no state mandated financial accounting procedures for mandate program costs because the state has never developed or adopted standards. The Controller has never told claimants the specific documents that would satisfy the Controller's standards. The District has also provided employee names, positions (job titles), hours worked, salary and benefit amounts, and a description of the tasks performed as they relate to this mandate, and in some cases declarations. Thus, the District has provided documentation generated in the usual course of business as well as generated for the purpose of claiming mandate reimbursement.

SCO's Comment

The district did not provide any additional source documentation or worksheets to refute the finding.

In addition, the district misrepresents the SCO's audit finding by quoting phrases from *Parameters and Guidelines* out of context. The district excluded relevant language. Regarding salaries and benefits, *Parameters and Guidelines* states that districts should "Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function. . . ." [Emphasis added.]

We agree that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. However, we disagree with the district's statements that "the issue for the State Controller appears to be the quality or quantity of district documentation" or that the district has complied with *Parameters and Guidelines* merely because it "provided documentation generated in the usual course of business." The SCO's audit found that the district claimed unsupported salaries and benefits because the district did not provide documentation to (1) show that the costs claimed for full-time faculty accurately reflected the actual mandate-related time spent; (2) support the actual mandate-related hours spent by various other employees; and (3) show that faculty and various other employees performed any mandate-related activities or, if they performed mandate-related activities, show to what extent they performed these activities. Thus, the district did not comply with *Parameters and Guidelines*.

District's Response

Unreasonable or Excessive

None of the adjustments were made because the costs claimed were excessive or unreasonable. The Controller does not assert that the claimed costs were excessive or unreasonable. The Controller does not assert that the claimed costs were excessive or unreasonable, which is the only standard in statute (Government Code Section 17561(d)(2)). It would therefore appear that this finding is based upon the wrong standard for review. If the Controller wishes to enforce other audit standards for mandated cost reimbursement, the Controller should comply with the Administrative Procedures Act.

SCO's Comment

The district's conclusion is erroneous. *Government Code* Section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. *Government Code* Section 17561(d)(2) allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, *Government Code* Section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." Therefore, the SCO has sufficient authority to impose these audit adjustments.

In addition, for the purposes of mandated cost claim audits, claimed costs that are not adequately supported are excessive costs. In the absence of documentation to the contrary, there is no criterion on which we can verify the district's contention that these costs were incurred for any mandate-related activities.

III. THE DISTRICT CLAIMED UNALLOWABLE OTHER OUTGOING EXPENSES

Issue

The district overstated other outgoing expenses by \$41,375 for the audit period because it did not provide documentation supporting the validity of the costs claimed.

SCO Analysis

The district only supported unallowable costs with amounts recorded on three separate journal voucher transactions. The district did not provide documentation supporting how any of the amounts were derived. Its explanation for the cost was that school general funds were used to offset deficits associated with its health program fund.

District's Response

The Controller asserts that "the district overstated other outgoing expense costs..." As a preliminary matter, the Controller should provide the derivation of "outgoing expense costs" which is not described in generally accepted accounting principles. In addition, the Controller should explain the difference between "expenses" and "costs" in the context of mandate reimbursement.

SCO's Comment

The district makes no mention whatsoever as to the factual nature of the finding nor does it offer any documentation that supports the three journal voucher entries. "Expenses" and "costs" in the context of this mandate are synonymous terms. The mandate claim form uses the term "Other Outgo Expense." The audit report shows this account as "Other Outgoing Expense" to provide greater clarity to the report reader.

On the final page of each claim submitted by the district for the audit period (**Exhibit G**), a schedule is included entitled "Expenditures by Account Type." Included in this schedule are expenditures recorded by the district for the year within Funds 1 and 3 for the three campuses that it operates. The last line item for both funds is entitled "Other Outgo Expense." The claim filed for FY 2001-02 is where the unsupported amount of \$41,375 is reported. During the audit, we reviewed these expenses, which were recorded within the district's expenditure account #7310.

III. THE DISTRICT OVERSTATED ITS INDIRECT COSTS

Issue

The district overstated its indirect costs by \$112,243 for the audit period because it improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs.

SCO Analysis

Parameters and Guidelines allows community college districts to claim indirect costs according to the SCO's claiming instructions (**Tab 3**). The claiming instructions require that districts obtain federal approval of Indirect Cost Rate Plans (ICRPs) prepared using the Office of Management and Budget (OMB) Circular A-21 methodology. Alternatively, districts may use the SCO's Form FAM-29C to compute indirect cost rates. Form FAM-29C calculates indirect cost rates using total expenditures reported on the *California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)*. Form FAM-29C eliminates unallowable expenses and segregates the adjusted expenses between those incurred for direct and indirect activities relative to the mandated cost program.

The district claimed indirect costs at a rate of 30%, based on an Indirect Cost Negotiation Agreement between the district and the U.S. Department of Health and Human Services (DHHS). The district's indirect cost rate was prepared using (OMB) Circular A-21 methodology and was applied to FY 1999-2000, FY 2000-01, and FY 2001-02 direct costs. The approval letter to the Indirect Cost Negotiation Agreement received from DHHS, dated February 4, 1999 (**Tab 7**), stated that the district's indirect cost rate was developed using a base consisting of "Direct salaries and wages including all fringe benefits." However, during the audit period, the district improperly applied its indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs.

District's Response

The State Controller asserts that the district overstated its indirect costs by \$112,243 for all three fiscal years. This finding is based upon the report's statement that "... the district improperly applied its claimed indirect cost rate to costs beyond those approved by the U.S. Department of Health and Human Services (DHHS) ... the district improperly applied its indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs. ..." While the Controller accepted the 30% indirect cost rate approved by the federal agency, it did not accept the application of the rate to costs other than salary and benefits because the rate was calculated using only salary and benefit costs.

Federal Approval

Contrary to the Controller's ministerial preferences, there is no requirement in law that the claimant's indirect cost rate must be "federally" approved, and neither the Commission nor the Controller have ever specified the federal agencies which have the authority to approve indirect cost rates. Further, it should be noted that the Controller did not determine that the District's rate was excessive or unreasonable, just that it wasn't federally approved.

Regulatory Requirements

No particular indirect cost rate calculation is required by law. The parameters and guidelines state that "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." The district claimed these indirect costs "in the manner" described by the Controller. The correct forms were used and the claimed amounts were entered at the correct locations. Further, "may" is not "shall"; the parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. However, the Controller asserts that the "phrase 'may be claimed' is permissive; it allows the district to claim indirect costs. If the district claims indirect costs, the costs must adhere to the SCO's claiming instructions." The logic is specious. Claimants have the option of filing the *entire* claim for reimbursement and there is no logic to isolating the decision to claim indirect costs as singularly permissive, nor is there language regarding "adhering" to the claiming instructions if such costs are claimed. It is not quite clear what the legal significance of "adhering" to the claiming

instructions means, but since the Controller's claiming instructions were never adopted as law, or regulations pursuant to the Administrative Procedure Act, the claiming instructions are merely a statement of the ministerial interests of the Controller and not law.

"Distribution Base"

The Controller asserts the District improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs. The District claimed a federally approved indirect cost rate. Since this rate was calculated using salaries and benefits as the allocation base, the Controller asserts that the rate cannot be applied to any other indirect costs except for salaries and benefits, which would be outside the "distribution base." No cost accounting rationale or legal basis for this peculiar conclusion is provided by the Controller.

The Controller cites an e-mail received on May 21, 2004 from DHHS in which a DHHS Branch Chief is said to have stated that "colleges and universities must adhere to their rate agreement in claiming reimbursement of indirect costs under federal awards." The e-mail is not included in the audit report. It is not known whether the e-mail was solicited by the Controller, to whom it was mailed, so its relevance may be merely anecdotal, and it may be quoted out of context. Notwithstanding, the DHHS e-mail appears to have limited itself to federal awards, which mandates are not. Claimants are subject to whatever state law exists for mandate reimbursement, not federal award cost accounting.

What the Controller does not cite is any law or statute which dictates the operation of indirect cost rates. There is no source which states that a "distribution base" has to be identical to the scope of data used to establish the rate. Nor does the Controller assert that here the costs outside the "distribution base" would not properly accumulate indirect costs, only that they should not accumulate costs because they are not salaries and benefit costs. The Controller should be on notice that cost accounting principles allow indirect cost rates to be established based on a variety of bases: salaries, units of production, revenues, etc., without regard for the scope of the distribution base except that the source of the rate has to be representative of the "distribution base."

Unreasonable or Excessive

Government Code Section 17561(d)(2) requires the Controller to pay claims, provided that the Controller may audit the records of any school district to verify the actual amount of the mandated costs, and may reduce any claim that the Controller determines is excessive or unreasonable. The Controller is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable. The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller. The State Controller's claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the Controller to show, either factually or as a matter of law, that the indirect cost rate method used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute. If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

SCO's Comment

The SCO auditor did not determine that the district's rate was not federally approved, as stated in the district's response. Instead, the auditor determined that the district (in determining applicable mandate indirect costs) did not apply the rate to the same base that was used in developing the rate, i.e., salaries and wages including all fringe benefits.

Parameters and Guidelines, Section VI, states, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." The district misinterprets "may be claimed" by concluding that compliance with the claiming instructions is voluntary. Instead, "may be claimed" simply permits the district to claim indirect costs. However, if the district chooses to claim indirect costs, then it must comply with the SCO's claiming instructions. The district's implication that it claimed costs in the manner described by the SCO simply by completing what it interprets to be the correct forms is without merit.

The SCO's claiming instructions state, "A college has the option of using a federally approved rate, utilizing the cost accounting principles from OMB Circular A-21 'Cost Principles for Educational Institutions,' or the Controller's methodology outlined in the following paragraphs [FAM-29C]. . . ."

This instruction is consistent with *Parameters and Guidelines* for other community college district mandated programs, including the following.

- Absentee Ballots
- Collective Bargaining
- Health Benefits for Survivors of Peace Officers and Firefighters
- Law Enforcement College Jurisdiction Agreements
- Mandate Reimbursement Process
- Open Meetings Act
- Photographic Record of Evidence
- Sex Offenders Disclosure by Law Enforcement Officers
- Sexual Assault Response Procedure

In addition, neither this district nor any other district requested that the COSM review the SCO's claiming instructions pursuant to Title 2, *California Code of Regulations* (CCR), Section 1186. Furthermore, the district may not now request a review of the claiming instructions applicable to the audit period. Title 2 CCR Section 1186(j)(2) states, "A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year."

The SCO is not responsible for identifying the district's responsible federal agency. OMB Circular A-21, Appendix A, Part G (11)(a)(1) states (**Tab 6**):

Cost negotiation cognizance is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years. . . . In cases where neither HHS nor DOD provides Federal funding to an educational institution, the cognizant agency assignment shall default to HHS.

The district chose to use the federal methodology contained within OMB Circular No. A-21 for the creation of its indirect cost rate; the district had the rate approved by a cognizant federal agency (DHHS), used the rate to claim indirect costs on its mandate reimbursement claim, and now claims that any objections raised in the SCO audit report concerning the application of the rate is without merit because the rate is only applicable to federal programs and not mandated reimbursement claims. The fact remains that, regardless of which methodology the district uses to claim indirect costs in its mandate reimbursement claim, the district must bear the responsibility to calculate the indirect cost rate accurately and apply the rate properly based upon the criteria it used to create the rate.

The district makes the statement that the SCO's finding is unfounded and then uses this forum to explain to the SCO and the COSM about the operation of indirect cost rates without citing any authoritative source for its erroneous conclusions. The district's response appears to indicate that it does not understand the difference between the methodology used to calculate its indirect cost rate and the actual application of the rate.

The underlying support for the creation and application of the district's indirect cost rate appears in Title 2 of the Code of Federal Regulations, specifically 2 CFR, subtitle A, chapter II, part 220, Cost Principles for Educational Institutions (OMB Circular A-21) (**Tab 6**).

The district's approved rate agreement with DHHS, dated February 4, 1999 (**Tab 7**), verifies the district's distribution base as "direct salaries and wages including all fringe benefits." Section 2 of Part H goes on to describe the creation and application of the indirect cost rate under the Simplified procedure – salaries and wages base. The instructions describe the amounts that are included in the numerator and the amounts that are included in the denominator of the indirect cost rate calculation. The amounts in the numerator include indirect salaries and wages and other direct costs claimed as indirect. This would include such categories of costs as services and supplies, other operating expenses, and capital outlay costs. The amounts in the denominator (distribution base) include total

salaries and wages paid to all employees less the amount of indirect salaries and wages included in the numerator of the calculation.

However, the district applied its indirect cost rate to costs beyond those that were included in the distribution base. The application of the district's rate in this manner is excessive because applying the rate to costs outside of the distribution base would result in the district being able to recover more indirect costs than it actually incurred. Part C(4) of Appendix A (Basic Considerations—Allocable costs) notes that a cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. The district's application of its indirect cost rate to costs outside of the distribution base violates this tenet because the relationship of costs is no longer equitable.

From a purely mathematical perspective, if you develop a ratio of two numbers by dividing one into the other and then apply the resulting ratio to an amount that is greater than the amount in the denominator, the result will be an amount greater than the amount in the numerator. When DHHS calculated the district's indirect cost rate, the amount in the numerator reflected total indirect costs incurred, while the amount in the denominator reflected total salaries and wages, including all fringe benefits less the amount of indirect salaries and wages included in the numerator of the calculation. The resulting ratio should be applied only to direct salaries and wages, including all fringe benefits. If the ratio is applied to a larger amount (as in this instance, by including other categories of direct costs), the result would be higher than the amount in the numerator. In other words, the amount would be greater than total indirect costs incurred. Mandated cost reimbursement is limited to actual costs incurred.

Government Code Section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. *Government Code* Section 17561(d)(2) allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, *Government Code* Section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." Therefore, the district's contention that the SCO "is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable" is without merit.

Nevertheless, the SCO did conclude that the district's claimed indirect costs were excessive. "Excessive" is defined as "exceeding what is usual, proper, necessary, or normal. . . . Excessive implies an amount or degree too great to be reasonable or acceptable. . . ."¹

¹ Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.

IV. UNDERSTATED AUTHORIZED HEALTH FEE REVENUES CLAIMED

Issue

For the audit period, the district understated authorized health service fees by \$70,603 because it understated authorized health service fees and reported fees collected rather than fees it was authorized to collect.

The district understated authorized health service fee amounts by \$1 for the summer semester of FY 1999-2000 and for all three semesters of FY 2001-02. The district reported health service fees for the summer semester of FY 1999-2000 based on a fee amount of \$7 per student, while the actual authorized fee amount was \$8 per student. The district reported \$8 per student for summer semester and \$11 per student for fall and spring semesters of FY 2001-02. The actual authorized fees for FY 2001-02 were \$9 per student for summer semester and \$12 per student for fall and spring semesters.

SCO Analysis

Parameters and Guidelines requires districts to deduct authorized health service fees from costs claimed. *Education Code* Section 76355(c) authorizes health service fees for all students except those who: (1) depend exclusively on prayer for healing; (2) attend a community college under an approved apprenticeship training program; or (3) demonstrate financial need. (Effective with the summer of 1997, authorized health service fees, pursuant to *Education Code* Section 76355, were \$8 per student for summer semester and \$11 per student for the fall and spring semesters. Effective with the summer 2001 session, *Education Code* Section 76355(a) authorized a \$1 increase to health service fees.)

Government Code Section 17514 defines “costs mandated by the state” as any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, *Government Code* Section 17556 states that COSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

District’s Response

This finding is based upon the report’s statement that the District understated offsetting health fee revenues by \$70,603 due to an authorized \$1 increase in health fees that was not charged for the FY 1999-2000 summer semester and for all three semesters of FY 2001-02. The adjustments are based on the Controller’s recalculation of the student health services fees which may have been “collectible” which was then compared to the District’s student health fee revenues actually received. The Controller alleges that claimants must compute the total student health fees collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

Education Code Section 76355

Education Code Section 76355, subdivision (a), in relevant part, provides: “The governing board of a district maintaining a community college *may require* community college students to pay a fee . . . for health supervision and services. . . .” There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states “*If, pursuant to this Section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.*”

Parameters and Guidelines

This Controller states that “Parameters and Guidelines” states that health fees authorized by the *Education Code* must be deducted from costs claimed.” The parameters and guidelines do not state this but instead state:

Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g. federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of [student fees] as authorized by *Education Code* 72246(a). [Former *Education Code* Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by *Education Code* Section 76355.]

In order for the district to “experience” these “offsetting savings” the district must actually have collected these fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not. The use of the term “any offsetting savings” further illustrates the permissive nature of the fees.

Government Code Section 17514

The Controller relies upon *Government Code* Section 17514 for the conclusion that “[t]o the extent community college districts can charge a fee, they are not required to incur a cost.” *Government Code* Section 17514, as added by Chapter 1459, Statutes of 1984, actually states:

‘Costs mandated by the state’ means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new

program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.

There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenue to increased cost, nor any language which describes the legal effect of fees collected. Furthermore, *Parameters and Guidelines* does not include a provision for bad debt accounts related to health service fees.

Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that “the COSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or higher level of service.” Government Code Section 17556 as last amended by Chapter 589/89 actually states:

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

(d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service. . . .

The Controller misrepresents the law. Government Code Section 17556 prohibits the Commission on State Mandates from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement, where there is authority to levy fees in an amount sufficient to offset the entire mandated costs. Here, the Commission has already approved the test claim and made a finding of a new program or higher level of service for which the claimants do not have the ability to levy a fee in an amount sufficient to offset the entire mandated costs.

Student Health Services Fee Account

The Controller asserts that the district should have collected a student health service fee each semester from non-exempt students in the amount of \$8, \$9, or \$12 depending on the fiscal year and whether the student is enrolled full time or part time. Districts receive notice of these fee amounts from the Chancellor of the California Community Colleges. An example of one such notice is the letter dated March 5, 2001, attached a Exhibit “F.” While Education Code Section 76355 provides for an increase in the student health fee, it did not grant the Chancellor the authority to establish mandatory fee amounts or mandatory fee increases. No state agency was granted that authority by the Education Code, and no state agency has exercised its rulemaking authority to establish mandatory fee amounts. It should be noted that the Chancellor’s letter properly states that increasing the amount of the fee is at the option of the district, and that the Chancellor is not asserting that authority. Therefore, the Controller cannot rely upon the Chancellor’s notice as a basis to adjust the claim for “collectible” student health services fees.

Fees Collected vs. Fees Collectible

This issue is one of student health fees revenue actually received, rather than student health fees which might be collected. The Commission determine, as stated in the parameters and guidelines, that the student fees “experienced” (*collected*) would reduce the amount subject to reimbursement. Student fees not collected are student fees not “experienced” and as such should not reduce reimbursement. Further, the amount “collectible” will never equal actual revenues collected due to changes in student’s BOGG eligibility, bad debt accounts, and refunds.

Because districts are not required to collect a fee from students for student health services, and if such a fee is collected, the amount is to be determined by the District and not the Controller, the Controller’s adjustment is without legal basis. What claimants are required by the parameters and guidelines to do is to reduce the amount of their claimed costs by the amount of student health fee revenue actually received. Therefore, student health fees are merely collectible, they are not mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

SCO’s Comment

We agree that community college districts may choose not to levy a health service fee. However, *Education Code* Section 76355(a) provides districts the authority to levy a health service fee. *Education Code* Section 76355(c) specifies the authorized fees. We also agree that the California Community Colleges Chancellor’s Office (CCCCO) does not have the authority to establish

mandatory fee amounts or mandatory fee increases. The CCCCCO merely notifies districts of changes to the authorized fee amount, pursuant to *Education Code* Section 76355(a).

Regardless of the district's decision to levy or not levy a health service fee, the district does have the authority to levy the fees. In addition, contrary to the district's response, the SCO made no distinction between full-time or part-time students regarding the authorized health service fee. Districts are authorized to levy the full fee amount to both part-time and full-time students. *Government Code* Section 17514 states that "costs mandated by the state" means any increased costs that a school district is required to incur. Furthermore, *Government Code* Section 17556(d) states that the COSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service. For the Health Fee Elimination mandated program, the COSM clearly recognized the availability of another funding source by including the fees as offsetting savings in *Parameters and Guidelines*, Section VIII (amended May 25, 1989). To the extent districts have authority to charge a fee, they are not required to incur a cost.

The district misrepresents the COSM's determination regarding authorized health service fees. The COSM's staff analysis of May 25, 1989, regarding the proposed *Parameters and Guidelines* amendments (**Tab 8**), states:

Staff amended Item "VIII. Offsetting Savings and Other Reimbursements" to reflect the reinstatement of [the] fee authority.

In response to that amendment, the DOF [Department of Finance] has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants' reimbursable costs:

If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied.

Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII.

Thus, it is clear that the COSM's intent was to require claimants to deduct authorized health service fees from mandate-reimbursable costs claimed. Furthermore, the staff analysis included an attached letter from the CCCCCO, dated April 3, 1989. In that letter, the CCCCCO concurred with the DOF and the COSM regarding authorized health service fees.

Since the COSM's staff concluded that DOF's proposed language did not substantively change the scope of its proposed language, the COSM staff did not further revise the proposed *Parameters and Guidelines*. The COSM's meeting minutes of May 25, 1989 (**Tab 9**) show that the COSM adopted the proposed *Parameters and Guidelines* on consent, with no additional discussion. Therefore, there was no change to the COSM's interpretation regarding authorized health service fees.

Two court cases addressed the issue of fee authority.² Both cases concluded that "costs," as used in the constitutional provision, excludes "expenses that are recoverable from sources other than taxes." In both cases, the source other than taxes was the fee authority.

² *County of Fresno v. California* (1991) 53 Cal. 3d 482; *Connell v. Santa Margarita* (1997) 59 Cal. App. 4th 382.

The district also states, "the amount 'collectible' will never equal actual revenues collected due to changes in a student's BOGG eligibility, bad debt accounts, and refunds." The SCO calculated authorized health service fees based on the district's records of enrollment and BOGG grants. The district is responsible for providing accurate enrollment and BOGG grant data, including any changes that result from BOGG grant eligibility or students who disenroll. Consistent with OMB Circular A-21, Part J (6), the district is responsible for any bad debt accounts.

V. STATUTE OF LIMITATIONS FOR AUDIT

Issue

Based on the statute of limitations for audit, the district believes the SCO had no authority to assess audit adjustments for FY 1999-2000 and FY 2000-01.

SCO Analysis

Government Code Section 17558.5(a), effective July 1, 1996, states that a district's reimbursement claim is subject to audit no later than two years after the end of the calendar year in which the claim is filed or last amended. The district filed its FY 1999-2000 claim on January 15, 2001, and filed its FY 2000-01 claim on January 15, 2002. Therefore, these claims were subject to audit until December 31, 2003, and December 31, 2004, respectively. The SCO conducted an audit entrance conference on June 2, 2003. Therefore, the SCO initiated an audit well within the period that both claims were subject to audit.

District's Response

This issue is not a finding of the Controller. The District asserts that the first two years of the three claim years audited, fiscal years 1999-00 and 2000-01, were beyond the statute of limitations for audit when the Controller completed issued its audit report on January 7, 2005.

Chronology of Claim Action Dates

January 10, 2001	FY 1999-00 claim filed by the District
January 10, 2002	FY 2000-01 claim filed by the District . . .
December 31, 2003	FY 1999-00 statute of limitations for audit expires
December 31, 2004	FY 2000-01 statute of limitations for audit expires
January 7, 2005	Controller's final audit report issued

The District's fiscal year 1999-00 claim was mailed to the Controller on January 10, 2001. The District's fiscal year 2000-01 claim was mailed to the Controller on January 10, 2002. According to *Government Code* Section 17558.5, these claims were subject to audit no later than December 31, 2003 and December 31, 2004. The audit was not completed by this date. Therefore, the proposed audit adjustments for fiscal years 1999-00 and 2000-01 are barred by the statute of limitations set forth in *Government Code* Section 17558.5.

Statutory History

Prior to January 1, 1994, no statute specifically governed the statute of limitations for audits of mandate reimbursement claims. Statutes of 1993, Chapter 906, Section 2, operative January 1, 1994, added *Government Code* Section 17558.5 to establish for the first time a specific statute of limitations for audit of mandate reimbursement claims:

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the Controller no later than four years after the end of the calendar year in which the reimbursement claim is filed or last amended. However, if no funds are appropriated for the program for the fiscal year for which the claim is made, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.

Thus, there are two standards. A funded claim is "subject to audit" for four years after the end of the calendar year in which the claim was filed. An "unfunded" claim must have its audit "initiated" within four years of first payment.

Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and replaced Section 17558.5, changing only the period of limitations:

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. However, if no funds are appropriated for the program for the fiscal year for which the claim was made, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.

The first two fiscal year claims, 1999-00 and 2000-01, are subject to the two-year statute of limitations established by Chapter 945/95. These two claims were beyond audit when the audit report was issued. Since funds were appropriated for the program for all fiscal years which are the subject of the audit, the alternative measurement date is not applicable, and the potential factual issue of when the audit is initiated is not relevant.

Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003 amended Section 17558.5 to state:

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the ~~end of the calendar year in which the~~ date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is ~~made~~ filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.

The third fiscal year claim, FY 2001-02, is subject to this amended version of Section 17558.5, and was still subject to audit at the time the audit report was released. The amendment is pertinent since it indicates this is the first time that the factual issue of the date the audit is “initiated” for mandate programs for which funds are appropriated is introduced. Therefore, at the time the claim is filed, it is impossible for the claimant to know when the statute of limitations will expire, which is contrary to the purposes of a statute of limitations.

Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005 amended Section 17558.5 to state:

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced.

None of the fiscal period claims which are the subject of the audit are subject to this amended version of Section 17558.5. The amendment is pertinent since it indicates this is the first time that the Controller audits may be completed at a time other than the stated period of limitations.

Clearly, the Controller did not complete the audit within the statutory period allowed for the first two fiscal year claims included in this audit. The audit findings are therefore void for those two claims.

SCO's Comment

The SCO initiated the audit of FY 1999-2000 and FY 2000-01 claims on June 2, 2003, which is prior to the deadline for auditing the claim of December 31, 2003, for FY 1999-2000 and December 31, 2002, for FY 2000-01.

The district believes that the audit initiation date is not relevant because the phrase “initiate an audit” is not specifically stated in the *Government Code* language applicable to these claims. Instead, the district believes the audit report date is relevant. In particular, the district believes that Chapter 890, Statutes of 2004 is pertinent because “it indicates this is the first time that the Controller audits may be completed at a time other than the stated period of limitations.” This is an erroneous conclusion; before Chapter 890, Statutes of 2004, there was no statutory language defining when the SCO must complete an audit.

As of July 1, 1996, *Government Code* Section 17558.5(a) stated, “A reimbursement claim. . . is subject to audit by the Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. . . .” In construing statutory language, we are to “ascertain the intent of the Legislature so as to effectuate the purpose of the law.” (*Dyna-Med., Inc. v. Fair Employment and Housing Com.* [(1987)] 43 Cal.3d 1379, 1386.) In doing so, we look first to the statute’s words, giving them their usual and ordinary meaning. (*Committee of Seven Thousand v. Superior Court* [(1988)] 45 Cal. 3d 491, 501.)

In *Government Code* Section 17558.5(a), the words “subject to” mean that the district is “in a position or circumstance that places it under the power or authority of another.”³ The SCO exercised its authority to audit the district’s claims by conducting the audit entrance conference within the statute of limitations. There is no statutory language that requires the SCO to publish a final audit report before the two-year period expires.

³ Source: American Heritage Dictionary of the English Language, Fourth Edition © 2000.

As of January 1, 2003, *Government Code* Section 17558.5(a) was amended to state, “A reimbursement claim . . . is subject to the initiation of an audit by the Controller no later than three years after the reimbursement claim is filed or last amended, whichever is later. . . .” [Emphasis added.] While the amendment does not define the start of an audit, the phrase “initiation of an audit” implies the first step taken by the SCO. Construing the statutory language to permit the SCO’s initial contact as the audit’s initiation is consistent with the statutory language as well as subsequent amendments. To read the statute as requiring that the SCO publish a final audit report would be to read into the statute provisions that do not exist.

The fundamental purpose underlying statute of limitations is “to protect the defendants from having to defend stale claims by providing notice in time to prepare a fair defense on the merits.” (*Downs v. Department of Water & Power* [(1977)] 58 Cal. App. 4th 1093.) Here, the SCO exercised its authority to audit the district’s claims by conducting the audit entrance conference on June 2, 2003, well before the statute of limitations expired for the FY 1999-2000 claim (December 31, 2003) and for the FY 2001-02 claim (December 31, 2004).

VI. CONCLUSION

The SCO audited the San Mateo County Community College District’s claims for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 1999, through June 30, 2002. The district claimed \$1,259,226 for the mandated program. Our audit disclosed that \$241,840 is allowable and \$1,017,386 is unallowable. The district claimed unsupported costs for salaries, benefits, and related costs; and understated offsetting revenues.

The district claimed unallowable salaries, benefits, and related indirect costs totaling \$793,165 for the audit period. For various employees, the district did not support costs charged to the mandated program or provide evidence that the employees performed mandate-related activities. Included in the finding were mathematical errors made by the district when preparing the claim that resulted in understated salary costs of \$8,848.

The district claimed unallowable other outgoing expenses of \$41,375 for the audit period because it did not support costs allocated to the mandated program or show how they related to the mandated program.

The district overstated its indirect costs by \$112,243 for the audit period because it improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs.

The district understated authorized health service fees by \$70,603 for the audit period because it understatement authorized health service fees collected rather than fees it was authorized to collect..


In addition, the SCO initiated the audit of FY 1999-2000 and FY 2000-01 prior to the deadline for the claims to be audited.

In conclusion, the COSM should find that: (1) the SCO had authority to audit the district's claims for FY 1999-2000 and FY 2000-01; (2) the SCO correctly reduced the district's FY 1999-2000 claim by \$325,199; (3) the SCO correctly reduced the district's FY 2000-01 claim by \$279,337; and (4) the SCO correctly reduced the district's FY 2001-02 claim by \$412,850.

IX. CERTIFICATION

I hereby certify by my signature below that the statements made in this document are true and correct of my own knowledge, or, as to all other matters, I believe them to be true and correct based upon information and belief.

Executed on November 19, 2006, at Sacramento, California, by:



Jim L. Spano, Chief
Compliance Audits Bureau
Division of Audits
State Controller's Office

B. Indirect Cost

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

(1) Indirect Costs for Schools

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580, respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No. 422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

(2) Indirect Cost Rate for Community Colleges

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.
- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employee performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES					FORM FAM-29C	
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$91,423
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0
Staff Services	345	0	0	0	0	0
Noninstr. Staff Benefit & Incent.	346	10,937	0	10,937	0	10,937
Community Services	6800					
Community Recreation	351	703,858	20,509	683,349	0	683,349
Community Service Classes	352	423,188	24,826	398,362	0	398,362
Community Use of Facilities	353	89,877	10,096	79,781	0	79,781
Ancillary Services	6900					
Bookstores	361	0	0	0	0	0
Child Development Center	362	89,051	1,206	87,845	0	87,845
Farm Operations	363	0	0	0	0	0
Food Services	364	0	0	0	0	0
Parking	365	420,274	6,857	413,417	0	413,417
Student Activities	3663	0	0	0	0	0
Student Housing	67	0	0	0	0	0
Other	379	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	381	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	382	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(07) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17564(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE-2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

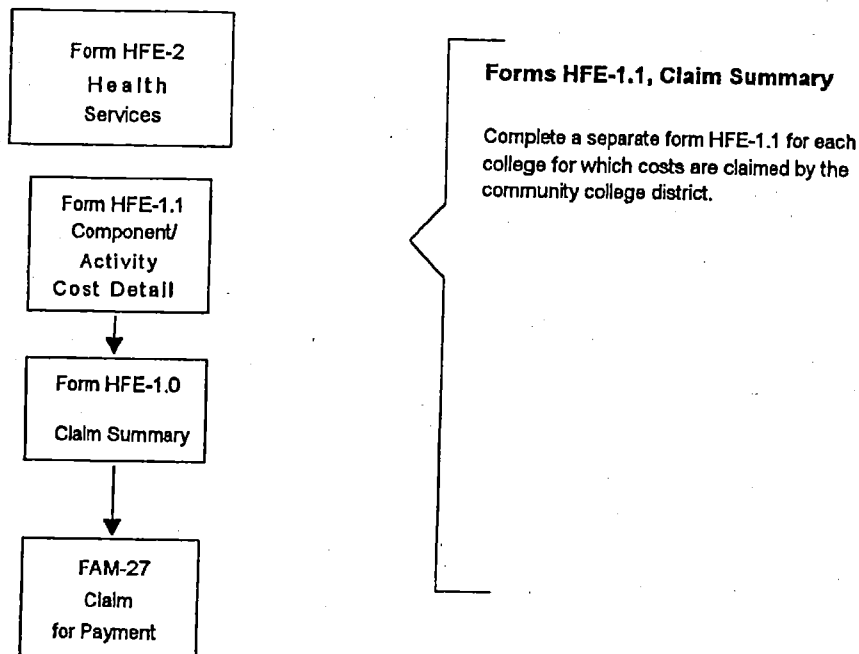
C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use Only (19) Program Number 00029 (20) Date Filed ____/____/____ (21) LRS Input ____/____/____	Program 029
--	---	---------------------------

L A B E L H E R E	(01) Claimant Identification Number	Reimbursement Claim Data	
	(02) Claimant Name	(22) HFE-1.0, (04)(b)	
	County of Location	(23)	
	Street Address or P.O. Box Suite	(24)	
	City State Zip Code	(25)	

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06) 20 ___/20 ___	(12) 20 ___/20 ___	(30)
Total Claimed Amount	(07)	(13)	(31)
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(32)
Less: Prior Claim Payment Received		(15)	(33)
Net Claimed Amount		(16)	(34)
Due from State	(08)	(17)	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer	Date
Type or Print Name	Title
(38) Name of Contact Person for Claim	Telephone Number () - Ext.
	E-Mail Address

Program 029	HEALTH FEE ELIMINATION Certification Claim Form Instructions	FORM FAM-27
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. Completion of this data block will expedite the payment process.
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 P.O. Box 942850
 Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
 ATTN: Local Reimbursements Section
 Division of Accounting and Reporting
 3301 C Street, Suite 500
 Sacramento, CA 95816

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College	(b) Claimed Amount	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	

<p style="text-align: center;">HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</p>	<p style="text-align: center;">FORM HFE-1.0</p>
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(01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.

(02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.

(04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
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(03) Name of College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim			
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]			

(08) Complete columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester							
2. Per spring semester							
3. Per summer session							
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +(8.6g)]

(10) Sub-total [Line (07) - line (09)]

Cost Reduction

(11) Less: Offsetting Savings, if applicable

(12) Less: Other Reimbursements, if applicable

(13) Total Amount Claimed [Line (10) - {line (11) + line (12)}]

HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions	FORM HFE-1.1
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Accident Reports Appointments College Physician, surgeon Dermatology, family practice Internal Medicine Outside Physician Dental Services Outside Labs, (X-ray, etc.) Psychologist, full services Cancel/Change Appointments Registered Nurse Check Appointments Assessment, Intervention and Counseling Birth Control Lab Reports Nutrition Test Results, office Venereal Disease Communicable Disease Upper Respiratory Infection Eyes, Nose and Throat Eye/Vision Dermatology/Allergy Gynecology/Pregnancy Service Neuralgic Orthopedic Genito/Urinary Dental Gastro-Intestinal Stress Counseling Crisis Intervention Child Abuse Reporting and Counseling Substance Abuse Identification and Counseling Acquired Immune Deficiency Syndrome Eating Disorders Weight Control Personal Hygiene Burnout Other Medical Problems, list Examinations, minor illnesses Recheck Minor Injury Health Talks or Fairs, Information Sexually Transmitted Disease Drugs Acquired Immune Deficiency Syndrome			

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration Laboratory Tests Done Inquiry/Interpretation Pap Smears Physical Examinations Employees Students Athletes Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits			

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
Tests Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list			
Miscellaneous Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
Committees Safety Environmental Disaster Planning			

Venneman, Jim

From: Venneman, Jim
Sent: Friday, October 01, 2004 12:59 PM
To: 'Blackwood, Kathy'
Cc: Spano, Jim
Subject: RE: Health Fee Mandated Costs Audit



SMCCD HFE Insert
2.xls



SMCCD HFE
Salaries & Benefits...

Hi Kathy,

We recently completed our review of the materials that you sent to our offices on 8/31. Our position is unchanged from my last e-mail, which is that we will allow salaries, benefits, and related indirect costs for Arlene Wiltberger, Donald Nichols, Donna Elliott, and Gloria D'Ambra. This includes \$5,762 of salary expense for Donna Elliott that was charged to program code 543000 during FYs 99-00 and 00-01 that do not appear to have part of the district's original claim.

Your last communication stated that Dee Howard and Ernest Rodriguez were both full-time faculty. We understood that they were both Counselors at the Health Center, which now appears to be in error. We cannot allow costs for these two employees on the basis of job descriptions in the absence of time records supporting the hours worked performing mandate activities at the Health Center.

We are continuing our draft report process today. Attached is a revised Schedule 1 showing the current status of the audit findings. You will note that net audit adjustments have dropped by \$241,840.

I am also including detail schedules of allowable and unallowable salary and benefit costs for all three years.

It will take several more weeks before our draft report is issued. In the meantime, please let me know if you have any more information to submit in support of claimed costs.

Jim Venneman, CPA
Audit Manager
Division of Audits
State Controller's Office
(916) 322-9887 - Phone
(916) 828-4709 - Pager

-----Original Message-----

From: Blackwood, Kathy [mailto:blackwoodk@smccd.net]
Sent: Friday, August 13, 2004 8:25 AM
To: jvenneman@sco.ca.gov
Subject: RE: Health Fee Mandated Costs Audit

Jim-

Thanks for the info. I will be providing a response as soon as I can; however, school starts next week, so things are pretty hectic around here. I hope to get back to you in the following week.

Kathy

-----Original Message-----

From: jvenneman@sco.ca.gov [mailto:jvenneman@sco.ca.gov]
Sent: Thursday, August 12, 2004 11:07 AM
To: Blackwood, Kathy
Cc: jspano@sco.ca.gov
Subject: Health Fee Mandated Costs Audit

Hi Kathy,

We looked over the backup documentation that you provided to us based upon our last records request. We are satisfied that it adequately supports salaries claimed for Arlene Wiltberger, Donald Nichols, Donna Elliott, and Gloria D'Ambra.

For the most part, the salaries and benefits for these employees were charged 100% to the Health Services program (TOPS code 643000). The only exceptions to this were the following:

Gloria D'Ambra: FY 1999-00 - \$642.67 charged to code 649001 and \$1,310.67 charged to code 649003 and

Donna Elliott: FY 1999-00 - \$2,304.96 charged to code 543000 and for FY 2000-01 - \$3,457.44 charged to code 543000

Please explain what departments these codes refer to and how the costs are split between these codes in the absence of time records.

In addition, there are two employees who charged time to the mandate in FY 2001-02 for which we have no job titles. Specifically - Roger Hubbard and Rosemary O'Neil. Could you please provide this information?

I have also noted that there were several other employees listed as Counselors who did not record 100% of their salaries and benefits to TOPS code 643000. It seems to us that Counselors would work in the Health Center, for the most part. Specifically, I am referring to Ernest Rodriguez (FYs 199-00 through 2000-02) and Dee Howard (FYs 1999-00 and 2000-01). Approximately 95% of Dee's payroll costs were charged to code 643000 and 5% to code 646000 for both years. I analyzed the payroll information for Ernest Rodriguez for FY 2001-02 only and noted that 68% of his payroll was charged to code 643000. The remainder was charged to codes 200100 and 493010. We are prepared to allow costs claimed for Counselors, but are curious how the salary and benefit costs for these employees are split between various departments in the absence of time records. I suspect that you probably have job description information for these two employees as well.

One last thing - my e-mail that started this process also addressed several Professors who charged time to the mandate. I assume that you were not able to locate any documentation supporting hours worked in the health services program for these folks.

You will be pleased to know that our finding for unallowable salaries

and
benefits has, so far, decreased by \$364,949 (\$107,417 in FY 99-00,
\$113,287
in FY 00-01, and 144,245 in FY 01-02) plus related indirect costs based
upon
the additional documentation that you have provided to our office.

Thanks again for your help. This should be the last records request that
I
will need to make for this audit, based upon my review of the workpapers
and
the additional documents that you have provided to us. Let me know if
you
have any questions or need additional information.

Jim Venneman, CPA
Audit Manager
Division of Audits
State Controller's Office
(916) 322-9887 - Phone
(916) 828-4709 - Pager

**SCHEDULE 1
SUMMARY OF PROGRAM COSTS
JULY 1, 1999 through JUNE 30, 2002**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference
<u>July 1, 1999 through June 30, 2000</u>				
Salaries	\$ 552,729	\$ 367,095	\$ (185,634)	Finding 1
Benefits	92,265	61,278	(30,987)	Finding 1
Services and supplies	24,276	24,276	-	
Other operating expenses	63,624	63,624	-	
Capital outlays	13,491	13,491	-	
Subtotals	746,385	529,764	(216,621)	
Indirect costs	223,916	128,513	(95,403)	Finding 1 & 3
Subtotals, health expenditures	970,301	658,277	(312,024)	
Less offsetting savings/reimbursements	(613,153)	(626,328)	(13,175)	Finding 4
Adjust for health fees exceeding health expenditures	-	-	-	Finding 5
Total costs	<u>\$ 357,148</u>	<u>31,949</u>	<u>\$ (325,199)</u>	
Less amount paid by the State		(357,148)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (325,199)</u>		
<u>July 1, 2000 through June 30, 2001</u>				
Salaries	\$ 550,480	\$ 387,826	\$ (162,654)	Finding 1
Benefits	91,530	64,485	(27,045)	Finding 1
Services and supplies	37,335	37,335	-	
Other operating expenses	60,628	60,628	-	
Capital outlays	11,131	11,131	-	
Subtotals	751,104	561,405	(189,699)	
Indirect costs	225,331	135,693	(89,638)	Finding 1 & 3
Subtotals, health expenditures	976,435	697,098	(279,337)	
Less offsetting savings/reimbursements	(615,404)	(615,404)	-	
Total costs	<u>\$ 361,031</u>	<u>81,694</u>	<u>\$ (279,337)</u>	
Less amount paid by the State		(111,475)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (29,781)</u>		
<u>July 1, 2001 through June 30, 2002</u>				
Salaries	\$ 601,571	\$ 428,365	\$ (173,206)	Finding 1
Benefits	106,283	75,682	(30,601)	Finding 1
Services and supplies	42,558	42,558	-	
Other operating expenses	100,573	59,198	(41,375)	Finding 2
Capital outlays	20,530	20,530	-	
Subtotals	871,515	626,333	(245,182)	
Indirect costs	261,454	151,214	(110,240)	Finding 1 & 3
Subtotals, health expenditures	1,132,969	777,547	(355,422)	
Less offsetting savings/reimbursements	(591,922)	(649,350)	(57,428)	Finding 4
Total costs	<u>\$ 541,047</u>	<u>128,197</u>	<u>\$ (412,850)</u>	
Less amount paid by the State		(94,223)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 33,974</u>		
<u>Summary: July 1, 1999 through June 30, 2002</u>				
Salaries	\$ 1,704,780	\$ 1,183,286	\$ (521,494)	Finding 1
Benefits	290,078	201,445	(88,633)	Finding 1
Services and supplies	104,169	104,169	-	
Other operating expenses	224,825	183,450	(41,375)	Finding 2
Capital outlays	45,152	45,152	-	
Subtotals	2,369,004	1,717,502	(651,502)	
Indirect costs	710,701	415,420	(295,281)	Finding 1 & 3
Subtotals, health expenditures	3,079,705	2,132,922	(946,783)	
Less offsetting savings/reimbursements	(1,820,479)	(1,891,082)	(70,603)	Finding 4
Total costs	<u>\$ 1,259,226</u>	<u>241,840</u>	<u>\$ (1,017,386)</u>	
Less amount paid by the State		(562,846)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (321,006)</u>		

1 See the Findings and Recommendations section.

San Mateo Community College District
 Legislatively Mandated Health Fee Elimination Program
 Schedule of Allowable Salaries & Benefits
 Fiscal Year 1999-2000

Name	Position	Salaries Audited	Benefits Audited *	Allowable Salaries	Allowable Benefits *	Net Unallowable
Jennifer Martin	Instructional Aid I	2,843.18	474.60	2,722.49	454.46	140.83
Walter McVeigh	Instructional Aid I	1,724.40	287.85	1,724.40	287.85	0.00
Ernest Rodriguez	Full-time Faculty	68,161.55	11,377.96	0.00	0.00	79,539.51
Gloria Pena-Bench	Office Assistant	3,361.33	561.09	0.00	0.00	3,922.42
Arlene Willberger	Counselor	71,355.92	11,911.19	71,355.92	11,911.19	0.00
Dee Howard	Full-time Faculty	39,786.00	6,641.33	0.00	0.00	46,427.33
Gloria D'Ambr	Office Assistant	29,472.59	4,919.75	29,472.59	4,919.75	0.00
Angela Stocker	Professor	3,386.51	565.30	0.00	0.00	3,951.81
Lawrence Stungari	Professor	38,469.08	6,421.51	0.00	0.00	44,890.59
Sheila Claxton	Office Assistant	8,197.55	1,368.39	0.00	0.00	9,565.94
Donna Elliot	Office Assistant	8,892.55	1,484.40	8,892.55	1,484.40	0.00
Rosario Car-Casanova	Professor	34,870.00	5,820.72	0.00	0.00	40,690.72
Sharon Bartel	Nurse	49,592.80	8,278.35	49,592.80	8,278.35	0.00
Marianne Burrows	Nurse	8,835.07	1,474.81	8,835.07	1,474.81	0.00
Betsy Goff	Nurse	18,952.03	3,163.59	18,952.03	3,163.59	0.00
Kathleen Desmond	Nurse	9,662.38	1,612.91	9,662.38	1,612.91	0.00
Diann Garcia	Nurse	7,816.52	1,304.78	7,816.52	1,304.78	0.00
Janet Gersonde	Nurse	32,811.39	5,477.09	32,811.39	5,477.09	0.00
Tatiana Isaëff	Nurse	6,214.47	1,037.36	6,214.47	1,037.36	0.00
Edna James	Nurse	10,140.32	1,692.69	10,140.32	1,692.69	0.00
Shirley James	Nurse	7,399.18	1,235.12	7,399.18	1,235.12	0.00
Janet Lindsey	Nurse	512.12	85.49	512.12	85.49	0.00
Barbara Madick	Nurse	1,318.45	220.08	1,318.45	220.08	0.00
Lisa Marlowe	Nurse	9,181.50	1,532.63	9,181.50	1,532.63	0.00
Ruth McCracken	Nurse	5,474.44	913.83	5,474.44	913.83	0.00
Lesli Sachs	Nurse	65,156.64	10,876.36	65,156.64	10,876.36	0.00
Judith Ward	Nurse	585.71	97.77	585.71	97.77	0.00
Judith West	Nurse	19,273.96	3,217.33	19,273.96	3,217.33	0.00
		<u>563,447.64</u>	<u>94,054.28</u>	<u>367,094.93</u>	<u>61,277.84</u>	<u>229,129.15</u>
Understated Salaries & Benefits		(10,718.55)	(1,789.18)			(12,507.73)
Net Salaries and Benefits Claimed		<u>552,729.09</u>	<u>92,265.10</u>			
Net Allowable Salaries and Benefits				<u>367,094.93</u>	<u>61,277.84</u>	
Net Unallowable Salaries and Benefits						<u>216,621.42</u>

* - Based on audited benefit rate of 16.69264%

	Salaries	Benefits	Total
Total Claimed	552,729.09	92,265.10	644,994.19
Total Allowable	367,094.93	61,277.84	428,372.77
Total Unallowable	185,634.16	30,987.26	216,621.42

San Mateo Community College District
 Legislatively Mandated Health Fee Elimination Program
 Schedule of Allowable Salaries & Benefits
 Fiscal Year 2000-2001

Name	Position	Salaries Audited	Benefits Audited *	Allowable Salaries	Allowable Benefits *	Net Unallowable
Ernest Rodriguez	Full-time Faculty	71,569.18	11,899.94	0.00	0.00	83,469.12
Arlene Wilberger	Counselor	60,640.39	10,082.79	60,640.39	10,082.79	0.00
Dee Howard	Full-time Faculty	43,184.67	7,180.40	0.00	0.00	50,365.07
Gloria D'Ambra	Office Assistant	33,045.47	5,494.53	33,045.47	5,494.53	0.00
Angela Stocker	Professor	3,555.86	591.24	0.00	0.00	4,147.10
Lawrence Stringari	Professor	35,025.57	5,823.77	0.00	0.00	40,849.34
Donna Elliot	Office Assistant	23,059.03	3,834.07	23,059.03	3,834.07	0.00
Barbara Mascher	Unknown	651.46	108.32	651.46	108.32	0.00
Kathleen Masket	Unknown	411.08	68.35	411.08	68.35	0.00
Rosario Car-Casanova	Professor	8,682.63	1,443.68	0.00	0.00	10,126.31
Jo Anne Taylor	Professor	786.68	130.80	786.68	130.80	0.00
Harold Berrero	Faculty	716.15	119.08	677.04	112.57	45.62
Sharon Bartel	Nurse	54,189.00	9,010.11	54,189.00	9,010.11	0.00
Marianne Burrows	Nurse	2,546.71	423.45	2,546.71	423.45	0.00
Betsi Goff	Nurse	10,762.29	1,789.47	10,762.29	1,789.47	0.00
Kathleen Desmond	Nurse	9,150.56	1,521.48	9,150.56	1,521.48	0.00
Dlann Garcia	Nurse	7,824.90	1,301.06	7,824.90	1,301.06	0.00
Janet Gersonde	Nurse	37,075.99	6,164.70	37,075.99	6,164.70	0.00
Taliana Isaef	Nurse	7,592.06	1,262.35	7,592.06	1,262.35	0.00
Edna James	Nurse	11,392.69	1,894.28	11,392.69	1,894.28	0.00
Shirley James	Nurse	8,161.83	1,357.08	8,161.83	1,357.08	0.00
Janet Lindsey	Nurse	13,316.82	2,214.21	13,316.82	2,214.21	0.00
Barbara Madick	Nurse	1,722.65	286.43	1,722.65	286.43	0.00
Lisa Marlowe	Nurse	11,884.24	1,976.02	11,884.24	1,976.02	0.00
Ruth McCracken	Nurse	5,252.04	873.27	5,252.04	873.27	0.00
Leshi Sachs	Nurse	67,238.14	11,179.81	67,238.14	11,179.81	0.00
Judith West	Nurse	20,444.34	3,399.32	20,444.34	3,399.32	0.00
		<u>549,882.43</u>	<u>91,430.01</u>	<u>387,825.41</u>	<u>64,484.47</u>	<u>189,002.56</u>
Overstated Salaries		597.49	99.34			696.83
Net Salaries and Benefits Claimed		<u>550,479.92</u>	<u>91,529.35</u>			
Net Allowable Salaries and Benefits				<u>387,825.41</u>	<u>64,484.47</u>	
Net Unallowable Salaries and Benefits						<u>189,699.39</u>

* - Based on audited benefit rate of 16.62719%

	Salaries	Benefits	Total
Total Claimed	550,479.92	91,529.35	642,009.27
Total Allowable	387,825.41	64,484.47	452,309.88
Total Unallowable	162,654.51	27,044.88	189,699.39

San Mateo Community College District
 Legislatively Mandated Health Fee Elimination Program
 Schedule of Allowable Salaries & Benefits
 Fiscal Year 2001-2002

Name	Position	Salaries Audited	COLA Adjustment	Total Salaries	Benefits Audited *	Allowable Salaries	Allowable Benefits *	Net Unallowable
Ernest Rodriguez	Full-time faculty	57,255.36	4,007.88	61,263.24	10,823.76	0.00	0.00	72,087.00
Arlene Wiltberger	Counselor	60,827.66	3,783.42	64,611.10	11,415.24	64,611.10	11,415.24	0.00
Gloria D'Ambr	Office Assistant	36,217.82	2,422.41	38,640.23	6,826.81	38,640.23	6,826.81	(0.00)
Angela Stocker	Professor	3,555.90	236.47	3,792.37	670.02	0.00	0.00	4,462.39
Lawrence Stringari	Professor	42,030.60	2,819.55	44,850.15	7,923.95	0.00	0.00	52,774.10
Donna Elliot	Office Assistant	34,799.04	2,171.23	36,970.27	6,531.77	36,970.27	6,531.77	0.00
Roger Hubbard	Unknown	3,444.27	32.20	3,476.47	614.21	0.00	0.00	4,090.68
Donald Nichols	Medical Doctor	12,400.00	868.00	13,268.00	2,344.14	13,268.00	2,344.14	0.00
Rosemary O'Neill	Unknown	11,534.04	807.38	12,341.42	2,180.44	0.00	0.00	14,521.86
Jozsef Veres	Unknown	335.53	23.49	359.02	63.43	359.02	63.43	0.00
Dee Howard	Professor	43,184.70	3,022.93	46,207.63	8,163.79	0.00	0.00	54,371.42
Sharon Bartel	Nurse	56,300.00	3,743.95	60,043.95	10,608.34	60,043.95	10,608.34	0.00
Betsy Goff	Nurse	11,236.08	683.76	11,919.84	2,105.95	11,919.84	2,105.95	0.00
Diann Garcia	Nurse	5,637.60	312.42	5,950.02	1,051.23	5,950.02	1,051.23	0.00
Janet Gersonde	Nurse	36,370.41	2,035.51	38,405.92	6,785.41	38,405.92	6,785.41	0.00
Taliana Isaeif	Nurse	7,047.00	327.49	7,374.49	1,302.90	7,374.49	1,302.90	0.00
Edna James	Nurse	4,487.57	122.23	4,609.80	814.44	4,609.80	814.44	0.00
Shirley James	Nurse	7,943.04	487.61	8,430.65	1,489.50	8,430.65	1,489.50	0.00
Janet Lindsey	Nurse	17,436.87	1,190.30	18,627.17	3,290.98	18,627.17	3,290.98	0.00
Barbara Madick	Nurse	7,066.60	494.66	7,561.26	1,335.89	7,561.26	1,335.89	0.00
Lisa Markowe	Nurse	11,205.48	688.63	11,894.11	2,101.41	11,894.11	2,101.41	0.00
Ruth McCracken	Nurse	3,406.05	176.76	3,582.81	633.00	3,582.81	633.00	0.00
Lestl Sachs	Nurse	69,944.70	4,682.37	74,627.07	13,184.83	74,627.07	13,184.83	0.00
Judith West	Nurse	20,358.04	1,131.14	21,489.18	3,796.63	21,489.18	3,796.63	0.00
		<u>564,024.36</u>	<u>36,271.79</u>	<u>600,296.17</u>	<u>106,058.07</u>	<u>428,364.89</u>	<u>75,681.90</u>	<u>202,307.45</u>
Overstated Salaries		2,647.10	(1,372.56)	1,274.54	225.18			1,499.72
Net Salaries and Benefits Claimed		<u>566,671.46</u>	<u>34,899.23</u>	<u>601,570.71</u>	<u>106,283.25</u>			
Net Allowable Salaries and Benefits						<u>428,364.89</u>	<u>75,681.90</u>	
Net Unallowable Salaries and Benefits								<u>203,807.17</u>

* - Based on audited benefit rate of 17.66762%

	Salaries	Benefits	Total
Total Claimed	601,570.71	106,283.25	707,853.96
Total Allowable	428,364.89	75,681.90	504,046.79
Total Unallowable	173,205.82	30,601.35	203,807.17

E.O.s 12549 (3 CFR, 1986 Comp., p. 189) and 12689 (3 CFR, 1989 Comp., p. 235), "Debarment and Suspension." The Excluded Parties List System contains the names of parties debarred, suspended, or otherwise excluded by agencies, as well as parties declared ineligible under statutory or regulatory authority other than E.O. 12549.

[FR Doc. 05-16647 Filed 8-30-05; 8:45 am]
BILLING CODE 3110-01-P

OFFICE OF MANAGEMENT AND BUDGET

2 CFR Parts 215 and 220

Cost Principles for Educational Institutions (OMB Circular A-21)

AGENCY: Office of Management and Budget.

ACTION: Relocation of policy guidance to 2 CFR chapter II.

SUMMARY: The Office of Management and Budget (OMB) is relocating OMB Circular A-21, "Cost Principles for Educational Institutions," to Title 2 in the Code of Federal Regulations (2 CFR), subtitle A, chapter II, part 220. This relocation is part of our broader initiative to create 2 CFR as a single location where the public can find both OMB guidance for grants and agreements and the associated Federal agency implementing regulations. The broader initiative provides a good foundation for streamlining and simplifying the policy framework for grants and agreements, one objective of OMB and Federal agency efforts to implement the Federal Financial Assistance Management Improvement Act of 1999 (Pub. L. 106-107).

Furthermore, this document makes changes to 2 CFR part 215, Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (OMB Circular A-110). The changes will add to part 215 new references to 2 CFR parts 220, 225, and 230 for the cost principles in OMB Circulars A-21, A-87, and A-122, respectively; will update part 215 to include a citation for the Social Security Administration's grant regulation; and will correct part 215 to add the amendatory language of A-110 published on October 8, 1999, and to correct a typographic error.

DATES: This document is effective August 31, 2005. This document republishes the existing OMB Circular A-21, which already is in effect.

FOR FURTHER INFORMATION CONTACT: Gil Tran, Office of Federal Financial Management, Office of Management and Budget, telephone (202) 395-3052

(direct) or (202) 395-3993 (main office) and e-mail Hai_M._Tran@omb.eop.gov.

SUPPLEMENTARY INFORMATION: On May 10, 2004 [69 FR 25970], we revised the three OMB circulars containing Federal cost principles. The purpose of those revisions was to simplify the cost principles by making the descriptions of similar cost items consistent across the circulars where possible, thereby reducing the possibility of misinterpretation. Those revisions resulted from OMB and Federal agency efforts to implement Public Law 106-107, and were effective on June 9, 2004.

In this document and the two documents immediately following this one, we relocate those three OMB circulars to the CFR, in Title 2 which was established on May 11, 2004 [69 FR 26276] as a central location for OMB and Federal agency policies on grants and agreements. When we established 2 CFR and relocated OMB Circular A-110 in that new title, we stated that we would relocate in the near future the other OMB circulars related to grants and agreements. Today's documents are a significant step toward that end.

Our relocation of OMB Circular A-21 does not change the substance of the circular. Other than adjustments needed to conform to the formatting requirements of the CFR, this notice relocates in 2 CFR the version of OMB Circular A-21 as revised by the May 10, 2004 notice.

Conforming changes to 2 CFR part 215. There is a need for conforming changes to 2 CFR part 215, which contains administrative requirements for grants and other financial assistance agreements with educational institutions and other nonprofit organizations. The amendments to § 215.25(c)(6) and (e), § 215.27, and § 215.29(b) add the new references to 2 CFR parts 220, 225, and 230 for the cost principles in OMB Circulars A-21, A-87, and A-122, respectively.

Update and corrections to 2 CFR part 215. Additional changes to 2 CFR part 215 are needed to update § 215.5 and to correct § 215.36 and § 215.72. The update to § 215.5 adds the CFR citation for the Social Security Administration's (SSA) implementation of the grants management common rule, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments." The changes to § 215.36 provide the corrections needed to include the amendments to OMB Circular A-110 that were published as final on October 8, 1999 [64 FR 54926] and were inadvertently omitted from our publication of part 215 last year [69 FR 26281]. The change to

§ 215.72 provides correction for a long-standing typo.

List of Subjects

2 CFR Part 215

Accounting, Colleges and universities, Cooperative agreements, Grant programs, Grants administration, Hospitals, Nonprofit organizations, Reporting and recordkeeping requirements.

2 CFR Part 220

Accounting, Colleges and universities, Grant programs, Grant administrations, Reporting and recordkeeping requirements.

Dated: August 8, 2005.

Joshua B. Bolten,
Director.

Authority and Issuance

■ For the reasons set forth above, the Office of Management and Budget amends 2 CFR, subtitle A, chapter II, as follows:

PART 215—[AMENDED]

■ 1. The authority citation for part 215 continues to read as follows:

Authority: 31 U.S.C. 503; 31 U.S.C. 1111; 41 U.S.C. 405; Reorganization Plan No. 2 of 1970; E.O. 11541, 35 FR 10737, 3 CFR, 1966-1970, p. 939.

§ 215.5 [Amended]

■ 2. Section 215.5 is amended by adding "20 CFR part 437," following "15 CFR part 24,"

■ 3. Section 215.25 is amended by revising paragraphs (c)(6) and (e) to read as follows:

§ 215.25 Revision of budget and program plans.

* * * * *

(c) * * *

(6) The inclusion, unless waived by the Federal awarding agency, of costs that require prior approval in accordance with any of the following, as applicable:

(i) 2 CFR part 220, "Cost Principles for Educational Institutions (OMB Circular A-21);"

(ii) 2 CFR part 230, "Cost Principles for Non-Profit Organizations (OMB Circular A-122);"

(iii) 45 CFR part 74, Appendix E, "Principles for Determining Costs Applicable to Research and Development under Grants and Contracts with Hospitals;" and

(iv) 48 CFR part 31, "Contract Cost Principles and Procedures."

* * * * *

(e) Except for requirements listed in paragraphs (c)(1) and (c)(4) of this

under sponsored agreements. The principles shall also be used in determining the costs of work performed by such institutions under subgrants, cost-reimbursement subcontracts, and other awards made to them under sponsored agreements. They also shall be used as a guide in the pricing of fixed-price contracts and subcontracts where costs are used in determining the appropriate price. The principles do not apply to:

a. Arrangements under which Federal financing is in the form of loans, scholarships, fellowships, traineeships, or other fixed amounts based on such items as education allowance or published tuition rates and fees of an institution.

b. Capitation awards.

c. Other awards under which the institution is not required to account to the Federal Government for actual costs incurred.

d. Conditional exemptions.

(1) OMB authorizes conditional exemption from OMB administrative requirements and cost principles for certain Federal programs with statutorily-authorized consolidated planning and consolidated administrative funding, that are identified by a Federal agency and approved by the head of the Executive department or establishment. A Federal agency shall consult with OMB during its consideration of whether to grant such an exemption.

(2) To promote efficiency in State and local program administration, when Federal non-entitlement programs with common purposes have specific statutorily-authorized consolidated planning and consolidated administrative funding and where most of the State agency's resources come from non-Federal sources, Federal agencies may exempt these covered State-administered, non-entitlement grant programs from certain OMB grants management requirements. The exemptions would be from all but the allocability of costs provisions of subsection C.3 of Appendix A to 2 CFR part 225 Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87), Section C, subpart 4 to 2 CFR part 220 Cost Principles for Educational Institutions (OMB Circular A-21), and subsection A.4 of Appendix A to 2 CFR part 230 Cost Principles for Non-Profit Organizations." (OMB Circular A-122), and from all of the administrative requirements provisions of 2 CFR part 215, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations (OMB Circular A-110), and the agencies' grants management common rule (see § 215.5 of this subtitle).

(3) When a Federal agency provides this flexibility, as a prerequisite to a State's exercising this option, a State must adopt its own written fiscal and administrative requirements for expending and accounting for all funds, which are consistent with the provisions of 2 CFR part 225 (OMB Circular A-87), and extend such policies to all subrecipients. These fiscal and administrative requirements must be sufficiently specific to ensure that: Funds are used in compliance with all applicable Federal statutory and regulatory provisions, costs are reasonable and necessary for

operating these programs, and funds are not to be used for general expenses required to carry out other responsibilities of a State or its subrecipients.

4. Inquiries.

All inquiries from Federal agencies concerning the cost principles contained in this Appendix to 2 CFR part 220, including the administration and implementation of the Cost Accounting Standards (CAS) (described in Sections C.10 through C.13) and disclosure statement (DS-2) requirements, shall be addressed by the Office of Management and Budget (OMB), Office of Federal Financial Management, in coordination with the Cost Accounting Standard Board (CASB) with respect to inquiries concerning CAS. Educational institutions' inquiries should be addressed to the cognizant agency.

B. Definition of Terms

1. Major functions of an institution refers to instruction, organized research, other sponsored activities and other institutional activities as defined below:

a. Instruction means the teaching and training activities of an institution. Except for research training as provided in subsection b, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non-credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division. Also considered part of this major function are departmental research, and, where agreed to, university research.

(1) Sponsored instruction and training means specific instructional or training activity established by grant, contract, or cooperative agreement. For purposes of the cost principles, this activity may be considered a major function even though an institution's accounting treatment may include it in the instruction function.

(2) Departmental research means research, development and scholarly activities that are not organized research and, consequently, are not separately budgeted and accounted for. Departmental research, for purposes of this document, is not considered as a major function, but as a part of the instruction function of the institution.

b. Organized research means all research and development activities of an institution that are separately budgeted and accounted for. It includes:

(1) Sponsored research means all research and development activities that are sponsored by Federal and non-Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

(2) University research means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds. University research, for purposes of this document, shall be combined with sponsored research under the function of organized research.

c. Other sponsored activities means programs and projects financed by Federal and non-Federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects, and community service programs. However, when any of these activities are undertaken by the institution without outside support, they may be classified as other institutional activities.

d. Other institutional activities means all activities of an institution except:

(1) Instruction, departmental research, organized research, and other sponsored activities, as defined above;

(2) F&A cost activities identified in Section F of this Appendix; and

(3) Specialized service facilities described in Section J.47 of this Appendix. Other institutional activities include operation of residence halls, dining halls, hospitals and clinics, student unions, intercollegiate athletics, bookstores, faculty housing, student apartments, guest houses, chapels, theaters, public museums, and other similar auxiliary enterprises. This definition also includes any other categories of activities, costs of which are "unallowable" to sponsored agreements, unless otherwise indicated in the agreements.

2. Sponsored agreement, for purposes of this Appendix, means any grant, contract, or other agreement between the institution and the Federal Government.

3. Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective, in reasonable and realistic proportion to the benefit provided or other equitable relationship. A cost objective may be a major function of the institution, a particular service or project, a sponsored agreement, or an F&A cost activity, as described in Section F of this Appendix. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

4. Facilities and administrative (F&A) costs, for the purpose of this Appendix, means costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. F&A costs are synonymous with "indirect" costs, as previously used in this Appendix and as currently used in attachments A and B to this Appendix. The F&A cost categories are described in Section F.1 of this Appendix.

C. Basic Considerations

1. Composition of total costs. The cost of a sponsored agreement is comprised of the allowable direct costs incident to its performance, plus the allocable portion of the allowable F&A costs of the institution, less applicable credits as described in subsection C.5 of this Appendix.

2. Factors affecting allowability of costs. The tests of allowability of costs under these principles are: they must be reasonable; they must be allocable to sponsored agreements under the principles and methods provided herein; they must be given consistent treatment through application of those generally accepted accounting principles

appropriate to the circumstances; and they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items.

3. Reasonable costs. A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are: whether or not the cost is of a type generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement; the restraints or requirements imposed by such factors as arm's-length bargaining, Federal and State laws and regulations, and sponsored agreement terms and conditions; whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the Federal Government, and the public at large; and, the extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored agreements.

4. Allocable costs.

a. A cost is allocable to a particular cost objective (i.e., a specific function, project, sponsored agreement, department, or the like) if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a sponsored agreement if it is incurred solely to advance the work under the sponsored agreement; it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods, or it is necessary to the overall operation of the institution and, in light of the principles provided in this Appendix, is deemed to be assignable in part to sponsored projects. Where the purchase of equipment or other capital items is specifically authorized under a sponsored agreement, the amounts thus authorized for such purchases are assignable to the sponsored agreement regardless of the use that may subsequently be made of the equipment or other capital items involved.

b. Any costs allocable to a particular sponsored agreement under the standards provided in this Appendix may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.

c. Any costs allocable to activities sponsored by industry, foreign governments or other sponsors may not be shifted to federally-sponsored agreements.

d. Allocation and documentation standard.

(1) Cost principles. The recipient institution is responsible for ensuring that

costs charged to a sponsored agreement are allowable, allocable, and reasonable under these cost principles.

(2) Internal controls. The institution's financial management system shall ensure that no one person has complete control over all aspects of a financial transaction.

(3) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding subsection b, the costs may be allocated or transferred to benefited projects on any reasonable basis, consistent with subsections C.4.d. (1) and (2) of this Appendix.

(4) Documentation. Federal requirements for documentation are specified in this Appendix, 2 CFR Part 215, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," and specific agency policies on cost transfers. If the institution authorizes the principal investigator or other individual to have primary responsibility, given the requirements of subsection C.4.d. (2) of this Appendix, for the management of sponsored agreement funds, then the institution's documentation requirements for the actions of those individuals (e.g., signature or initials of the principal investigator or designee or use of a password) will normally be considered sufficient.

5. Applicable credits.

a. The term "applicable credits" refers to those receipts or negative expenditures that operate to offset or reduce direct or F&A cost items. Typical examples of such transactions are: purchase discounts, rebates, or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. This term also includes "educational discounts" on products or services provided specifically to educational institutions, such as discounts on computer equipment, except where the arrangement is clearly and explicitly identified as a gift by the vendor.

b. In some instances, the amounts received from the Federal Government to finance institutional activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the institution in determining the rates or amounts to be charged to sponsored agreements for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by Federal funds. (See Sections F.10, J.14, and J.47 of this Appendix for areas of potential application in the matter of direct Federal financing.)

6. Costs incurred by State and local governments. Costs incurred or paid by State or local governments on behalf of their colleges and universities for fringe benefit programs, such as pension costs and FICA and any other costs specifically incurred on

behalf of, and in direct benefit to, the institutions, are allowable costs of such institutions whether or not these costs are recorded in the accounting records of the institutions, subject to the following:

a. The costs meet the requirements of subsections C.1 through 5 of this Appendix.

b. The costs are properly supported by cost allocation plans in accordance with applicable Federal cost accounting principles.

c. The costs are not otherwise borne directly or indirectly by the Federal Government.

7. Limitations on allowance of costs. Sponsored agreements may be subject to statutory requirements that limit the allowance of costs. When the maximum amount allowable under a limitation is less than the total amount determined in accordance with the principles in this Appendix, the amount not recoverable under a sponsored agreement may not be charged to other sponsored agreements.

8. Collection of unallowable costs, excess costs due to noncompliance with cost policies, increased costs due to failure to follow a disclosed accounting practice and increased costs resulting from a change in cost accounting practice. The following costs shall be refunded (including interest) in accordance with applicable Federal agency regulations:

a. Costs specifically identified as unallowable in Section J of this Appendix, either directly or indirectly, and charged to the Federal Government.

b. Excess costs due to failure by the educational institution to comply with the cost policies in this Appendix.

c. Increased costs due to a noncompliant cost accounting practice used to estimate, accumulate, or report costs.

d. Increased costs resulting from a change in accounting practice.

9. Adjustment of previously negotiated F&A cost rates containing unallowable costs. Negotiated F&A cost rates based on a proposal later found to have included costs that are unallowable as specified by law or regulation, Section J of this Appendix, terms and conditions of sponsored agreements, or are unallowable because they are clearly not allocable to sponsored agreements, shall be adjusted, or a refund shall be made, in accordance with the requirements of this section. These adjustments or refunds are designed to correct the proposals used to establish the rates and do not constitute a reopening of the rate negotiation. The adjustments or refunds will be made regardless of the type of rate negotiated (predetermined, final, fixed, or provisional).

a. For rates covering a future fiscal year of the institution, the unallowable costs will be removed from the F&A cost pools and the rates appropriately adjusted.

b. For rates covering a past period, the Federal share of the unallowable costs will be computed for each year involved and a cash refund (including interest chargeable in accordance with applicable regulations) will be made to the Federal Government. If cash refunds are made for past periods covered by provisional or fixed rates, appropriate adjustments will be made when the rates are

mutually agreed upon information for management purposes, each F&A cost rate negotiation or determination shall include development of a rate for each F&A cost pool as well as the overall F&A cost rate.

11. Negotiation and approval of F&A rate.
a. Cognizant agency assignments. "A cognizant agency" means the Federal agency responsible for negotiating and approving F&A rates for an educational institution on behalf of all Federal agencies.

(1) Cost negotiation cognizance is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years. Information on funding shall be derived from relevant data gathered by the National Science Foundation. In cases where neither HHS nor DOD provides Federal funding to an educational institution, the cognizant agency assignment shall default to HHS. Notwithstanding the method for cognizance determination described above, other arrangements for cognizance of a particular educational institution may also be based in part on the types of research performed at the educational institution and shall be decided based on mutual agreement between HHS and DOD.

(2) Cognizant assignments as of December 31, 1995, shall continue in effect through educational institutions' fiscal years ending during 1997, or the period covered by negotiated agreements in effect on December 31, 1995, whichever is later, except for those educational institutions with cognizant agencies other than HHS or DOD. Cognizance for these educational institutions shall transfer to HHS or DOD at the end of the period covered by the current negotiated rate agreement. After cognizance is established, it shall continue for a five-year period.

b. Acceptance of rates. The negotiated rates shall be accepted by all Federal agencies. Only under special circumstances, when required by law or regulation, may an agency use a rate different from the negotiated rate for a class of sponsored agreements or a single sponsored agreement.

c. Correcting deficiencies. The cognizant agency shall negotiate changes needed to correct systems deficiencies relating to accountability for sponsored agreements. Cognizant agencies shall address the concerns of other affected agencies, as appropriate.

d. Resolving questioned costs. The cognizant agency shall conduct any necessary negotiations with an educational institution regarding amounts questioned by audit that are due the Federal Government related to costs covered by a negotiated agreement.

e. Reimbursement. Reimbursement to cognizant agencies for work performed under Part 220 may be made by reimbursement billing under the Economy Act, 31 U.S.C. 1535.

f. Procedure for establishing facilities and administrative rates. The cognizant agency shall arrange with the educational institution to provide copies of rate proposals to all interested agencies. Agencies wanting such

copies should notify the cognizant agency. Rates shall be established by one of the following methods:

(1) Formal negotiation. The cognizant agency is responsible for negotiating and approving rates for an educational institution on behalf of all Federal agencies. Non-cognizant Federal agencies, which award sponsored agreements to an educational institution, shall notify the cognizant agency of specific concerns (*i.e.*, a need to establish special cost rates) that could affect the negotiation process. The cognizant agency shall address the concerns of all interested agencies, as appropriate. A pre-negotiation conference may be scheduled among all interested agencies, if necessary. The cognizant agency shall then arrange a negotiation conference with the educational institution.

(2) Other than formal negotiation. The cognizant agency and educational institution may reach an agreement on rates without a formal negotiation conference; for example, through correspondence or use of the simplified method described in this Appendix.

g. Formalizing determinations and agreements. The cognizant agency shall formalize all determinations or agreements reached with an educational institution and provide copies to other agencies having an interest.

h. Disputes and disagreements. Where the cognizant agency is unable to reach agreement with an educational institution with regard to rates or audit resolution, the appeal system of the cognizant agency shall be followed for resolution of the disagreement.

12. Standard Format for Submission. For facilities and administrative (F&A) rate proposals submitted on or after July 1, 2001, educational institutions shall use the standard format, shown in Attachment C to this Appendix, to submit their F&A rate proposal to the cognizant agency. The cognizant agency may, on an institution-by-institution basis, grant exceptions from all or portions of Part II of the standard format requirement. This requirement does not apply to educational institutions that use the simplified method for calculating F&A rates, as described in Section H of this Appendix.

H. Simplified Method for Small Institutions

1. General.
a. Where the total direct cost of work covered by Part 220 at an institution does not exceed \$10 million in a fiscal year, the use of the simplified procedure described in subsections H.2 or 3 of this Appendix, may be used in determining allowable F&A costs. Under this simplified procedure, the institution's most recent annual financial report and immediately available supporting information shall be utilized as basis for determining the F&A cost rate applicable to all sponsored agreements. The institution may use either the salaries and wages (see subsection H.2 of this Appendix) or modified total direct costs (see subsection H.3 of this Appendix) as distribution basis.

b. The simplified procedure should not be used where it produces results that appear inequitable to the Federal Government or the

institution. In any such case, F&A costs should be determined through use of the regular procedure.

2. Simplified procedure—Salaries and wages base.

a. Establish the total amount of salaries and wages paid to all employees of the institution.

b. Establish an F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:

(1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and scholarships). In those cases where expenditures have previously been allocated to other institutional activities, they may be included in the F&A cost pool. The total amount of salaries and wages included in the F&A cost pool must be separately identified.

(2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

c. Establish a salary and wage distribution base, determined by deducting from the total of salaries and wages as established in subsection a the amount of salaries and wages included under subsection H.2.b of this Appendix.

d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection H.2.b of this Appendix, by the amount of the distribution base, subsection H.2.c of this Appendix.

e. Apply the F&A cost rate to direct salaries and wages for individual agreements to determine the amount of F&A costs allocable to such agreements.

3. Simplified procedure—Modified total direct cost base.

a. Establish the total costs incurred by the institution for the base period.

b. Establish a F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:

(1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and scholarships). In those cases where expenditures have previously been allocated to other institutional activities, they may be included in the F&A cost pool. The modified total direct costs amount included in the F&A cost pool must be separately identified.

(2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

c. Establish a modified total direct cost distribution base, as defined in Section G.2 of this Appendix, that consists of all institution's direct functions.

d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.

e. Apply the F&A cost rate to the modified total direct costs for individual agreements to determine the amount of F&A costs allocable to such agreements.

I. Reserved

J. General Provisions for Selected Items of Cost

Sections J.1 through 54 of this Appendix provide principles to be applied in establishing the allowability of certain items involved in determining cost. These principles should apply irrespective of whether a particular item of cost is properly treated as direct cost or F&A cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case should be based on the treatment provided for similar or related items of cost. In case of a discrepancy between the provisions of a specific sponsored agreement and the provisions below, the agreement should govern.

1. Advertising and public relations costs.

a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.

b. The term public relations includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.

c. The only allowable advertising costs are those that are solely for:

(1) The recruitment of personnel required for the performance by the institution of obligations arising under a sponsored agreement (See also section J.42.b of this Appendix, Recruiting);

(2) The procurement of goods and services for the performance of a sponsored agreement;

(3) The disposal of scrap or surplus materials acquired in the performance of a sponsored agreement except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; or

(4) Other specific purposes necessary to meet the requirements of the sponsored agreement.

d. The only allowable public relations costs are:

(1) Costs specifically required by the sponsored agreement;

(2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of sponsored agreements (these costs are considered necessary as part of the outreach effort for the sponsored agreement); or

(3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc.

e. Costs identified in subsections c and d if incurred for more than one sponsored agreement or for both sponsored work and other work of the institution, are allowable to the extent that the principles in sections D. ("Direct Costs") and E. ("F & A Costs") of this Appendix are observed.

f. Unallowable advertising and public relations costs include the following:

(1) All advertising and public relations costs other than as specified in subsections J.1.c, 1.d and 1.e of this Appendix.

(2) Costs of meetings, conventions, convocations, or other events related to other activities of the institution, including:

(a) Costs of displays, demonstrations, and exhibits;

(b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and

(c) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

(3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs;

(4) Costs of advertising and public relations designed solely to promote the institution.

2. Advisory councils.

Costs incurred by advisory councils or committees are allowable as a direct cost where authorized by the Federal awarding agency or as an indirect cost where allocable to sponsored agreements.

3. Alcoholic beverages.

Costs of alcoholic beverages are unallowable.

4. Alumni/ae activities.

Costs incurred for, or in support of, alumni/ae activities and similar services are unallowable.

5. Audit costs and related services.

a. The costs of audits required by, and performed in accordance with, the Single Audit Act, as implemented by Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" are allowable. Also see 31 U.S.C. 7505(b) and section __.230 ("Audit Costs") of Circular A-133.

b. Other audit costs are allowable if included in an indirect cost rate proposal, or if specifically approved by the awarding agency as a direct cost to an award.

c. The cost of agreed-upon procedures engagements to monitor subrecipients who are exempted from A-133 under section __.200(d) are allowable, subject to the conditions listed in A-133, section __.230 (b)(2).

6. Bad Debt.

Bad debts, including losses (whether actual or estimated) arising from uncollectable accounts and other claims, related collection costs, and related legal costs, are unallowable.

7. Bonding costs.

a. Bonding costs arise when the Federal Government requires assurance against financial loss to itself or others by reason of the act or default of the institution. They arise also in instances where the institution requires similar assurance. Included are such bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds.

b. Costs of bonding required pursuant to the terms of the award are allowable.

c. Costs of bonding required by the institution in the general conduct of its operations are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

8. Commencement and convocation costs.

Costs incurred for commencements and convocations are unallowable, except as provided for in Section F.9 of this Appendix.

9. Communication costs.

Costs incurred for telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are allowable.

10. Compensation for personal services.

a. General. Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. Such amounts include salaries, wages, and fringe benefits (see subsection J.10.f of this Appendix). These costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied, and provided that the charges for work performed directly on sponsored agreements and for other work allocable as F&A costs are determined and supported as provided below. Charges to sponsored agreements may include reasonable amounts for activities contributing and intimately related to work under the agreements, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences. Incidental work (that in excess of normal for the individual), for which supplemental compensation is paid by an institution under institutional policy, need not be included in the payroll distribution systems described below, provided such work and compensation are separately identified and documented in the financial management system of the institution.

b. Payroll distribution.

(1) General Principles.

(a) The distribution of salaries and wages, whether treated as direct or F&A costs, will be based on payrolls documented in accordance with the generally accepted practices of colleges and universities. Institutions may include in a residual category all activities that are not directly charged to sponsored agreements, and that need not be distributed to more than one activity for purposes of identifying F&A costs and the functions to which they are allocable. The components of the residual category are not required to be separately documented.



DEPARTMENT OF HEALTH & HUMAN SERVICES

ATTENTION:
NEW ROOM #

Program Support Center
Financial Management Service
Division of Cost Allocation

DCA Western Field Office
50 United Nations Plaza, Room 347
San Francisco, CA 94102

FEB 11 1999

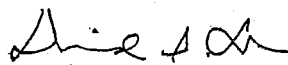
Raymond Chow
Accountant
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

Dear Mr. Chow:

The original and one copy of an indirect cost Negotiation Agreement are enclosed. This Agreement reflects an understanding reached between your organization and a member of my staff concerning the rate(s) that may be used to support your claim for indirect costs on grants and contracts with the Federal Government. Please have the original signed by a duly authorized representative of your organization and return it to me, retaining the copy for your files. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

An indirect cost proposal together with supporting information are required to substantiate your claim for indirect costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on your fiscal year ending 06/30/02, is due in our office by 12/31/02.

Sincerely,


David S. Low
Director

Enclosures

PLEASE SIGN AND RETURN THE ORIGINAL OF THE NEGOTIATION AGREEMENT

Phone: (415) 437-7820 - Fax: (415) 437-7823 - E-mail: dcasf@psc.gov

COLLEGES AND UNIVERSITIES RATE AGREEMENT

UN #:

DATE: February 4, 1999

INSTITUTION:
San Mateo County Community College District
3401 CSM Drive

FILING REF.: The preceding
Agreement was dated
February 21, 1996

San Mateo

CA 94402

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE (%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/99	06/30/03	30.0	All	All Programs
PROV.	07/01/03	06/30/04	30.0	All	All Programs

*BASE:

Direct salaries and wages including all fringe benefits.

INSTITUTION:

San Mateo County Community College District

AGREEMENT DATE: February 4, 1999

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

This organization charges the actual cost of each fringe benefit direct to Federal projects. However, it uses a fringe benefit rate which is applied to salaries and wages in budgeting fringe benefit costs under project proposals. The fringe benefits listed below are treated as direct costs.

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

DEFINITION OF EQUIPMENT

Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition costs of \$500 or more per unit.

The following fringe benefits are treated as direct costs:

FICA, RETIREMENT PLAN, UNEMPLOYMENT, WORKERS COMPENSATION, HEALTH/DENTAL/LIFE INSURANCE, AND SALARY INCOME PROTECTION.

INSTITUTION:
San Mateo County Community College District

AGREEMENT DATE: February 4, 1999

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted; such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-21 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the agreement.

BY THE INSTITUTION:

San Mateo County Community College District

(INSTITUTION)

Joseph Newmyer

(SIGNATURE)

Joseph Newmyer

(NAME)

Acting Associate Chancellor

(TITLE)

3-2-99

(DATE)

BY THE COGNIZANT AGENCY

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

David S. Low

(SIGNATURE)

David S. Low

(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION

(TITLE)

February 4, 1999

(DATE) 0213

HHS REPRESENTATIVE: May J. Wong
Telephone: (415) 437-7820

Hearing: 5/25/89
File Number: CSM-4206
Staff: Deborah Fraga-Decker
WP 0366d

PROPOSED PARAMETERS AND GUIDELINES AMENDMENTS
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination ✓

Executive Summary

At its hearing of November 20, 1986, the Commission on State Mandates found that Chapter 1, Statutes of 1984, 2nd E.S., imposed state mandated costs upon local community college districts by (1) requiring those community college districts which provided health services for which it was authorized to and did charge a fee to maintain such health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter and (2) repealing the district's authority to charge a health fee. The requirements of this statute would repeal on December 31, 1987, unless subsequent legislation was enacted.

Chapter 1118, Statutes of 1987, was enacted September 24, 1987, and became effective January 1, 1988. Chapter 1118/87 modified the requirements contained in Chapter 1/84, 2nd E.S., to require those community college districts which provided health services in fiscal year 1986-87 to maintain such health services in the 1987-88 fiscal year and each fiscal year thereafter. Additionally, the language contained in Chapter 1/84, 2nd E.S., which repealed the districts' authority to charge a health fee to cover the costs of the health services program was allowed to sunset, thereby reinstating the districts' authority to charge a fee as specified. Parameters and guidelines amendments are appropriate to address the changes contained in Chapter 1118/87 because this statute amended the same Education Code sections previously enacted by Chapter 1/84, 2nd E.S., and found to contain a mandate.

Commission staff included the Department of Finance suggested non-substantive amendment to the staff's proposed parameters and guidelines amendments. The Chancellor's Office, the State Controller's Office, and the claimant are in agreement with these amendments. Therefore, staff recommends that the Commission adopt the parameters and guidelines amendments as requested by the Chancellor's Office and as developed by staff.

Claimant

Rio Hondo Community College District

Requesting Party

California Community Colleges Chancellor's Office

Chronology

12/2/85 Test Claim filed with Commission on State Mandates.
7/24/86 Test Claim continued at claimant's request.
11/20/86 Commission approved mandate.
1/22/87 Commission adopted Statement of Decision.
4/9/87 Claimant submitted proposed parameters and guidelines.
8/27/87 Commission adopted parameters and guidelines
10/22/87 Commission adopted cost estimate
9/28/88 Mandate funded in Commission's Claims Bill, Chapter 1425/88

Summary of Mandate

Chapter 1/84, 2nd E.S., effective July 1, 1984, repealed Education Code (EC) Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required that any community college district which provided health services for which it was authorized to charge a fee shall maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter.

Prior to the passage of Chapter 1/84, 2nd E.S., the implementation of a health services program was at the local community college district's option. If implemented, the respective community college district had the authority to charge a health fee up to \$7.50 per semester for day and evening students, and \$5 per summer session.

Proposed Amendments

The Community Colleges Chancellor's Office (Chancellor's Office) has requested parameters and guidelines amendments be made to address the changes in mandated activities effectuated by Chapter 1118/87. (Attachment G) In order to expedite the process, staff has developed language to accomplish the following: (1) change the eligible claimants to those community college districts which provided a health services program in fiscal year 1986-87; and (2) change the offsetting savings and other reimbursements to include the reinstated authority to charge a health fee. (Attachment B)

Recommendations

The Department of Finance (DOF) proposed one non-substantive amendment to clarify the effect of the fee authority language on the scope of the reimbursable costs. With this amendment, the DOF believes the amendments to the parameters and guidelines are appropriate for this mandate and recommends the Commission adopt them. (Attachment 292C)

The Chancellor's Office recommends that the Commission approve the amended parameters and guidelines developed by staff with the additional language suggested by the DOF. (Attachment D)

The State Controller's Office (SCO), upon review of the proposed amendments, finds the proposals proper and acceptable. (Attachment E)

The claimant, in its recommendation, states its belief that the revisions are appropriate and concurs with the proposed changes. (Attachment F)

Staff Analysis

Issue 1: Eligible Claimants

The mandate found in Chapter 1/84, 2nd E.S., was for a new program with a required maintenance of effort at the fiscal year 1983-84 level. Chapter 1118/87 superseded that level of service by requiring that community college districts which provided a health services program in fiscal year 1986-87 maintain that level of effort in fiscal year 1987-88 and each subsequent year thereafter. Additionally, this expanded the group of eligible claimants because the requirement is no longer imposed on only those community college districts which had charged a health fee for the program. At the time of enactment of Chapter 1118/87, there were 11 community college districts which provided the health services program but had never charged a health fee for the service.

Therefore, staff has amended the language in Item III. "Eligible Claimants" to reflect this change in the scope of the mandate.

Issue 2: Reimbursement Alternatives

In response to Chapter 1/84, 2nd E.S., Item VI.B. contained two alternatives for claiming reimbursement costs. This gave claimants a choice between claiming actual costs for providing the health services program, or funding the program as was done prior to the mandate when a health fee could be charged.

The first alternative was in Item VI.B.1. and provided for the use of the formula which the eligible claimants were authorized to utilize prior to the implementation of Chapter 1/84, 2nd E.S.--total eligible enrollment multiplied by the health fee charged per student in fiscal year 1983-84. With the sunset of the repeal of the health fee authority as contained in Chapter 1/84, 2nd E.S., claimants can now charge the health fee as was allowed prior to fiscal year 1983-84, thereby funding the program as was done prior to the mandate. Therefore, this alternative is no longer applicable to this mandate and has been deleted by staff.

The second alternative was in Item VI.B.2. and provided for the claiming of actual costs involved in maintaining a health services program at the fiscal year 1983-84 level. This alternative is now the sole method of reimbursement for this mandate. However, it has been amended to reflect that Chapter 1118/87 requires a maintenance of effort at the fiscal year 1986-87 level.

Issue 3: Offsetting Savings and Other Reimbursements

With the sunset of the repeal of the fee authority contained in Chapter 1/84, 2nd E.S., Education Code (EC) section 72246(a) again provides community college districts with the authority to charge a health fee as follows:

"72246.(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than seven dollars and fifty cents (\$7.50) for each semester, and five dollars (\$5) for summer school, or five dollars (\$5) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, authorized by Section 72244, or both."

Staff amended Item "VIII. Offsetting Savings and Other Reimbursements" to reflect the reinstatement of this fee authority.

In response to that amendment, the DOF has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants' reimbursable costs:

"If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied."

Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII.

Issue 4: Editorial Changes

In preparing the proposed parameters and guidelines amendments, it was not necessary for staff to make any of the normal editorial changes as the original parameters and guidelines contained the language usually adopted by the commission.

Staff, the DOF, the Chancellor's Office, the SCO, and the claimant are in agreement with the recommended amendments which are shown in Attachment A with additions indicated by underlining and deletions by strikeout.

Staff Recommendation

Staff recommends the adoption of the staff's proposed parameters and guidelines amendments, which are based on the original parameters and guidelines adopted in response to Chapter 1/84, 2nd E.S., and amended in response to Chapter 1118/87, as well as incorporating the amendment recommended by the DOF. All parties concur with these amendments.

Adopted: 8/27/87

PARAMETERS AND GUIDELINES
Chapter 1118, Statutes of 1987, 2nd E.S.
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services ~~for~~ in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program ~~without the authority~~ ~~to/they/it/fee~~. Only services provided ~~by/fee/in~~ 1986-7 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year ~~1987-88~~ 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
- Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

Birth Control
Lab Reports
Nutrition
Test Results (office)
VD
Other Medical Problems
CD
URI
ENT
Eye/Vision
Derm./Allergy
Gyn/Pregnancy Services
Neuro
Ortho
GU
Dental
GI
Stress Counseling
Crisis Intervention
Child Abuse Reporting and Counseling
Substance Abuse Identification and Counseling
Aids
Eating Disorders
Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)

Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis
Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

- Absence Excuses/PE Waiver
- Allergy Injections
- Band-aids
- Booklets/Pamphlets
- Dressing Change
- Rest
- Suture Removal
- Temperature
- Weigh
- Misc.
- Information
- Report/Form
- Wart Removal

COMMITTEES

- Safety
- Environmental
- Disaster Planning

SAFETY DATA SHEETS

- Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

- Test Anxiety
- Stress Management
- Communication Skills
- Weight Loss
- Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate. // Eligible claimants may claim costs under one of two alternatives: // 1) Fee amount previously collected per student and enrollment count // or // 2) actual costs of program.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Claiming/Alternatives

Claimed costs should be supported by the following information:

Alternative/1//Fees/Previously/Collected/in/1983-84/Fiscal/Year/

1/ Fees/collected/in/the/1983-84/fiscal/year/to/support/the/health/services/program/

2/ Total/number/of/students/under/item/1/1/1/through/4/above///Using>this/alternative/the/total/amount/claimed/would/be/item/1/1/1/multiplied/by/item/1/1/2//with/the/total/amount/reimbursed/increased/by/the/applicable/improvement/provide/delivery/

Alternative/2//Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service.

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1983-84 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) ~~now~~ received from individuals other than students who ~~are~~ are not covered by ~~former~~ Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

0350d

CALIFORNIA COMMUNITY COLLEGES

1107 NINTH STREET
SACRAMENTO, CALIFORNIA 95814
(916) 445-8752 445-1163



February 22, 1989



Mr. Robert W. Eich
Executive Director
Commission on State Mandates
1130 "K" Street, Suite LL50
Sacramento, CA 95814-3927

Dear Mr. Eich:

As you know, the Commission on August 27, 1987 adopted Parameters and Guidelines for claiming reimbursements of mandated costs related to community college health services. Fees formerly collected by community colleges had been eliminated by Chapter 1, Statutes of 1984, Second Extraordinary Session. Last year's mandate claims bill (AB 2763) included funding to pay all these claims through 1988-89.

The Governor's partial approval of AB 2763 last September included a stipulation that claims for the current year would be paid this fiscal year, but prior-year claims will be paid in equal installments from the next three budget acts. The Governor did not address the fact that the ongoing costs of providing the mandated level of service will continue to exceed the maximum permissible fee of \$7.50 per student per semester.

On behalf of all eligible community college districts, the Chancellor's Office proposes the following changes in the Parameters and Guidelines:

- o Payment of 1988-89 mandated costs in excess of maximum permissible fees. (This amount is payable from AB 2763.)
- o Payment of all prior-year claims in installments over the next three years. (Funds for these payments will be included in the next 3 budget acts.)
- o Payment of future-years mandated costs in excess of the maximum permissible fees. (No funding has yet been provided for these costs.)

If you have any questions regarding this proposal, please contact Patrick Ryan at (916) 445-1163.

Sincerely,

David Mertes

DAVID MERTE
Chancellor

DM:PR:mh

cc: / Deborah Fraga-Decker, CSM
Douglas Burris
Joseph Newmyer
Gary Cook

State of California

Memorandum

Date : March 22, 1989

To : Deborah Fraga-Decker
Program Analyst
Commission on State Mandates

From : Department of Finance

Proposed Amendments to Parameters and Guidelines for Claim No. CSM-4206 -- Chapter 1, Statutes of 1984, 2nd E.S. and Chapter 1118, Statutes of 1987 -- Health Fee Elimination

Pursuant to your request, the Department of Finance has reviewed the proposed amendments to the parameters and guidelines related to community college health services. These amendments, which are requested by the Chancellor's Office, reflect the impact that Chapter 1118/87 has on the original parameters adopted by the Commission for Chapter 1/84 on August 27, 1987. Specifically, Chapter 1118/87:

- (1) requires districts which were providing health services in 1986-87, rather than 1983-84, to continue to provide such services, irrespective of whether or not a fee was charged for the services; and
- (2) allows all districts to again charge a fee of up to \$7.50 per student for the services. In this regard, we would point out that the proposed amendment to "VIII. Offsetting Savings, and Other Reimbursements" could be interpreted to require that, if a district elected not to charge fees it would not have to deduct anything from its claim. We believe that, pursuant to Section 17556 (d) of the Government Code, an amount equal to \$7.50 per student must be deducted whether or not it is actually charged since the district has the authority to levy the fee. We suggest that the following language be added as a second paragraph under "VIII": "If a claimant does not levy the fee authorized by Education Code Section 72246 (a), it shall deduct an amount equal to what it would have received had the fee been levied."

With the amendment described above, we believe the amendments to the parameters and guidelines are appropriate for this mandate and recommend the Commission adopt them at its April 27, 1989, meeting.

Any questions regarding this recommendation should be directed to James M. Apps or Kim Clement of my staff at 324-0043.


Fred Klass
Assistant Program Budget Manager

cc: see second page

cc: Glen Beatie, Stat' Controller's Office
Pat Ryan, Chancel /'s Office, Community College
Juliet Musso, Legislative Analyst's Office
Richard Frank, Attorney General

LR:1988-2

OFFICE

GEORGE DEUKMEJIAN, Governor

CALIFORNIA COMMUNITY COLLEGES

1001 NINTH STREET
 SACRAMENTO, CALIFORNIA 95814
 (916) 445-8752 445-1163



April 3, 1989

Mr. Robert W. Eich
 Executive Director
 Commission on State Mandates
 110 K Street, Suite LL50
 Sacramento, CA 95814

Attention: Ms. Deborah Fraga-Decker

Subject: CSM 4206
 Amendments to Parameters and Guidelines
 Chapter 1, Statutes of 1984, 2nd E.S.
 Chapter 118, Statutes of 1987
Health Fee Elimination

Dear Mr. Eich:

In response to your request of March 8, we have reviewed the proposed language changes necessary to amend the existing parameters and guidelines to meet the requirements of Chapter 1118, Statutes of 1987.

The Department of Finance has also provided us a copy of their suggestion to add the following language in part VIII: "If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied." This office concurs with their suggestion which is consistent with the law and with our request of February 22.

With the additional language suggested by the Department of Finance, the Chancellor's Office recommends approval of the amended parameters and guidelines as drafted for presentation to the Commission on April 27, 1989.

Sincerely,

David Merties

DAVID MERTIES
 Chancellor

DM:PR:mh

cc: Jim Apps, Department of Finance
 Glen Beatie, State Controller's Office
 Richard Frank, Attorney General's Office
 Juliet Muso, Legislative Analyst's Office
 Douglas Burris
 Joseph Newmyer
 Gary Cook



GRAY DAVIS
Controller of the State of California
 P. O. BOX 942850
 SACRAMENTO, CA 94250-0001

April 3, 1989



Ms. Deborah Fraga-Decker
 Program Analyst
 Commission on State Mandates
 1130 K Street, Suite LL50
 Sacramento, CA 95814

Dear Ms. Fraga-Decker:

RE: Proposed Amendments to Parameters and Guidelines: Chapter 1/84, 2nd E.S., and Chapter 1118/87 - Health Fee Elimination

We have reviewed the amendments proposed on the above subject and find the proposals proper and acceptable.

However, the Commission may wish to clarify section "VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS" that the required offset is the amount received or would have received per student in the claim year.

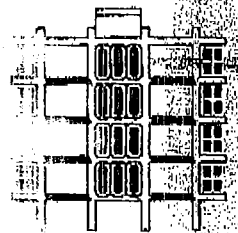
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

Glenn Haas, Assistant Chief
 Division of Accounting

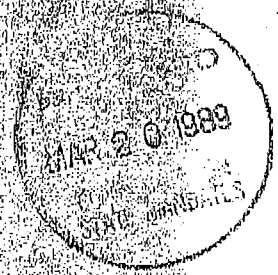
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SC81822



HR/60

RIO HONDO COMMUNITY COLLEGE DISTRICT
3600 Workman Mill Road • Whittier, CA 90608 • Phone (213) 692-0921



March 16, 1989

Ms. Deborah Fraga-Decker
Program Analyst
Commission on State Mandates
1130 K Street, Suite LL50
Sacramento, CA 95814

REFERENCE: CSM-4206
AMENDMENTS TO PARAMETERS AND GUIDELINES
CHAPTER 1, STATUTES OF 1984, 2ND E.S.
CHAPTER 1118, STATUTES OF 1987
HEALTH FEE ELIMINATION

Dear Deborah:

We have reviewed your letter of March 7 to Chancellor David Mertes and the attached amendments to the health fee parameters and guidelines. We believe these revisions to be most appropriate and concur totally with the changes you have proposed.

I would like to thank you again for your expertise and helpfulness throughout this entire process.

Yours very truly,

Timothy M. Wood
Vice President
Administrative Affairs

TMW:hh

MINUTES

COMMISSION ON STATE MANDATES

May 25, 1989

10:00 a.m.

State Capitol, Room 437

Sacramento, California

Present were: Chairperson Russell Gould, Chief Deputy Director, Department of Finance; Fred R. Buenrostro, Representative of the State Treasurer; D. Robert Shuman, Representative of the State Controller; Robert Martinez, Director, Office of Planning and Research; and Robert C. Creighton, Public Member.

There being a quorum present, Chairperson Gould called the meeting to order at 10:02 a.m.

Item 1 Minutes

Chairperson Gould asked if there were any corrections or additions to the minutes of the Commission's hearing of April 27, 1989. There were no corrections or additions.

The minutes were adopted without objection.

Consent Calendar

The following items were on the Commission's consent agenda:

- Item 2 Proposed Statement of Decision
Chapter 406, Statutes of 1988
Special Election - Bridges
- Item 3 Proposed Statement of Decision
Chapter 583, Statutes of 1985
Infectious Waste Enforcement
- Item 4 Proposed Statement of Decision
Chapter 980, Statutes of 1984
Court Audits
- Item 5 Proposed Statement of Decision
Chapter 1286, Statutes of 1985
Homeless Mentally Ill

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Hearing of May 25, 1989
Page 2

- Item 6 Proposed Parameters and Guidelines Amendment
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination
- Item 7 Proposed Parameters and Guidelines Amendment
Chapter 8, Statutes of 1988
Democratic Presidential Delegates
- Item 10 Proposed Statewide Cost Estimate
Chapter 498, Statutes of 1983
Education Code Section 48260.5
Notification of Truancy
- Item 12 Proposed Statewide Cost Estimate
Chapter 1226, Statutes of 1984
Chapter 1526, Statutes of 1985
Investment Reports

There being no discussion or appearances on Items 2, 3, 4, 5, 6, 7, 10, and 12, Member Buenrostro moved adoption of the staff recommendation on these items on the consent calendar. Member Martinez seconded the motion. The vote on the motion was unanimous. The motion carried.

The following items were continued:

- Item 13 Proposed Statewide Cost Estimate
Chapter 1335, Statutes of 1986
Trial Court Delay Reduction Act
- Item 16 Test Claim
Chapter 841, Statutes of 1982
Patients' Rights Advocates
- Item 17 Test Claim
Chapter 921, Statutes of 1987
Countywide Tax Rates

The next item to be heard by the Commission was:

- Item 8 Proposed Parameters and Guidelines Amendment
Chapter 961, Statutes of 1975
Collective Bargaining

The party requesting the proposed amendment, Fountain Valley School District, did not appear at the hearing. Carol Miller, appearing on behalf of the Education Mandated Cost Network, stated that the Network was interested in the issue of reimbursing a school district for the time the district Superintendent spent in, or preparing for, collective bargaining issues.

The Commission then discussed the issue of reimbursing the Superintendent's time as a direct cost to the mandated program or as an indirect cost as required by the federal publications OASC-10, and Federal Management Circular 74-4. Upon conclusion of this discussion, the Commission, staff, and Ms. Miller, agreed that the Commission could deny this proposed amendment by the Fountain Valley School District, and Ms. Miller could assist another district in an attempt to amend the parameters and guidelines to allow reimbursement of the Superintendent's cost relative to collective bargaining matters.

Member Creighton then inquired on the issue of holding collective bargaining sessions outside of normal working hours and the number of teachers the parameters and guidelines reimburse for participating in collective bargaining sessions. Ms. Miller stated that because of the classroom disruption that can result from the use of a substitute teacher, bargaining sessions are sometimes held outside of normal work hours for practical reasons. Ms. Miller also stated that the parameters and guidelines permit reimbursement for five substitute teachers.

Member Martinez moved and Member Buenrostro seconded a motion to adopt the staff recommendation to deny the proposed amendments to the parameters and guidelines. The roll call vote on the motion was unanimous. The motion carried.

Item 9 Proposed Statewide Cost Estimate
Chapter 498, Statutes of 1983
Education Code Section 51225.3
Graduation Requirements

Carol Miller appeared on behalf of the claimant, Santa Barbara Unified School District, Jim Apps and Don Enderton appeared on behalf of the Department of Finance, and Rick Knott appeared on behalf of the San Diego Unified School District.

Carol Miller began the discussion on this matter by stating her objection to the Department of Finance raising issues that were already argued in the parameters and guidelines hearings for this mandate. Based on this objection, Ms. Miller requested that the Commission adopt staff's recommendation and allow the Controller's Office to handle any audit exceptions.

Jim Apps stated that because school districts did not report funds that have been received by them, then the data reported in the survey is suspect. Therefore, the Department of Finance is not convinced that the cost estimate based on the data received by the schools is legitimate.

Discussion continued on the validity of the cost estimate and on the figures presented to the Commission for its consideration.

Member Creighton then made a motion to adopt staff's recommendation. Member Shuman seconded the motion. The vote on the motion was: Member Buenrostro, no; Member Creighton, aye; Member Martinez, no; Member Shuman, aye; and Chairperson Gould, no. The motion failed.

Chairperson Gould made an alternative motion that staff, the Department of Finance, and the school districts, conduct a pre-hearing conference and agree on an estimate to be presented to the Commission at a future hearing. Member Buenrostro seconded the motion. The roll call vote on the motion was unanimous. The motion carried.

Item 11 Statewide Cost Estimate
Chapter 815, Statutes of 1979
Chapter 1327, Statutes of 1984
Chapter 757, Statutes of 1985
Short-Doyle Case Management

Pamela Stone, representing the County of Fresno, stated that the county was in agreement with the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years, and was opposed to the reduction of the costs estimate being proposed by the Department of Mental Health's late filing.

Lynn Whetstone, representing the Department of Mental Health, stated that the Department agrees with the methodology used by Commission staff to develop the cost estimate, however, the Department questioned the manner in which Commission staff extrapolated its survey figures into a statewide estimate. Ms. Whetstone stated that due to the reasons stated in its late filing, the Department believes that the cost estimate be reduced to \$17,280,000.

Member Shuman moved, and Member Martinez seconded a motion to adopt the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years. The roll call vote on the motion was unanimous. The motion carried.

Item 14 State Mandates Apportionment System
Request for Review of Base Year Entitlement
Chapter 1242, Statutes of 1977
Senior Citizens' Property Tax Postponement

Leslie Hobson appeared on behalf of the claimant, County of Placer, and stated agreement with the staff analysis.

There were no other appearances and no further discussion.

Member Creighton moved approval of the staff recommendation. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 15 Test Claim
Chapter 670, Statutes of 1987
Assigned Judges

Vicki Wajdak and Pamela Stone appeared on behalf of the claimant, County of Fresno. Beth Mullen appeared on behalf of the Administrative Office of

the Courts. Jim Apps appeared on behalf of the Department of Finance. Allan Burdick appeared on behalf of the County Supervisors Association of California. Pamela Stone restated the claimant's position that the revenue losses due to this statute were actually increased costs because Fresno is now required to compensate its part-time justice court judges for work performed for another county while on assignment. Beth Mullen stated her opposition to this interpretation because Fresno's part-time justice court judge cannot be assigned elsewhere until all work required to be performed for Fresno has been completed; therefore, Fresno is only required to compensate the judge for its own work.

There followed discussion by the parties and the Commission regarding the applicability of the Supreme Court's decisions in County of Los Angeles and Lucia Mar. Chairperson Gould asked Commission Counsel Gary Hori whether this statute imposed a new program and higher level of service as contemplated by these two decisions. Mr. Hori stated that it did meet the definition of new program and higher level of service as contemplated by the Supreme Court.

Member Creighton moved to adopt the staff recommendation to find a mandate on counties whose part-time justice court judge is assigned within the home county. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 18 Test Claim
Chapter 1247, Statutes of 1977
Chapter 797, Statutes of 1980
Chapter 1373, Statutes of 1980
Public Law 99-372
Attorney's Fees - Special Education

Chairperson Gould recused himself from the hearing on this item.

Clayton Parker, representing the Newport-Mesa Unified School District, submitted a late filing on the test claim rebutting the staff analysis. Member Creighton stated that he had not had an opportunity to review the late filing and inquired on whether the claim should be heard at this hearing. Staff informed Member Creighton and Member Buenrostro that in reviewing the filing before this item was called, the filing appeared to be summary of the claimant's position on the staff analysis, and that there appeared to be no reason to continue the item.

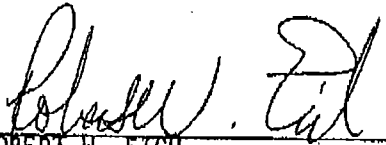
Mr. Parker stated that Commission staff had misstated the events that resulted in the claimant having to pay attorneys' fees to a pupil's guardians, and because of case law, courts do not have any discretion in awarding attorney's fees. Mr. Parker stated that because state legislation has codified the federal Education of the Handicapped Act, school districts are subject to the provisions of Public Law 94-142 and Public Law 99-372. Member Buenrostro then inquired whether staff was comfortable with discussing the issue of a state executive order incorporating federal law.

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Hearing of May 25, 1989
Page 6

Staff informed the Commission that it was not comfortable discussing this issue, and further noted that it appeared that Mr. Parker was basing his reasoning for finding P.L. 99-372 to be a state mandated program, on the Board of Control's finding that Chapter 1247, Statutes of 1977, and Chapter 797, Statutes of 1980, were a state mandated program. Staff noted that Board of Control's finding is currently the subject of the litigation in Huff v. Commission on State Mandates (Sacramento County Superior Court Case No. 352295).

Member Creighton moved and Member Martinez seconded a motion to continue this item and have legal counsel and staff review the arguments presented by Mr. Parker. The vote on the motion was unanimous. The motion carried.

With no further items on the agenda, Chairperson Gould adjourned the hearing at 11:45 a.m.



ROBERT W. EICH
Executive Director

RWE:GLH:cm:0224g

DISTRICT'S
INCORRECT REDUCTION CLAIM
FILED WITH THE
COMMISSION ON STATE MANDATES
ON SEPTEMBER 6, 2005

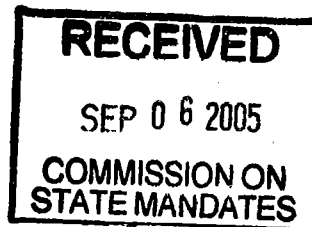
C-1

SixTen and Associates

Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
6252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone: (858) 514-8605
Fax: (858) 514-8645
E-Mail: Kbpsixten@aol.com



September 1, 2005

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: Health Fee Elimination
Fiscal Years: 1999-00 through 2001-02
Incorrect Reduction Claim

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for San Mateo Community College District.

SixTen and Associates has been appointed by the District as its representative for this matter and all interested parties should direct their inquiries to me, with a copy as follows:

Jim Keller, Executive Vice-Chancellor
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

Thank-you.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith B. Petersen".

Keith B. Petersen

State of California
COMMISSION ON STATE MANDATES
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562
CSM 2 (12/89)

For Official Use Only

RECEIVED

SEP 06 2005

COMMISSION ON
STATE MANDATES

05-4206-I-04

INCORRECT REDUCTION CLAIM FORM

Local Agency or School District Submitting Claim

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

Contact Person
Keith B. Petersen, President
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone Number
Voice: 858-514-8605
Fax: 858-514-8645
E-mail: Kbpsixten@aol.com

Address
Jim Keller, Executive Vice-Chancellor
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

Representative Organization to be Notified
Robert Miyashiro, Consultant, Education Mandated Cost Network
c/o School Services of California
1121 L Street, Suite 1060
Sacramento, CA 95814

Telephone Number
Voice: 916-446-7517
Fax: 916-446-2011
E-mail: robertm@SSCal.com

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to section 17561 of the Government Code. This incorrect reduction claim is filed pursuant to section 17561(b) of the Government Code.

CLAIM IDENTIFICATION: Specify Statute or Executive Order

HEALTH FEE ELIMINATION Chapter 1, Statutes of 1984, 2nd E.S. education Code Section 76355
Chapter 1118, Statutes of 1987

<u>Fiscal Year</u>	<u>Amount of the Incorrect Reduction</u>
1999-2000	\$325,199
2000-2001	\$279,337
2001-2002	\$412,850
Total Amount	\$1,017,386

IMPORTANT: PLEASE SEE INSTRUCTIONS AND FILING REQUIREMENTS FOR COMPLETING AN INCORRECT REDUCTION CLAIM ON THE REVERSE SIDE.

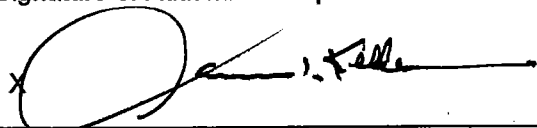
Name and Title of Authorized Representative

Jim Keller, Executive Vice-Chancellor

Telephone No.

Voice: 650-358-6869
Fax: 650-574-6574
E-mail: kellerj@asmccd.net

Signature of Authorized Representative



Date

August 25, 2005

1 Claim Prepared by:
2 Keith B. Petersen
3 SixTen and Associates
4 5252 Balboa Avenue, Suite 807
5 San Diego, California 92117
6 Voice: (858) 514-8605
7 Fax: (858) 514-8645

8
9 BEFORE THE
10 COMMISSION ON STATE MANDATES
11 STATE OF CALIFORNIA
12

13 INCORRECT REDUCTION CLAIM OF:)
14) No. CSM _____
15)
16) Chapter 1, Statutes of 1984, 2nd E.S.
17) Chapter 1118, Statutes of 1987
18 SAN MATEO COUNTY)
19 Community College District,) Education Code Section 76355
20)
21) Health Fee Elimination
22 Claimant.)
23) Annual Reimbursement Claims:
24)
25) Fiscal Year 1999-00
26) Fiscal Year 2000-01
27) Fiscal Year 2001-02
28)
29 _____)
30 INCORRECT REDUCTION CLAIM FILING

31 PART I. AUTHORITY FOR THE CLAIM

32 The Commission on State Mandates has the authority pursuant to Government
33 Code Section 17551(d) to " . . . to hear and decide upon a claim by a local agency or
34 school district, filed on or after January 1, 1985, that the Controller has incorrectly
35 reduced payments to the local agency or school district pursuant to paragraph (2) of

Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination

1 subdivision (d) of Section 17561.” San Mateo County Center Community College
2 District (hereafter “district” or “claimant”) is a school district as defined in Government
3 Code Section 17519.¹ Title 2, CCR, Section 1185 (a), requires the claimant to file an
4 incorrect reduction claim with the Commission.

5 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),
6 requires incorrect reduction claims to be filed no later than three years following the
7 date of the Controller’s remittance advice notifying the claimant of a reduction. A
8 Controller’s audit report dated January 7, 2005 has been issued, but no remittance
9 advices have been issued. The audit report constitutes a demand for repayment and
10 adjudication of the claim. On May 11, 2005, the Controller issued “results of review
11 letters” reporting the audit results and amounts due the state and this constitutes a
12 payment action.

13 There is no alternative dispute resolution process available from the Controller’s
14 Office. In response to an audit issued March 10, 2004, Foothill-De Anza Community
15 College attempted to utilize the informal audit review process established by the
16 Controller to resolve factual disputes. The Foothill-De Anza was notified by the
17 Controller’s legal counsel by letter of July 15, 2004 (attached as Exhibit “A”), that the

¹ Government Code Section 17519, added by Chapter 1459, Statutes of 1984,
Section 1:

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

Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination

1 Controller's informal audit review process was not available for mandate audits and that
2 the proper forum was the Commission on State Mandates.

3 **PART II. SUMMARY OF THE CLAIM**

4 The Controller conducted a field audit of District's annual reimbursement claims
5 for the District's actual costs of complying with the legislatively mandated Health Fee
6 Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and
7 Chapter 1118, Statutes of 1987) for the period of July 1, 1999 through June 30, 2002.
8 As a result of the audit, the Controller determined that \$1,017,386 of the claimed costs
9 were unallowable:

10	<u>Fiscal</u> <u>Year</u>	<u>Amount</u> <u>Claimed</u>	<u>Audit</u> <u>Adjustment</u>	<u>SCO</u> <u>Payments</u>	<u>Amount Due</u> <u><State> District</u>
12	1999-00	\$357,148	\$325,199	\$357,148	<\$325,199>
13	2000-01	\$361,031	\$279,337	\$111,475	<\$ 29,781>
14	2001-02	<u>\$541,047</u>	<u>\$412,850</u>	<u>\$ 94,223</u>	<u>\$ 33,974</u>
15	Totals	\$1,259,226	\$1,017,386	\$562,846	<\$321,006>

16 Since the District has been paid \$562,846 for these claims, the audit report concludes
17 that the amount of \$321,006 is due the State.

18 **PART III. PREVIOUS INCORRECT REDUCTION CLAIMS**

19 The District has not filed any previous incorrect reduction claims for this
20 mandate program. The District is not aware of any other incorrect reduction claims
21 having been adjudicated on the specific issues or subject matter raised by this incorrect
22 reduction claim.

**Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination**

quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

The governing board of each community college district may increase this fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).

(b) If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

(c) The governing board of a district maintaining a community college shall adopt rules and regulations that exempt the following students from any fee required pursuant to subdivision (a):

(1) Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

(2) Students who are attending a community college under an approved apprenticeship training program.

(3) Low-income students, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

(d) All fees collected pursuant to this section shall be deposited in the fund of the district designated by the California Community Colleges Budget and Accounting Manual. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors.

Authorized expenditures shall not include, among other things, athletic trainers' salaries, athletic insurance, medical supplies for athletics, physical examinations for intercollegiate athletics, ambulance services, the salaries of health professionals for athletic events, any deductible portion of accident claims filed for athletic team members, or any other expense that is not available to all students. No student shall be denied a service supported by student health fees on account of participation in athletic programs.

(e) Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the

Incorrect Reduction Claim of San Mateo County Community College District
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1 Section 72246, effective April 15, 1993.

2 2. Test Claim

3 On December 2, 1985, Rio Hondo Community College District filed a test claim
4 alleging that Chapter 1, Statutes of 1984, 2nd Extraordinary Session, by eliminating the
5 authority to levy a fee and by requiring a maintenance of effort, mandated additional
6 costs by mandating a new program or the higher level of service of an existing program
7 within the meaning of California Constitution Article XIII B, Section 6.

8 On November 20, 1986, the Commission on State Mandates determined that
9 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon
10 community college districts by requiring any community college district, which provided
11 health services for which it was authorized to charge a fee pursuant to former Section
12 72246 in the 1983-1984 fiscal year, to maintain health services at that level in the
13 1984-1985 fiscal year and each fiscal year thereafter.

14 At a hearing on April 27, 1989, the Commission of State Mandates determined
15 that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to
16 apply to all community college districts which provided health services in fiscal year
17 1986-1987 and required them to maintain that level of health services in fiscal year

district.

(f) A district that begins charging a health fee may use funds for startup costs from other district funds and may recover all or part of those funds from health fees collected within the first five years following the commencement of charging the fee.

(g) The board of governors shall adopt regulations that generally describe the types of health services included in the health service program."

1 1987-1988 and each fiscal year thereafter.

2 3. Parameters and Guidelines

3 On August 27, 1987, the original parameters and guidelines were adopted. On
4 May 25, 1989, those parameters and guidelines were amended. A copy of the
5 parameters and guidelines, as amended on May 25, 1989, is attached as Exhibit "B."
6 So far as is relevant to the issues presented below, the parameters and guidelines
7 state:

8 "V. REIMBURSABLE COSTS

9 A. Scope of Mandate

10 Eligible community college districts shall be reimbursed for
11 the costs of providing a health services program. Only
12 services provided in 1986-87 fiscal year may be claimed.

...

14 VI. CLAIM PREPARATION

15 ...
16 B...

17 3. Allowable Overhead Cost

18 Indirect costs may be claimed in the manner described by
19 the State Controller in his claiming instructions.

20 VII. SUPPORTING DATA

21 For auditing purposes, all costs claimed must be traceable to
22 source documents and/or worksheets that show evidence of the
23 validity of such costs . . .

24 VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

25 Any offsetting savings the claimant experiences as a direct result
26 of this statute must be deducted from the costs claimed. In
27 addition, reimbursement for this mandate received from any

1 source, e.g., federal, state, etc., shall be identified and deducted
2 from this claim. This shall include the amount of \$7.50 per full-time
3 student per semester, \$5.00 per full-time student for summer
4 school, or \$5.00 per full-time student per quarter, as authorized by
5 Education Code section 72246(a). This shall also include
6 payments (fees) received from individuals other than students who
7 are not covered by Education Code Section 72246 for health
8 services. ...”

9 4. Claiming Instructions

10 The Controller has annually issued or revised claiming instructions for the
11 Health Fee Elimination mandate. A copy of the September 1997 revision of the
12 claiming instructions is attached as Exhibit “C.” The September 1997 claiming
13 instructions are believed to be, for the purposes and scope of this incorrect reduction
14 claim, substantially similar to the version extant at the time the claims which are the
15 subject of this Incorrect reduction claim were filed. However, since the Controller’s
16 claim forms and instructions have not been adopted as regulations, they have no force
17 of law, and, therefore, have no effect on the outcome of this incorrect reduction claim.

18 PART V. STATE CONTROLLER CLAIM ADJUDICATION

19 The Controller conducted an audit of District’s annual reimbursement claims for
20 fiscal years 1999-00, 2000-01 and 2001-02. The audit concluded that 19% of the
21 District’s costs, as claimed, were allowable. A copy of the January 7, 2005-audit report
22 is attached as Exhibit “E.”

23 VI. CLAIMANT’S RESPONSE TO THE STATE CONTROLLER

24 By letter dated October 28, 2004, the Controller transmitted a copy of its draft

1 audit report. By letter dated November 15, 2004, the District objected to the proposed
2 adjustments set forth in the draft audit report. A copy of District's letter of November
3 15, 2004, is attached as Exhibit "E." The Controller then issued its final audit report
4 without change to the adjustments as stated in the draft audit report.

5 PART VII. STATEMENT OF THE ISSUES

6 **Finding 1: Unallowable Salaries and Benefits, and Related Indirect Costs**

7 **Claimed**

8 The State Controller asserts that the District "overstated" employee salaries and
9 benefits in the amount of \$610,127 and related indirect costs of \$183,038, for the three
10 fiscal years audited. This amount appears to consist of the disallowance of specific
11 employee time and some mathematical corrections to reported salaries of other
12 employees. After the salaries were eliminated or adjusted, the Controller applied an
13 "audited" benefit rate each year to determine benefit costs.

14 Disallowed Employees

15 Based on information received during the audit, the employees for whom all
16 salary costs were disallowed are as follows:

17			Fiscal Year Employee Disallowed		
18	<u>Employee Name</u>	<u>Position</u>	<u>1999-00</u>	<u>2000-01</u>	<u>2001-02</u>
19	Ernest Rodriguez	Faculty	x	x	x
20	Dee Howard	Faculty	x	x	x
21	Angela Stocker	Faculty	x	x	x
22	Lawrence Stringari	Faculty	x	x	x
23	Rosario Car-Casanova	Faculty	x	x	

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1	Gloria Pena-Bench	Office Assistant	x	
2	Sheila Claxton	Office Assistant	x	
3	Roger Hubbard	Unknown		x
4	Rosemary O'Neil	Unknown		x

5 Other than stating that the "district did not provide documentation supporting the
6 validity of the distribution" of these employees to the claim, the Controller has not
7 provided a reason each employee was disallowed. Further, if the Controller doesn't
8 know the position title and job responsibilities of the person being disallowed, there is
9 no factual basis for the disallowance. The propriety of these disallowances cannot be
10 determined until the Controller states why these employees are not relevant to the
11 mandate program.

"Audited" Benefit Rate

13 The Controller calculated a benefit rate to be applied to the salaries to determine
14 the total allowable salary and employee benefits for each employee. The rates
15 calculated are 16.69264%, 16.62719%, 17.66762% for fiscal years 1999-00, 2000-01,
16 and 2001-02, respectively. The Controller has not indicated why it was necessary to
17 calculate an average benefit rate when the District reported actual benefit costs in its
18 general ledger, that is, why an average rate is better than actual benefit costs. Further,
19 since the Controller asserts that its claiming instructions have some validity, it should
20 be noted that the claiming instructions allow a "default" benefit rate of 21% which can
21 be added to direct hourly payroll costs to determine a productive hourly rate. This
22 default rate was used by the Controller for the concurrent audit of the District's

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1 Collective Bargaining program. This raises the question of the need for an "audited"
2 benefit rate when the District reported actual benefit costs for the employees.

3 "Mathematical Errors"

4 The Controller asserts that the District understated its salary costs in the amount
5 of \$8,848. While this is a net benefit to the District, the Controller does not disclose the
6 nature of the errors.

7 Document Retention Period

8 One of the stated reasons for the disallowance was that claimants must retain
9 source documentation on file "for a period no less than three years from the date of the
10 final payment of the claim." No legal citation was provided for this assertion. Indeed,
11 this appears to be a ministerial preference of the Controller's since Government Code
12 Section 17558.5 specifies a two-year or three-year audit period for these fiscal years,
13 depending on the date when the claim is filed, without reference to a requirement for
14 full claim payment.

15 Source Documentation

16 Since no reason related to the mandated activities was stated to explain the
17 disallowance of these specific employees, it appears that the entire basis of the
18 Controller's adjustments is the quantity and quality of District documentation. The
19 Controller cites the parameters and guidelines which states that "all costs claimed must
20 be traceable to source documents and/or worksheets that show evidence of the validity
21 of such costs." The audit report states that the District "did not provide documentation

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1 supporting the validity of the distribution made to the mandate.”

2 Contrary to the assertion of the audit report, the District has complied with the
3 parameters and guidelines by providing source documents that show evidence of the
4 validity of such costs and their relationship to the state-mandated program. The salary
5 and benefits were reported in the District general ledger in the normal course of
6 financial accounting pursuant to state mandated financial accounting procedures.

7 There are no state mandated financial accounting procedures for mandate program
8 costs because the state has never developed or adopted standards. The Controller
9 has never told claimants the specific documents which would satisfy the Controller’s
10 standards. The District has also provided employee names, positions (job titles),
11 hours worked, salary and benefit amounts, and a description of the tasks performed as
12 they relate to this mandate, and in some cases declarations. Thus, the District has
13 provided documentation generated in the usual course of business as well as
14 generated for the purpose of claiming mandate reimbursement.

15 Unreasonable or Excessive

16 None of the adjustments were made because the costs claimed were excessive
17 or unreasonable. The Controller does not assert that the claimed costs were
18 excessive or unreasonable, which is the only mandated cost audit standard in statute
19 (Government Code Section 17561(d) (2)). It would therefore appear that this finding is
20 based upon the wrong standard for review. If the Controller wishes to enforce other
21 audit standards for mandated cost reimbursement, the Controller should comply with

1 the Administrative Procedures Act.

2 **Finding 2 - Unallowable Other Outgoing Expenses**

3 The Controller asserts that the "district overstated other outgoing expense costs
4 . . ." As a preliminary matter, the Controller should provide the derivation of "outgoing
5 expense costs" which is not described in generally accepted accounting principles. In
6 addition, the Controller should explain the difference between "expenses" and "costs" in
7 the context of mandate reimbursement.

8 The audit report states that the reason for the \$41,375 adjustment for FY 2001-
9 02 is that journal voucher transactions were not supported by invoices or other source
10 documents. The District response here is the same as Finding 1, that there is no
11 documentation standard for which the district was on notice that requires journal
12 voucher transactions to comply with any documentation standard other than the
13 financial reporting standards mandated by the state for community colleges.

14 **Finding 3 - Overstated Indirect Costs**

15 The Controller asserts that the district overstated its indirect cost rates \$112,243
16 for all three fiscal years. This finding is based upon the report's statement that ". . . the
17 district improperly applied its claimed indirect cost rate to costs beyond those approved
18 by the U.S. Department of Health and Human Services (DHHS) the district
19 improperly applied the indirect cost rate to direct services and supplies, other operating
20 expenses, and capital outlay costs . . ." While the Controller accepted the 30% indirect

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1 cost rate approved by the federal agency, it did not accept the application of the rate to
2 costs other than salary and benefits because the rate was calculated using only salary
3 and benefit costs.

4 Federal Approval

5 The audit report also states, "(t)he SCO's claiming instructions state that
6 community college districts using an indirect cost rate proposal (ICRP) prepared in
7 accordance with OMB Circular A-21 must obtain federal approval of the ICRP."
8 Contrary to the Controller's ministerial preferences, there is no requirement in law that
9 the claimant's indirect cost rate must be "federally" approved, and neither the
10 Commission nor the Controller has ever specified the federal agencies which have the
11 authority to "approve" indirect cost rates. Further, it should be noted that the Controller
12 did not determine that the District's rate was excessive or unreasonable, just that it
13 wasn't federally approved.

14 Regulatory Requirements

15 No particular indirect cost rate calculation is required by law. The parameters
16 and guidelines state that "Indirect costs *may be claimed* in the manner described by the
17 Controller in his claiming instructions." The District claimed these indirect costs "in the
18 manner" described by the Controller. The correct forms were used and the claimed
19 amounts were entered at the correct locations. Further, "may" is not "shall"; the
20 parameters and guidelines do not require that indirect costs be claimed in the manner
21 described by the Controller. However, the Controller asserts that the "phrase 'may be

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1 claimed' is permissive; it allows the district to claim indirect costs. If the district claims
2 indirect costs, the costs must adhere to the SCO's claiming instructions." The logic is
3 specious. Claimants have the option of filing the *entire* claim for reimbursement and
4 there is no logic to isolating the decision to claim indirect costs as singularly
5 permissive, nor is there is language regarding "adhering" to the claiming instructions if
6 such costs are claimed. It is not quite clear what the legal significance of "adhering" to
7 the claiming instructions means, but since the Controller's claiming instructions were
8 never adopted as law, or regulations pursuant to the Administrative Procedure Act, the
9 claiming instructions are merely a statement of the ministerial interests of the Controller
10 and not law.

"Distribution Base"

12 The Controller asserts the District improperly applied the indirect cost rate to
13 direct services and supplies, other operating expenses, and capital outlay costs.
14 The District claimed a federally approved indirect cost rate. Since this rate was
15 calculated using salaries and benefits as the allocation base, the Controller asserts
16 that the rate cannot be applied to any other indirect costs except for salaries and
17 benefits, which would be outside the "distribution base." No cost accounting rationale
18 or legal basis for this peculiar conclusion is provided by the Controller.

19 The Controller cites an E-mail received on May 21, 2004 from DHHS in which a
20 DHHS Branch Chief is said to have stated that "colleges and universities must adhere
21 to their rate agreement in claiming reimbursement of indirect cost under federal

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1 awards." The E-mail is not included in the audit report. It is not known whether the E-
2 mail was solicited by the Controller, to whom it was mailed, so its relevance may be
3 merely anecdotal, and it may be quoted out of context. Notwithstanding, the DHHS e-
4 mail appears to have limited itself to federal awards, which mandates are not.
5 Claimants are subject to whatever state law exists for mandate reimbursement, not
6 federal award cost accounting.

7 What the Controller does not cite is any law or statute which dictates the
8 operation of indirect cost rates. There is no source which states that a "distribution
9 base" has to be identical to the scope of data used to establish the rate. Nor does the
10 Controller assert that here the costs outside the "distribution base" would not properly
11 accumulate indirect costs, only that they should not accumulate costs because they are
12 not salaries and benefit costs. The Controller should be on notice that cost accounting
13 principles allow indirect cost rates to be established based on a variety of bases:
14 salaries, units of production, revenues, etc., without regard for the scope of the
15 distribution base except that the source of the rate has to be representative of the
16 "distribution base."

17 Unreasonable or Excessive

18 Government Code Section 17561(d)(2) requires the Controller to pay claims,
19 provided that the Controller may audit the records of any school district to verify the
20 actual amount of the mandated costs, and may reduce any claim that the Controller
21 determines is excessive or unreasonable. The Controller is authorized to reduce a

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1 claim only if it determines the claim to be excessive or unreasonable. The parameters
2 and guidelines *do not require* that indirect costs be claimed in the manner described by
3 the State Controller. The State Controller's claiming instructions were never adopted
4 as rules or regulations, and therefore have no force of law. The burden is on the State
5 Controller to show, either factually or as a matter of law, that the indirect cost rate
6 method used by the District is excessive or unreasonable, which is the only mandated
7 cost audit standard in statute. If the State Controller wishes to enforce other audit
8 standards for mandated cost reimbursement, the State Controller should comply with
9 the Administrative Procedures Act.

10 **Finding 4 - Understated Authorized Health Fee Revenues Claimed**

11 This finding is based upon the report's statement that the District understated
12 offsetting health fee revenues by \$70,603, due to an authorized \$1 increase in health
13 fees that was not charged for the FY 1999-2000 summer semester and for all three
14 semesters of FY 2001-02. The adjustments are based on the Controller's
15 recalculation of the student health services fees which may have been "collectible"
16 which was then compared to the District's student health fee revenues actually
17 received. The Controller alleges that claimants must compute the total student health
18 fees collectible and reduce claimed costs by this amount even if those fees are not
19 collected in full or part.

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1 Education Code Section 76355

2 Education Code Section 76355, subdivision (a), in relevant part, provides: "The
3 governing board of a district maintaining a community college *may require* community
4 college students to pay a fee . . . for health supervision and services . . ." There is no
5 requirement that community colleges levy these fees. The permissive nature of the
6 provision is further illustrated in subdivision (b) which states "*If, pursuant to this*
7 *Section, a fee is required, the governing board of the district shall decide the amount of*
8 *the fee, if any, that a part-time student is required to pay. The governing board may*
9 *decide whether the fee shall be mandatory or optional.*"

10 Parameters and Guidelines

11 This Controller states that the "*Parameters and Guidelines* states that health
12 fees authorized by the *Education Code* must be deducted from costs claimed." The
13 parameters and guidelines do not state this but instead state:

14 "Any offsetting savings that the claimant experiences as a direct result of
15 this statute must be deducted from the costs claimed. In addition,
16 reimbursement for this mandate received from any source, e.g., federal, state,
17 etc., shall be identified and deducted from this claim. This shall include the
18 amount of [student fees] as authorized by Education Code Section 72246(a)³."

19 In order for the district to "experience" these "offsetting savings" the district must
20 actually have collected these fees. Student fees actually collected must be used to
21 offset costs, but not student fees that could have been collected and were not. The use

³ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

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1 of the term "any offsetting savings" further illustrates the permissive nature of the fees.

2 Government Code Section 17514

3 The Controller relies upon Government Code Section 17514 for the conclusion
4 that "[t]o the extent community college districts can charge a fee, they are not required
5 to incur a cost." Government Code Section 17514, as added by Chapter 1459, Statutes
6 of 1984, actually states:

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

There is nothing in the language of the statute regarding the authority to charge a fee,
14 any nexus of fee revenue to increased cost, nor any language which describes the
15 legal effect of fees collected.

16 Government Code Section 17556

17 The Controller relies upon Government Code Section 17556 for the conclusion
18 that "the COSM shall not find costs mandated by the State if the school district has the
19 authority to levy fees to pay for the mandated program or increased level of service."

20 Government Code Section 17556 as last amended by Chapter 589/89 actually states:

21 "The commission shall not find costs mandated by the state, as defined in
22 Section 17514, in any claim submitted by a local agency or school district, if after
23 a hearing, the commission finds that: . . .

24 (d) The local agency or school district has the authority to levy service
25 charges, fees, or assessments sufficient to pay for the mandated program or
26 increased level of service. . . ."

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1 The Controller misrepresents the law. Government Code Section 17556 prohibits the
2 Commission on State Mandates from finding costs subject to reimbursement, that is,
3 approving a test claim activity for reimbursement, where there is authority to levy fees
4 in an amount sufficient to offset the entire mandated costs. Here, the Commission has
5 already approved the test claim and made a finding of a new program or higher level of
6 service for which the claimants do not have the ability to levy a fee in an amount
7 sufficient to offset the entire mandated costs.

8 **Student Health Services Fee Amount**

9 The Controller asserts that the district should have collected a student health
10 service fee each semester from non-exempt students in the amount of \$8, \$9, or \$12
11 depending on the fiscal year and whether the student is enrolled full time or part time.
12 Districts receive notice of these fee amounts from the Chancellor of the California
13 Community Colleges. An example of one such notice is the letter dated March 5, 2001,
14 attached as Exhibit "F." While Education Code Section 76355 provides for an increase
15 in the student health service fee, it did not grant the Chancellor the authority to
16 establish mandatory fee amounts or mandatory fee increases. No state agency was
17 granted that authority by the Education Code, and no state agency has exercised its
18 rulemaking authority to establish mandatory fees amounts. It should be noted that the
19 Chancellor's letter properly states that increasing the amount of the fee is at the option
20 of the district, and that the Chancellor is not asserting that authority. Therefore, the
21 Controller cannot rely upon the Chancellor's notice as a basis to adjust the claim for

1 "collectible" student health services fees.

2 **Fees Collected vs. Fees Collectible**

3 This issue is one of student health fees revenue actually received, rather than
4 student health fees which might be collected. The Commission determined, as stated
5 in the parameters and guidelines, that the student fees "experienced" (*collected*) would
6 reduce the amount subject to reimbursement. Student fees not collected are student
7 fees not "experienced" and as such should not reduce reimbursement. Further, the
8 amount "collectible" will never equal actual revenues collected due to changes in
9 student's BOGG eligibility, bad debt accounts, and refunds.

10 Because districts are not required to collect a fee from students for student
11 health services, and if such a fee is collected, the amount is to be determined by the
12 District and not the Controller, the Controller's adjustment is without legal basis. What
13 claimants are required by the parameters and guidelines to do is to reduce the amount
14 of their claimed costs by the amount of student health services fee revenue actually
15 received. Therefore, student health fees are merely collectible, they are not
16 mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

17 **Statute of Limitations for Audit**

18 This issue is not a finding of the Controller. The District asserts that the first two
19 years of the three claim years audited, fiscal years 1999-00 and 2000-01, were beyond
20 the statute of limitations for an audit when the Controller issued its audit report on

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1 January 7, 2005.

2 **Chronology of Claim Action Dates**

3	January 10, 2001	FY 1999-00 claim filed by the District
4	January 10, 2002	FY 2000-01 claim filed by the District
5	December 31, 2003	FY 1999-00 statute of limitations for audit expires
6	December 31, 2004	FY 2000-01 statute of limitations for audit expires
7	January 7, 2005	Controller's final audit report issued

8 The District's fiscal year 1999-00 claim was mailed to the Controller on January
9 10, 2001. The District's fiscal year 2000-01 claim was mailed to the Controller on
10 January 10, 2002. According to Government Code Section 17558.5, these claims
11 were subject to audit no later than December 31, 2003 and December 31, 2004,
12 respectively. The audit was not completed by this date. Therefore, the proposed audit
adjustments for Fiscal Year 1999-00 and 2000-01 are barred by the statute of
14 limitations set forth in Government Code Section 17558.5.

15 **Statutory History**

16 Prior to January 1, 1994, no statute specifically governed the statute of
17 limitations for audits of mandate reimbursement claims. Statutes of 1993, Chapter 906,
18 Section 2, operative January 1, 1994, added Government Code Section 17558.5 to
19 establish for the first time a specific statute of limitations for audit of mandate
20 reimbursement claims:

21 “(a) A reimbursement claim for actual costs filed by a local agency or school
22 district pursuant to this chapter is subject to audit by the Controller no later than
23 four years after the end of the calendar year in which the reimbursement claim is
24 filed or last amended. However, if no funds are appropriated for the program for
25 the fiscal year for which the claim is made, the time for the Controller to initiate

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1 an audit shall commence to run from the date of initial payment of the claim.”

2 Thus, there are two standards. A funded claim is “subject to audit” for four years after
3 the end of the calendar year in which the claim was filed. An “unfunded” claim must
4 have its audit “initiated” within four years of first payment.

5 Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and
6 replaced Section 17558.5, changing only the period of limitations:

7 “(a) A reimbursement claim for actual costs filed by a local agency or school
8 district pursuant to this chapter is subject to audit by the Controller no later than
9 two years after the end of the calendar year in which the reimbursement claim is
10 filed or last amended. However, if no funds are appropriated for the program for
11 the fiscal year for which the claim is made, the time for the Controller to initiate
12 an audit shall commence to run from the date of initial payment of the claim.”

The first two fiscal year claims, 1999-00 and 2000-01, were subject to the two-year
14 statute of limitations established by Chapter 945/95. These two claims were beyond
15 audit when the audit report was issued. Since funds were appropriated for the program
16 for all the fiscal years which are the subject of the audit, the alternative measurement
17 date is not applicable, and the potential factual issue of when the audit is initiated is not
18 relevant.

19 Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003
20 amended Section 17558.5 to state:

21 “(a) A reimbursement claim for actual costs filed by a local agency or school
22 district pursuant to this chapter is subject to the initiation of an audit by the
23 Controller no later than three years after the ~~end of the calendar year in which~~
24 the date that the actual reimbursement claim is filed or last amended, whichever
25 is later. However, if no funds are appropriated or no payment is made to a
26 claimant for the program for the fiscal year for which the claim is made filed, the

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1 time for the Controller to initiate an audit shall commence to run from the date of
2 initial payment of the claim.”

3 The third fiscal year claim, FY 2001-02, is subject to this amended version of
4 Section 17558.5, and was still subject to audit at the time the audit report was released.

5 The amendment is pertinent since it indicates this is the first time that the factual issue
6 of the date the audit is “initiated” for mandate programs for which funds are
7 appropriated is introduced. Therefore, at the time the claim is filed, it is impossible for
8 the claimant to know when the statute of limitations will expire, which is contrary to the
9 purpose of a statute of limitations.

10 Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005 amended
Section 17558.5 to state:

12 “(a) A reimbursement claim for actual costs filed by a local agency or school
13 district pursuant to this chapter is subject to the initiation of an audit by the
14 Controller no later than three years after the date that the actual reimbursement
15 claim is filed or last amended, whichever is later. However, if no funds are
16 appropriated or no payment is made to a claimant for the program for the fiscal
17 year for which the claim is filed, the time for the Controller to initiate an audit
18 shall commence to run from the date of initial payment of the claim. In any case,
19 an audit shall be completed not later than two years after the date that the audit
20 is commenced.”

21 None of the fiscal period claims which are the subject of the audit are subject to
22 this amended version of Section 17558.5. The amendment is pertinent since it
23 indicates this is the first time that the Controller audits may be completed at a time
24 other than the stated period of limitations.

25 Clearly, the Controller did not complete the audit within the statutory period

1 allowed for the first two fiscal year claims included in this audit. The audit findings are
2 therefore void for those two claims.

3 **PART VIII. RELIEF REQUESTED**

4 The District filed its annual reimbursement claims within the time limits
5 prescribed by the Government Code. The amounts claimed by the District for
6 reimbursement of the costs of implementing the program imposed by Chapter 1,
7 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code
8 Section 76355 represent the actual costs incurred by the District to carry out this
9 program. These costs were properly claimed pursuant to the Commission's parameters
10 and guidelines. Reimbursement of these costs is required under Article XIII B, Section
11 6 of the California Constitution. The Controller denied reimbursement without any
12 basis in law or fact. The District has met its burden of going forward on this claim by
13 complying with the requirements of Section 1185, Title 2, California Code of
14 Regulations. Because the Controller has enforced and is seeking to enforce these
15 adjustments without benefit of statute or regulation, the burden of proof is now upon the
16 Controller to establish a legal basis for its actions.

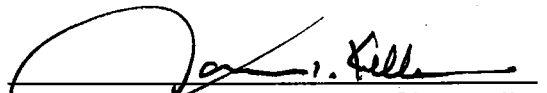
17 The District requests that the Commission make findings of fact and law on each
18 and every adjustment made by the Controller and each and every procedural and
19 jurisdictional issue raised in this claim, and order the Controller to correct its audit
20 report findings therefrom.

**Incorrect Reduction Claim of San Mateo County Community College District
1/84; 1118/87 Health Fee Elimination**

PART IX. CERTIFICATION

By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this incorrect reduction claim submission is true and complete to the best of my own knowledge or information or belief, and that the attached documents are true and correct copies of documents received from or sent by the state agency which originated the document.

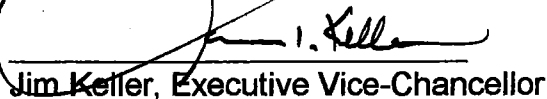
Executed on August 25, at San Mateo, California, by



Jim Keller, Executive Vice-Chancellor
San Mateo County Community College District
4301 CSM Drive
San Mateo, CA 94402
Voice: 650-358-6869
Fax: 650-574-6574
E-Mail: kellerj@smccd.net

APPOINTMENT OF REPRESENTATIVE

San Mateo County Community College District appoints Keith B. Petersen, SixTen and Associates, as its representative for this incorrect reduction claim.

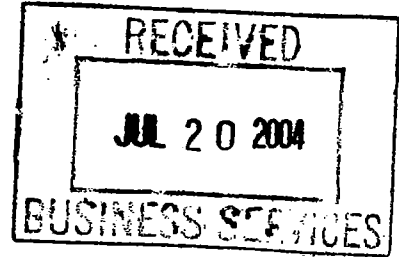


Jim Keller, Executive Vice-Chancellor
San Mateo County Community College District

8/25/05
Date

Attachments:

- Exhibit "A" Controller's Legal Counsel Letter dated July 15, 2004
- Exhibit "B" Parameters and Guidelines as amended May 25, 1989
- Exhibit "C" Controller's Claiming Instructions September 1997
- Exhibit "D" SCO Audit Report dated January 7, 2005
- Exhibit "E" Claimant's Letter dated November 15, 2004
- Exhibit "F" Chancellor's Letter dated March 5, 2001



STEVE WESTLY
California State Controller

July 15, 2004

Mike Brandy, Vice Chancellor
Foothill-De Anza Community College District
12345 El Monte Road
Los Altos, CA 94022

Re: Foothill-De Anza Community College District Audit

Dear Mr. Brandy:

This is in response to your letter to me dated May 13, 2004, concerning the Controller's Audit of the Health Fee claim.

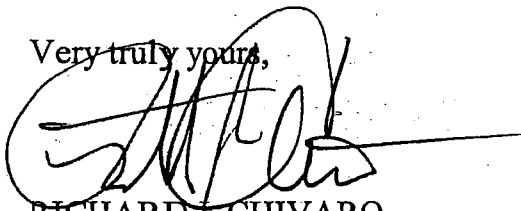
The Controller's informal audit review process was established to resolve factual disputes where no other forum for resolution, other than a judicial proceeding, is available.

The proper forum for resolving issues involving mandated cost programs is through the incorrect reduction process through the Commission on State Mandates. As such, this office will not be scheduling an informal conference for this matter.

However, in light of the concerns expressed in your letter concerning the auditors assigned and the validity of the findings, I am forwarding your letter to Vince Brown, Chief Operating Officer, for his review and response.

If you have any questions you may contact Mr. Vince Brown at (916) 445-2038.

Very truly yours,



RICHARD J. CHIVARO
Chief Counsel

RJC/st

cc: Vincent P. Brown, Chief Operating Officer, State Controller's Office
Jeff Brownfield, Chief, Division of Audits, State Controller's Office

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Adopted: 8/27/87
Amended: 5/25/89

PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
 - Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

Birth Control
Lab Reports
Nutrition
Test Results (office)
VD
Other Medical Problems
CD
URI
ENT
Eye/Vision
Derm./Allergy
Gyn/Pregnancy Services
Neuro
Ortho
GU
Dental
GI
Stress Counseling
Crisis Intervention
Child Abuse Reporting and Counseling
Substance Abuse Identification and Counseling
Aids
Eating Disorders
Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)
Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION
Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS
Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
~~Temporary handicapped parking permits~~

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis

Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS
Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no

less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) received from individuals other than students who are not covered by Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

0350d

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17564(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to Item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE-2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

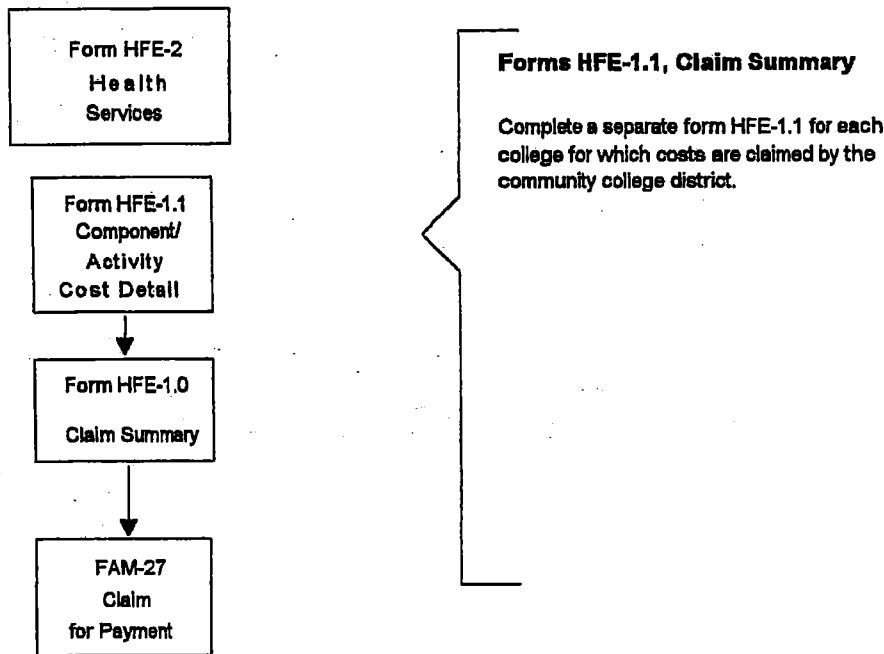
C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



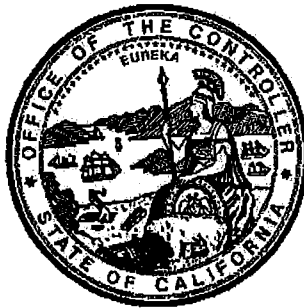
**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

Audit Report

HEALTH FEE ELIMINATION PROGRAM

Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987

July 1, 1999, through June 30, 2002



STEVE WESTLY
California State Controller

January 2005



STEVE WESTLY
California State Controller

January 7, 2005

Mr. Ron Galatolo
Chancellor-Superintendent
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402-3699

Dear Mr. Galatolo:

The State Controller's Office audited the claims filed by the San Mateo County Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 1999, through June 30, 2002.

The district claimed \$1,259,226 for the mandated program. Our audit disclosed that \$241,840 is allowable and \$1,017,386 is unallowable. The unallowable costs occurred because the district claimed unsupported costs for salaries and benefits, and services and supplies, and understated offsetting revenues. The district was paid \$562,846. The amount paid in excess of allowable costs claimed totals \$321,006.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site at www.csm.ca.gov (Guidebook link), and obtain IRC forms by telephone at (916) 323-3562 or by e-mail at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

A handwritten signature in cursive script that reads "Vincent P. Brown".

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/ams

cc: Ed Monroe, Program Assistant
Fiscal Accountability Section
Chancellor's Office
California Community Colleges
Jeannie Oropeza, Program Budget Manager
Education Systems Unit, Department of Finance

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Audit Report

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Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the San Mateo County Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session (E.S.), and Chapter 1118, Statutes of 1987) for the period of July 1, 1999, through June 30, 2002. The last day of fieldwork was October 1, 2004.

The district claimed \$1,259,226 for the mandated program. Our audit disclosed that \$241,840 is allowable and \$1,017,386 is unallowable. The unallowable costs occurred because the district claimed unsupported costs for salaries and benefits, and services and supplies, and understated offsetting revenues. The district was paid \$562,846. The amount paid in excess of allowable costs claimed totals \$321,006.

Background

Education Code Section 72246, (repealed by Chapter 1, Statutes of 1984, 2nd E.S.) authorized community college districts to charge a health fee for providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during fiscal year (FY) 1983-84 had to be maintained at that level in FY 1984-85 and every year thereafter. The provisions of this statute would automatically sunset on December 31, 1987, reinstating the community college districts' authority to charge a health fee as specified.

Education Code Section 72246 (amended by Chapter 1118, Statutes of 1987) requires any community college district that provided health services in FY 1986-97 to maintain health services at the level provided during that year in FY 1987-88 and each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (COSM) determined that Chapter 1, Statutes of 1984, 2nd E.S., imposed a "new program" upon community college districts by requiring any community college district that provided health services for which it was authorized to charge a fee pursuant to former *Education Code* Section 72246 in FY 1983-84 to maintain health services at the level provided during that year in FY 1984-85 and each fiscal year thereafter. This maintenance-of-effort (MOE) requirement applies to all community college districts that levied a health services fee in FY 1983-84, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the FY 1983-84 level.

On April 27, 1989, COSM determined that Chapter 1118, Statutes of 1987, amended this MOE requirement to apply to all community college districts that provided health services in FY 1986-87, and required them to maintain that level in FY 1987-88 and each fiscal year thereafter.

Objective, Scope, and Methodology

Parameters and Guidelines establishes the state mandate and defines criteria for reimbursement. COSM adopted the *Parameters and Guidelines* on August 27, 1987, and amended it on May 25, 1989. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for each mandate requiring state reimbursement in assisting school districts in claiming reimbursable costs.

Our audit objective was to determine whether costs claimed are increased costs incurred as a result of the Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd E.S., and Chapter 1118, Statutes of 1987) for the period of July 1, 1999, through June 30, 2002.

We performed the following procedures:

- Reviewed the costs claimed to determine if they were increased costs resulting from the mandated program;
- Traced the costs claimed to the supporting documentation to determine whether the costs were properly supported;
- Confirmed that the costs claimed were not funded by another source; and
- Reviewed the costs claimed to determine that the costs were not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority provided by *Government Code* Sections 17558.5 and 17561. We did not audit the district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the amounts claimed for reimbursement were supported.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, San Mateo County Community College District claimed \$1,259,226 for costs of the legislatively mandated Health Fee Elimination Program. Our audit disclosed that \$241,840 is allowable and \$1,017,386 is unallowable.

For FY 1999-2000, the district was paid \$357,148 by the State. Our audit disclosed that \$31,949 is allowable. The district should return \$325,199 to the State.

For FY 2000-01, the district was paid \$111,475 by the State. Our audit disclosed that \$81,694 is allowable. The district should return \$29,781 to the State.

For FY 2001-02, the district was paid \$94,223 by the State. Our audit disclosed that \$128,197 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$33,974, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on October 28, 2004. Jim Keller, Executive Vice-Chancellor, responded by letter dated November 15, 2004 (Attachment), disagreeing with the audit results. The final audit report includes the district's response.

Restricted Use

This report is solely for the information and use of San Mateo County Community College District, the San Mateo County Office of Education, the California Department of Education, the California Community Colleges Chancellor's Office, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 1999, through June 30, 2002**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 1999, through June 30, 2000</u>				
Salaries	\$ 552,729	\$ 367,095	\$ (185,634)	Finding 1
Benefits	92,265	61,278	(30,987)	Finding 1
Services and supplies	24,276	24,276	—	
Other operating expenses	63,624	63,624	—	
Capital outlays	13,491	13,491	—	
Subtotals	746,385	529,764	(216,621)	
Indirect costs	223,916	128,513	(95,403)	Findings 1, 3
Subtotals, health expenditures	970,301	658,277	(312,024)	
Less offsetting savings/reimbursements	613,153	(626,328)	(13,175)	Finding 4
Total costs	<u>\$ 357,148</u>	(31,949)	<u>\$ (325,199)</u>	
Less amount paid by the State		(357,148)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (325,199)</u>		
<u>July 1, 2000, through June 30, 2001</u>				
Salaries	\$ 550,480	\$ 387,826	\$ (162,654)	Finding 1
Benefits	91,530	64,485	(27,045)	Finding 1
Services and supplies	37,335	37,335	—	
Other operating expenses	60,628	60,628	—	
Capital outlays	11,131	11,131	—	
Subtotals	751,104	561,405	(189,699)	
Indirect costs	225,331	135,693	(89,638)	Findings 1, 3
Subtotals, health expenditures	976,435	697,098	(279,337)	
Less offsetting savings/reimbursements	(615,404)	(615,404)	—	
Total costs	<u>\$ 361,031</u>	(81,694)	<u>\$ (279,337)</u>	
Less amount paid by the State		(111,475)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (29,781)</u>		
<u>July 1, 2001, through June 30, 2002</u>				
Salaries	\$ 601,571	\$ 428,365	\$ (173,206)	Finding 1
Benefits	106,283	75,682	(30,601)	Finding 1
Services and supplies	42,558	42,558	—	
Other operating expenses	100,573	59,198	(41,375)	Finding 2
Capital outlays	20,530	20,530	—	
Subtotals	871,515	626,333	(245,182)	
Indirect costs	261,454	151,214	(110,240)	Findings 1, 3

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2001, through June 30, 2002 (continued)</u>				
Subtotals, health expenditures	1,132,969	777,547	(355,422)	
Less offsetting savings/reimbursements	<u>(591,922)</u>	<u>(649,350)</u>	<u>(57,428)</u>	Finding 4
Total costs	<u>\$ 541,047</u>	128,197	<u>\$ (412,850)</u>	
Less amount paid by the State		<u>(94,223)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 33,974</u>		
<u>Summary: July 1, 1999, through June 30, 2002</u>				
Salaries	\$ 1,704,780	\$ 1,183,286	\$ (521,494)	Finding 1
Benefits	290,078	201,445	(88,633)	Finding 1
Services and supplies	104,169	104,169	—	
Other operating expenses	224,825	183,450	(41,375)	Finding 2
Capital outlays	<u>45,152</u>	<u>45,152</u>	<u>—</u>	
Subtotals	2,369,004	1,717,502	(651,502)	
Indirect costs	<u>710,701</u>	<u>415,420</u>	<u>(295,281)</u>	Findings 1, 3
Subtotals, health expenditures	3,079,705	2,132,921	(946,784)	
Less offsetting savings/reimbursements	<u>(1,820,479)</u>	<u>(1,891,082)</u>	<u>(70,603)</u>	Finding 4
Total costs	<u>\$ 1,259,226</u>	241,840	<u>\$(1,017,386)</u>	
Less amount paid by the State		<u>(562,846)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (321,006)</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unallowable salaries and benefits, and related indirect costs claimed

The district overstated employee salaries and benefits claimed by \$610,127 for the period of July 1, 1999, through June 30, 2002. The related indirect costs, based on the claimed indirect cost rate of 30% for each fiscal year, total \$183,038.

Unallowable costs are summarized as follows:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Salaries:				
Unsupported costs	\$ (196,353)	\$ (162,057)	\$ (171,932)	\$ (530,342)
Mathematical errors	10,719	(597)	(1,274)	8,848
Total salaries	(185,634)	(162,654)	(173,206)	(521,494)
Benefits	(30,987)	(27,045)	(30,601)	(88,633)
Subtotals	(216,621)	(189,699)	(203,807)	(610,127)
Related indirect costs	(64,986)	(56,910)	(61,142)	(183,038)
Audit adjustment	\$ (281,607)	\$ (246,609)	\$ (264,949)	\$ (793,165)

The district claimed \$530,342 in salaries based on information reported in its employee earnings report that allocated individual payroll costs to various accounts. The district did not provide documentation supporting the validity of the distribution made to the mandate. In addition, the district made mathematical errors when preparing the claim that resulted in understated salary costs of \$8,848. Related benefits and indirect costs total \$88,633 and \$183,038, respectively.

Parameters and Guidelines states that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. Documentation must be kept on file for a period of no less than three years from the date of the final payment of the claim.

Recommendation

We recommend that the district establish and implement procedures to ensure all claimed costs are eligible and are properly supported. Documentation should identify the mandated functions performed and the actual number of hours devoted to each function.

District's Response

The State Controller asserts that the District overstates employee salaries and benefits because it "did not provide documentation supporting the validity of the distribution made to the mandate." The State Controller does not assert that the claimed costs were excessive or reasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). It would therefore appear that this finding is based upon the wrong standard for review. If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the

Administrative Procedures Act.

The issue for the State Controller appears to be the quality or quantity of supporting documentation, rather than the reasonableness of the claimed costs. This finding is based, partially, upon the report's assertion that the *Parameters and Guidelines* states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs." The *Parameters and Guidelines* actually state, in that regard, that "...all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs." It appears as if the audit report is applying some previously unpublished definition to the term "source documents." In fact, the definition applied by the audit report is still undefined and unpublished because nowhere in the report does it state what kind of "source documents" would satisfy its unpublished demands.

Please identify and provide the district with any and all written instructions, memorandums, or other writings in effect and applicable during the claiming period which defines "source documents" and how and when claimants were notified of the specific documentation requirements to support salary and benefit costs.

Government Code section 6253, subdivision (c), requires a government agency, within 10 days from receipt of a request for a copy of records, to determine whether the request, in whole or in part, seeks copies of public records in your possession and to promptly notify the district of that determination and the reasons therefor. Also, as required, when so notifying the district, please state the estimated date and time when the records will be made available.

SCO's Comment

The finding and recommendation, other than an update to the audit criterion, remain unchanged. The district did not address the audit finding's factual accuracy and did not provide any additional source documents or worksheets to refute the finding.

In addition to what the district cited in its response, *Government Code* Section 17561(d)(2) states that the Controller may audit the records of any local agency or school district to verify the actual amount of the mandated costs.

We provided copies of *Parameters and Guidelines* and the SCO's claiming instructions to the district on November 24, 2004. The SCO issues annual claiming instructions for mandated programs in accordance with *Government Code* Section 17558. The SCO's claiming instructions for the audit period include the same guidance for supporting documentation as stated in *Parameters and Guidelines*.

**FINDING 2—
Unallowable other
outgoing expenses**

The district overstated other outgoing expense costs by \$41,375 for the period of July 1, 2001, through June 30, 2002.

The district claimed costs based on amounts recorded on three separate journal voucher transactions. However, the district did not provide any documentation supporting the validity of the costs claimed, e.g., in invoices or other source documents.

A breakdown by college of unallowable outgoing expenses for FY 2001-02 is as follows:

<u>Location</u>	<u>Amount Claimed</u>
College of San Mateo	\$ (16,063)
Skyline College	(22,836)
Canada College	<u>(2,476)</u>
Audit adjustment	<u>\$ (41,375)</u>

Parameters and Guidelines states that all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. Documentation must be kept on file for a period of no less than three years from the date of the final payment of the claim.

Recommendation

We recommend the district establish and implement procedures to ensure all claimed costs are properly supported. Costs claimed must be traceable to source documents that show evidence of the validity of such costs.

District's Response

The district did not respond to this finding.

SCO's Comment

The finding and recommendation, other than an update to the audit criterion, remain unchanged.

**FINDING 3—
Overstated indirect
costs**

The district overstated indirect costs by \$112,243 for the period of July 1, 1999, through June 30, 2002.

The overstatement occurred because the district improperly applied its claimed indirect cost rate to costs beyond those approved by the U.S. Department of Health and Human Services (DHHS). The district used an indirect cost rate of 30% based upon Office of Management and Budget (OMB) Circular A-21 that was approved by the DHHS. The approval letter, dated February 4, 1999, stated that the district's indirect cost rate used a base consisting of "Direct Salaries and Wages including all fringe benefits." During the audit period, the district improperly applied the indirect cost rate to direct services and supplies, other operating

expenses, and capital outlay costs as follows:

	Fiscal Year			Total
	1999-2000	2000-01	2001-02	
Services and supplies	\$ (24,276)	\$ (37,335)	\$ (42,558)	
Other operating expenses	(63,624)	(60,628)	(100,573)	
Capital outlays	(13,491)	(11,131)	(20,530)	
Subtotals	(101,391)	(109,094)	(163,661)	
Indirect cost rate	× 30%	× 30%	× 30%	
Audit adjustment	\$ (30,417)	\$ (32,728)	\$ (49,098)	\$ (112,243)

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO claiming instructions. The SCO claiming instructions state that community college districts using an indirect cost rate proposal (ICRP) prepared in accordance with OMB Circular A-21 must obtain federal approval of the ICRP.

The SCO's *Mandated Cost Manual* states that indirect costs must be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

The OMB Circular A-21 methodology allows colleges and universities to calculate their indirect cost rate under the simplified method using either salaries and wages or modified total direct costs. The district's indirect cost rate was proposed and negotiated based on salaries and wages including all fringe benefits, not on modified total direct costs. The appropriate rate application base is shown on the rate agreement. The district must adhere to its rate agreement in claiming reimbursement of indirect costs.

Recommendation

We recommend that the district implement policies and procedures to ensure the OMB Circular A-21 indirect cost rate is applied only to the costs included in the base of the indirect cost rate calculation.

District's Response

The State Controller asserts "during the audit period, the district improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs. . ." The district uses a federally approved indirect cost rate. Since the rate was calculated using salaries and benefits as the allocation base, the State Controller asserts that the rate cannot be applied to any other indirect costs except for salaries and benefits. No cost accounting rationale or legal basis for this peculiar conclusion is provided by the State Controller.

The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller. The State Controller's claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State Controller to show, either factually or as a matter of law, that the indirect cost rate method used by the District is excessive or

unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2). If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

SCO's Comment

The finding and recommendation remain unchanged. The district interpreted *Parameters and Guidelines* language incorrectly. The phrase "may be claimed" is permissive; it allows the district to claim indirect costs. If the district claims indirect costs, the costs must adhere to the SCO's claiming instructions.

The district received an Indirect Cost Negotiation Agreement from the U.S. Department of Health and Human Services. The agreement indicates that the district's approved OMB Circular A-21 rate was developed using salaries and wages including all fringe benefits as a distribution base. Section H(2)(e) of OMB Circular A-21 states that institutions must apply the facilities and administrative cost rate to direct salaries and wages for individual agreements to determine the amount of facilities and administrative costs allocable to such agreements.

Mr. Wallace Chan, Branch Chief, U.S. Department of Health and Human Services, stated via e-mail on May 21, 2004, that colleges and universities must adhere to their rate agreement in claiming reimbursement of indirect cost under federal awards. If the district wishes to apply its indirect cost rate to a distribution base other than salaries and wages, the district's approved A-21 rate must be based on modified total direct costs.

In addition to what the district cited in its response, *Government Code* Section 17561(d)(2) states that the Controller may audit the records of any local agency or school district to verify the actual amount of the mandated costs.

**FINDING 4—
Understated
authorized health fee
revenues claimed**

The district understated offsetting health fee revenues by \$70,603 for the period of July 1, 1999, through June 30, 2001, due to an authorized \$1 increase in health fees that was not charged for the FY 1999-2000 summer semester and for all three semesters of FY 2001-02. Health fee revenues were understated as follows:

	<u>Summer</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
Fiscal year 1999-2000:				
Claimed health fees	\$ 7	\$ —	\$ —	
Authorized health fees	<u>8</u>	<u>—</u>	<u>—</u>	
Subtotals	(1)	—	—	
Number of students subject to fee	<u>× 13,175</u>	<u>× —</u>	<u>× —</u>	
Audit adjustment, FY 1999-2000	<u>\$ (13,175)</u>	<u>\$ —</u>	<u>\$ —</u>	\$ (13,175)

	<u>Summer</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
Fiscal year 2001-02:				
Claimed health fees	\$ 8	\$ 11	\$ 11	
Authorized health fees	<u>9</u>	<u>12</u>	<u>12</u>	
Subtotals	(1)	(1)	(1)	
Number of students subject to fee	<u>× 13,262</u>	<u>× 21,579</u>	<u>× 22,587</u>	
Audit adjustment, FY 2001-02	<u>\$ (13,262)</u>	<u>\$ (21,579)</u>	<u>\$ (22,587)</u>	<u>(57,428)</u>
Total audit adjustment				<u>\$ (70,603)</u>

Parameters and Guidelines states that health fees authorized by the *Education Code* must be deducted from costs claimed.

In addition, *Government Code* Section 17514 states that costs mandated by the State means any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, *Government Code* Section 17556 states that the Commission on State Mandates shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

Recommendation

We recommend that the district ensure that it offsets allowable health services program costs by the amount of health service fee revenues authorized by the *Education Code*.

District's Response

The State Controller alleges that claimants must compute the total student health fees collectible based on the highest "authorized" rate. The State Controller does not provide the factual basis for the calculation of the "authorized" rate, nor provide any reference to the "authorizing" source, nor the legal right of any state entity to "authorize student health services rates absent rulemaking or compliance with the Administrative Procedures Act by the "authorizing" state agency.

Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee... for health supervision and services..." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the *Education Code* must be deducted

from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed. . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

The State Controller also misconstrues the legal meaning of Government Code Section 17556, which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

Finally, the State Controller asserts that "to the extent that community college districts can charge a fee, they are not required to incur a cost." Revenues and costs are separate and unique accounting concepts, as the State Controller should know. Not charging a fee, that is, not collecting a revenue or income, has no effect on expenses. The fees actually collected appropriately reduces the amounts claimed for reimbursement, but do not change the actual cost of the program.

SCO's Comment

The finding and recommendation remain unchanged. We agree that community college districts may choose not to levy a health services fee. However, *Parameters and Guidelines* requires that the district deduct authorized health fees from claimed costs. *Education Code* Section 76355(c) authorizes health fees for all students except those students who: (1) depend exclusively on prayer for healing; (2) attend a community college under an approved apprenticeship training program; or (3) demonstrate financial need. (*Education Code* Section 76355(a) increased authorized health fees by \$1 effective with the Summer 2001 session.) Therefore, the related health services costs are not mandated costs as defined by *Government Code* Section 17514. Health services costs recoverable through an authorized fee are not costs the district is required to incur. *Government Code* Section 17556 states that the COSM shall not find costs mandated by the State as defined in *Government Code* Section 17514 if the district has authority to levy fees to pay for the mandated program or increased level of service.

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

OTHER ISSUES

The district requested that the audit report be changed to comply with the appropriate application of the *Government Code* concerning audits of mandate claims.

The district also noted that the name of the district is San Mateo County Community College District.

SCO's Comment

The methodology section of this report has been updated to reference *Government Code* Section 17561, which states that the Controller may audit the records of any local agency or school district to verify the actual amount of the mandated costs.

This report now correctly identifies the name of the district.

**Attachment—
District's Response to
Draft Audit Report**



Cañada College, Redwood City
College of San Mateo, San Mateo
Skyline College, San Bruno

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

Associate Chancellor

November 15, 2004

CERTIFIED MAIL: 7000 1670 0002 2598 7604

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
California State Controller
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 1, Statutes of 1984
Health Fee Elimination
State Controller's Audit
Fiscal Years: 2001-02 and 2002-03

Dear Mr. Spano:

This letter is the response of the San Mateo County Community College District to the letter from Vincent P. Brown, Chief Operating Officer, State Controller's Office, dated October 28, 2004, and received by the District on November 5, 2004, which enclosed a draft copy of your audit report of the District's Health Fee Elimination claims for the period of July 1, 1999 through June 30, 2002. Please note for future use that name of this district is San Mateo *County* Community College District.

Finding 1 - Unallowable Salaries and Benefits and Related Indirect Costs

The State Controller asserts that the District overstates employee salaries and benefits because it "did not provide documentation supporting the validity of the distribution made to the mandate." The State Controller does not assert that the claimed costs were excessive or reasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d) (2)). It would therefore appear that this finding is based upon the wrong standard for review. If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

The issue for the State Controller appears to be the quality or quantity of supporting

9401 CSM DRIVE, SAN MATEO, CALIFORNIA 94402-3095 ♦ W:(650) 358-6790 F:(650) 574-6574

Business Services ♦ Compensation & Employee Management System ♦ Facilities ♦ Purchasing ♦ Payroll

documentation, rather than the reasonableness of the claimed costs. This finding is based, partially, upon the report's assertion that the "*Parameters and Guidelines* states that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs." The *Parameters and Guidelines* actually state, in that regard, that "...all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs." It appears as if the audit report is applying some previously unpublished definition to the term "source documents." In fact, the definition applied by the audit report is still undefined and unpublished because nowhere in the report does it state what kind of "source documents" would satisfy its unpublished demands.

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Finding 3 - Overstated Indirect Costs

The State Controller asserts "during the audit period, the district improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs..." The district uses a federally approved indirect cost rate. Since the rate was calculated using salaries and benefits as the allocation base, the State Controller asserts that the rate cannot be applied to any other indirect costs except for salaries and benefits. No cost accounting rationale or legal basis for this peculiar conclusion is provided by the State Controller.

The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller. The State Controller's claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State Controller to show, either factually or as a matter of law, that the indirect cost rate method used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d) (2)). If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

Finding 4 - Understated Authorized Health Fee Revenues Claimed

The State Controller alleges that claimants must compute the total student health fees collectible based on the highest "authorized" rate. The State Controller does not provide the factual basis for the calculation of the "authorized" rate, nor provide any reference to the "authorizing" source, nor the legal right of any state entity to "authorize" student health services rates absent rulemaking or compliance with the Administrative Procedures Act by the "authorizing" state agency.

Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee . . . for health supervision and services . . ." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the Education Code must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

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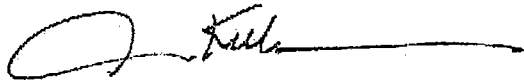
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Finally, the State Controller asserts that "to the extent that community college districts can charge a fee, they are not required to incur a cost." Revenues and costs are separate and unique accounting concepts, as the State Controller should know. Not charging a fee, that is, not collecting a revenue or income, has no effect on expenses. The fees actually collected appropriately reduces the amounts claimed for reimbursement, but do not change the actual cost of the program.

○ ○ ○

The District requests that the audit report be changed to comply with the appropriate application of the Government Code concerning audits of mandate claims.

Sincerely,



Jim Keller, Executive Vice Chancellor
San Mateo County Community College District

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, California 94250-5874**

<http://www.sco.ca.gov>

S03-MCC-045



Cañada College, Redwood City
College of San Mateo, San Mateo
Skyline College, San Bruno

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

Associate Chancellor

November 15, 2004

CERTIFIED MAIL: 7000 1670 0002 2598 7604

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Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee . . . for health supervision and services . . ." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "if, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the Education Code must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

The State Controller also misconstrues the legal meaning of Government Code Section 17556, which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

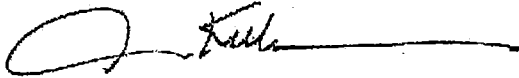
¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

Finally, the State Controller asserts that "to the extent that community college districts can charge a fee, they are not required to incur a cost." Revenues and costs are separate and unique accounting concepts, as the State Controller should know. Not charging a fee, that is, not collecting a revenue or income, has no effect on expenses. The fees actually collected appropriately reduces the amounts claimed for reimbursement, but do not change the actual cost of the program.

○ ○ ○

The District requests that the audit report be changed to comply with the appropriate application of the Government Code concerning audits of mandate claims.

Sincerely,



Jim Keller, Executive Vice Chancellor
San Mateo County Community College District

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET
SACRAMENTO, CA 95814-6511
6) 445-8752
HTTP://WWW.CCOCO.EDU



March 5, 2001

To: Superintendents/Presidents
Chief Business Officers
Chief Student Services Officers
Health Services Program Directors
Financial Aid Officers
Admissions and Records Officers
Extended Opportunity Program Directors

From: Thomas J. Nussbaum
Chancellor

Subject: Student Health Fee Increase

Education Code Section 76355 provides the governing board of a community college district the option of increasing the student health services fee by the same percentage as the increase in the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar above the existing fee, the fee may be increased by \$1.00.

Based on calculations by the Financial, Economic, and Demographic Unit in the Department of Finance, the Implicit Price Deflator Index has now increased enough since the last fee increase of March 1997 to support a one dollar increase in the student health fees. Effective with the Summer Session of 2001, districts may begin charging a maximum fee of \$12.00 per semester, \$9.00 for summer session, \$9.00 for each intersession of at least four weeks, or \$9.00 for each quarter.

For part-time students, the governing board shall decide the amount of the fee, if any, that the student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

The governing board operating a health services program must have rules that exempt the following students from any health services fee:

- Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

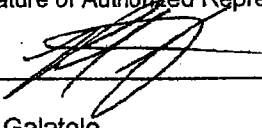
- Students who are attending a community college under an approved apprenticeship training program.
- Students who receive Board of Governors Enrollment Fee Waivers, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

All fees collected pursuant to this section shall be deposited in the Student Health Fee Account in the Restricted General Fund of the district. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors. Allowable expenditures include health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both. Allowable expenditures exclude athletic-related salaries, services, insurance, insurance deductibles, or any other expense that is not available to all students. No student shall be denied a service supported by student health fee on account of participation in athletic programs.

If you have any questions about this memo or about student health services, please contact Mary Gill, Dean, Enrollment Management Unit at 916.323.5951. If you have any questions about the fee increase or the underlying calculations, please contact Patrick Ryan in Fiscal Services Unit at 916.327.6223.

CC: Patrick J. Lenz
Ralph Black
Judith R. James
Frederick E. Harris

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CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION		For State Controller Use Only		
		(19) Program Number 00029		
		(20) Date File _____/_____/_____		
		(21) LRS Input _____/_____/_____		
(01) Claimant Identification Number S41100		Reimbursement Claim Data		
(02) Mailing Address		(22) HFE-1.0,(04)(b)	357,148	
Claimant Name San Mateo Co. Comm Col. Dist				
County of Location San Mateo County		(24)		
Street Address or P.O.Box 3401 CSM Drive		(25)		
City San Mateo	State CA	Zip Code 94402	(26)	
Type of Claim	Estimated Claim		Reimbursement Claim	
	(3) Estimated	<input checked="" type="checkbox"/>	(9) Reimbursement	<input checked="" type="checkbox"/>
	(4) Combined	<input type="checkbox"/>	(10) Combined	<input type="checkbox"/>
	(5) Amended	<input type="checkbox"/>	(11) Amended	<input type="checkbox"/>
Fiscal Year of Cost	(6) 2000 / 2001	(12) 1999 / 2000	(27)	(31)
Total Claimed Amount	(7) 386,258	(13) 357,148	(28)	(32)
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(29)	(33)
Less: Estimated Claim Payment Received		(15) 311,496	(30)	(34)
Actual Claimed Amount	(16)	(17)	(31)	(35)
Due from State	(8) 386,258	(17) 45,652	(32)	(36)
Due to State		(18)	(33)	(37)
(38) CERTIFICATION OF CLAIM				
<p>In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, Inclusive.</p> <p>I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987.</p> <p>The amounts for Estimated Claim and / or Reimbursement Claim are hereby claimed from the State for payment of estimated and / or actual costs for the mandated program of Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987, set forth on the attached statements.</p>				
Signature of Authorized Representative		Date		
		<u>1/10/01</u>		
Ron Galatolo		Associate Chancellor		
Type or Print Name		Title		
Name of Contact Person for Claim		Telephone Number		
Raymond Chow		650-358-6742 EXT.		
chow@smccd.net				

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999 / 2000
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College		(b) Claimed Amount
1. College of San Mateo		187,175
2. Canada College		127,999
3. Skyline College		41,974
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	357,148

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College	(b) Claimed Amount	
1. College of San Mateo	200,796	
2. Canada College	135,959	
3. Skyline College	49,504	
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	386,258

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999 / 2000					
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; text-align: center;"> LESS <input type="checkbox"/> SAME <input checked="" type="checkbox"/> MORE <input type="checkbox"/> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	204,104	61,231	265,335				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	204,104	61,231	265,335				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	687	4,539	11	7,557	11	49,929	57,486
2. Per spring semester	685	4,700	11	7,535	11	51,700	59,235
3. Per summer session	4	2,941	7	28	7	20,587	20,615
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						137,336
(10) Sub-total	[Line (07) - line (09)]						127,999
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						127,999

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							Form HFE-1.1
(01) Claimant San Mateo County Community College District			(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>		Fiscal Year 1999 / 2000		
(03) Name of College COLLEGE OF SAN MATEO							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; margin-top: 5px;"> LESS <input type="checkbox"/> SAME <input checked="" type="checkbox"/> MORE <input type="checkbox"/> </div>							
					Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim					349,219	104,766	453,984
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]					349,219	104,766	453,984
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	2,047	8,290	11	22,517	11	91,190	113,707
2. Per spring semester	1,873	8,628	11	20,603	11	94,909	115,512
3. Per summer session	30	5,340	7	210	7	37,380	37,590
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +.....(8.6g)]							266,809
(10) Sub-total [Line (07) - line (09)]							187,175
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed [Line (10) - {(line (11) +line (12))}]							187,175

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 1999 / 2000					
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; text-align: center;"> <div>LESS <input type="checkbox"/></div> <div>SAME <input checked="" type="checkbox"/></div> <div>MORE <input type="checkbox"/></div> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	193,063	57,919	250,982				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	193,063	57,919	250,982				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,338	6,399	11	14,718	11	70,389	85,107
2. Per spring semester	1,280	6,891	11	14,080	11	75,801	89,881
3. Per summer session	4	4,856	7	28	7	33,992	34,020
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +.....(8.6g)]							209,008
(10) Sub-total [Line (07) - line (09)]							41,974
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed [Line (10) - {(line (11) +line (12))}]							41,974

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001				
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP , do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	210,227	63,068	273,295				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	210,227	63,068	273,295				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	687	4,539	11	7,554	11	49,932	57,486
2. Per spring semester	685	4,700	11	7,539	11	51,696	59,235
3. Per summer session	4	2,941	7	31	7	20,584	20,615
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						137,336
(10) Sub-total	[Line (07) - line (09)]						135,959
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						135,959

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001				
(03) Name of College COLLEGE OF SAN MATEO							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; text-align: center;"> <div>LESS <input type="checkbox"/></div> <div>SAME <input checked="" type="checkbox"/></div> <div>MORE <input type="checkbox"/></div> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	359,695	107,909	467,604				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	359,695	107,909	467,604				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	2,047	8,290	11	22,512	11	91,195	113,707
2. Per spring semester	1,873	8,628	11	20,598	11	94,913	115,511
3. Per summer session	30	5,340	7	212	7	37,378	37,590
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						266,808
(10) Sub-total	[Line (07) - line (09)]						200,796
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {line (11) +line (12)}]						200,796

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001				
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	198,855	59,657	258,512				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	198,855	59,657	258,512				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part-time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,338	6,399	11	14,714	11	70,393	85,107
2. Per spring semester	1,280	6,891	11	14,084	11	75,797	89,881
3. Per summer session	4	4,856	7	30	7	33,990	34,020
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						209,008
(10) Sub-total	[Line (07) - line (09)]						49,504
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - (line (11) +line (12))]						49,504

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a)	(b)
		FY 1985/86	Fy of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon			
Dermatology, family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.)			
Psychologist, full services			
Cancel / Change Appointments		X	X
Registered Nurse		X	X
Check Appointments		X	X
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports			
Nutrition		X	X
Test Results, Office			
Venereal Disease			
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye / Vision		X	X
Dermatology / Allergy		X	X
Gynecology / Pregnancy Service		X	X
Neuralgic			
Orthopedic		X	X
Genito / Urinary		X	X
Dental		X	X
Gastro - Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	X
Substance Abuse Identification and Counseling			
Acquired Immune Deficiency Syndrome		X	X
Eating Disorders			
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, List		X	X
Examinations, minor illnesses			
Recheck Minor Injury		X	X
Health Talks or Fairs, Information			
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a)	(b)
		FY 1985/86	Fy of Claim
	Child Abuse		
	Birth Control / Family Planning		
	Stop Smoking		
	Library, Videos and Cassettes	X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
	Diphtheria / Tetanus		
	Measles / Rubella (Last time was 1987)	X	X
	Influenza		
	Information	X	X
Insurance			
	On Campus Accident	X	X
	Voluntary	X	X
	Insurance Inquiry / Claim Administration	X	X
Laboratory Tests Done			
	Inquiry / Interpretation		
	Pap Smears		
Physical Examinations			
	Employees		
	Students		
	Athletes		
Medications			
	Antacids	X	X
	Antidiarrheal	X	X
	Aspirin, Tylenol, Etc	X	X
	Skin Rash Preparations	X	X
	Eye Drops		
	Ear Drops		
	Toothache, oil cloves	X	X
	Stingkill	X	X
	Midol, Menstrual Cramps	X	X
	Other, list		
Parking Cards / Elevator Keys			
	Tokens		
	Return Card / Key		
	Parking Inquiry	X	X
	Elevator Passes		
	Temporary Handicapped Parking Permits		

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) Fy of Claim
Referrals to Outside Agencies	Private Medical Doctor	X	X
	Health Department	X	X
	Clinic	X	X
	Dental	X	X
	Counseling Centers	X	X
	Crisis Centers	X	X
	Transitional Living Facilities, battered / homeless women	X	X
	Family Planning Facilities		
	Other Health Agencies		
Tests	Blood Pressure	X	X
	Hearing	X	X
	Tuberculosis		
	Reading	X	X
	Information	X	X
	Vision		
	Glucometer		
	Urinalysis		
	Hemoglobin		
	EKG		
	Strep A testing	X	X
	PG Testing		
	Monospot		
Hemacult			
Others, list			
Miscellaneous	Absence Excuses / PE Waiver	X	X
	Allergy Injections	X	X
	Band-aids	X	X
	Booklets / Pamphlets	X	X
	Dressing Change	X	X
	Rest		
	Suture Removal	X	X
	Temperature	X	X
	Weight	X	X
	Information	X	X
	Report / Form	X	X
	Wart Removal		
	Others, list		
	Committees	Safety	X
Environmental		X	X
Disaster Planning			

Health Fee Elimination Worksheet
Reimbursement Claim for 1999 / 2000

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 99	4	4,856	7	28	7	33,992	34,020
Fall 99	1,338	6,399	11	14,718	11	70,389	85,107
Spring 00	1,280	6,891	11	14,080	11	75,801	89,881
Canada							
Summer 99	4	2,941	7	28	7	20,587	20,615
Fall 99	687	4,539	11	7,557	11	49,929	57,486
Spring 00	685	4,700	11	7,535	11	51,700	59,235
CSM							
Summer 99	30	5,340	7	210	7	37,380	37,590
Fall 99	2,047	8,290	11	22,517	11	91,190	113,707
Spring 00	1,873	8,628	11	20,603	11	94,909	115,512

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 99	5	5,713	5,718	858	4,860	0.1501
Fall 99	1,564	7,482	9,046	1,309	7,737	0.1447
Spring 00	1,488	8,008	9,496	1,325	8,171	0.1395
Canada						
Summer 99	5	3,272	3,277	332	2,945	0.1013
Fall 99	766	5,063	5,829	603	5,226	0.1034
Spring 00	768	5,266	6,034	649	5,385	0.1076
CSM						
Summer 99	34	5,993	6,027	657	5,370	0.1090
Fall 99	2,340	9,479	11,819	1,482	10,337	0.1254
Spring 00	2,125	9,792	11,917	1,416	10,501	0.1188

Health Fee Elimination Worksheet
Estimated Claim for 2000 / 2001

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 00	4	4,856	7	30	7	33,990	34,020
Fall 00	1,338	6,399	11	14,714	11	70,393	85,107
Spring 01	1,280	6,891	11	14,084	11	75,797	89,881
Canada							
Summer 00	4	2,941	7	31	7	20,584	20,615
Fall 00	687	4,539	11	7,554	11	49,932	57,486
Spring 01	685	4,700	11	7,539	11	51,696	59,235
CSM							
Summer 00	30	5,340	7	212	7	37,378	37,590
Fall 00	2,047	8,290	11	22,512	11	91,195	113,707
Spring 01	1,873	8,628	11	20,598	11	94,913	115,511

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 00	5	5,713	5,718	852	4,866	0.1490
Fall 00	1,564	7,482	9,046	1,220	7,826	0.1349
Spring 01	1,488	8,008	9,496	1,220	8,276	0.1285
Canada						
Summer 00	5	3,272	3,277	329	2,948	0.1004
Fall 00	766	5,063	5,829	568	5,261	0.0974
Spring 01	768	5,266	6,034	568	5,466	0.0941
CSM						
Summer 00	34	5,993	6,027	657	5,370	0.1090
Fall 00	2,340	9,479	11,819	1,420	10,399	0.1201
Spring 01	2,125	9,792	11,917	1,420	10,497	0.1192

**Health Fee Elimination Worksheet
Base Year Vs Current Year**

<u>Total Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total</u>
Base Yr: 86-87	254,875	178,473	133,768	567,116
Current Yr: 99-00	349,219	193,063	204,104	746,386
Diff. Base Vs Current Yr.	94,344	14,590	70,336	179,270
Indirect Cost Rate	30%			


Expenditures by Account Type

<u>Fund 1 (1%) Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total Expenses</u>
Salary & Benefit	89,854.97	14,130.68	95,536.85	199,522.50
Supplies & Materials	5,297.43	3,929.65	840.76	10,067.84
Other Oper. Expenses	29,435.27		770.00	30,205.27
Capital Outlay	1,067.35	8,724.19	408.10	10,199.64
Other outgo Expenses				-
Total Expenses	125,655.02	26,784.52	97,555.71	249,995.25
 <u>Fund 3 (39030)</u>				
Salary & Benefit	218,919.97	134,975.18	91,576.54	445,471.69
Supplies & Materials	4,143.87	8,007.00	2,057.26	14,208.13
Other Oper. Expenses		20,504.78	12,914.04	33,418.82
Capital Outlay	499.98	2,791.83		3,291.81
Other outgo Expenses				-
Total Expenses	223,563.82	166,278.79	106,547.84	496,390.45
 Total Fund 1 & 3	349,218.84	193,063.31	204,103.55	

copy

State Controller's Office

State Mandated Cost Manual

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use Only	
	(19) Program Number 00029	
	(20) Date File _____	
	(21) LRS Input _____	

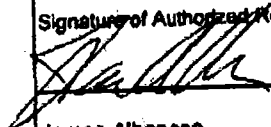
(01) Claimant Identification Number		S41100		Reimbursement Claim Data	
(02) Mailing Address		(22) HFE-1.0,(04)(b)	381,031		
Claimant Name		San Mateo Co. Comm Col. Dist		(23)	
County of Location		San Mateo County		(24)	
Street Address or P.O.Box		3401 CSM Drive		(25)	
City San Mateo	State CA	Zip Code	94402		
Type of Claim	Estimated Claim	Reimbursement Claim			
	(3) Estimated <input checked="" type="checkbox"/>	(9) Reimbursement <input checked="" type="checkbox"/>		(27)	
	(4) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>		(28)	
	(5) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>		(29)	
Fiscal Year of Cost	(6) 2001 / 2002	(12) 2000 / 2001			
Total Claimed Amount	(7) 403,444	(13) 381,031	(32)		
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(33)		
Less: Estimated Claim Payment Received		(15) 386,258	(34)		
Net Claimed Amount		(16)	(35)		
Due from State	(8) 403,444	(17)	(36)		
Due to State		(18) (25,227)	(38)		

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and / or Reimbursement Claim are hereby claimed from the State for payment of estimated and / or actual costs for the mandated program of Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Representative

 James Albanese
 Type or Print Name

Date
 1/10/02
 Associate Chancellor
 Title

(39) Name of Contact Person for Claim
 Raymond Chow
 chow@smccd.net
 Telephone Number
 650-358-8742 EXT.

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2000 / 2001
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College		(b) Claimed Amount
1. College of San Mateo		193,082
2. Canada College		139,007
3. Skyline College		28,942
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	361,031

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input checked="" type="checkbox"/>	Fiscal Year 2001 / 2002
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College	(b) Claimed Amount	
1. College of San Mateo	211,957	
2. Canada College	149,789	
3. Skyline College	41,698	
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	403,444

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		Form HFE-1.1					
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated <input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2000 / 2001					
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed. <div style="display: flex; justify-content: space-around; text-align: center;"> LESS <input type="checkbox"/> SAME <input checked="" type="checkbox"/> MORE <input type="checkbox"/> </div>							
	Direct Cost	Indirect Cost					
(05) Cost of health services for the fiscal year of claim	207,897	62,369					
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	207,897	62,369					
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	719	4,162	11	7,909	11	45,782	53,691
2. Per spring semester	638	4,469	11	7,018	11	49,159	56,177
3. Per summer session	1	2,673	8	8	8	21,384	21,392
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						131,260
(10) Sub-total	[Line (07) - line (09)]						139,007
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]						139,007

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District		(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2000 / 2001				
(03) Name of College COLLEGE OF SAN MATEO							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; text-align: center;"> <div>LESS <input type="checkbox"/></div> <div>SAME <input checked="" type="checkbox"/></div> <div>MORE <input type="checkbox"/></div> </div>							
		Direct Cost	Indirect Cost				
(05) Cost of health services for the fiscal year of claim		353,992	106,198				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]		353,992	106,198				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,974	8,446	11	21,714	11	92,906	114,620
2. Per spring semester	1,702	8,474	11	18,722	11	93,214	111,936
3. Per summer session	7	5,062	8	56	8	40,496	40,552
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +(8.6g)]							267,108
(10) Sub-total [Line (07) - line (09)]							193,082
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed [Line (10) - {line (11) +line (12)}]							193,082

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2000 / 2001					
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; text-align: center;"> <div>LESS <input type="checkbox"/></div> <div>SAME <input checked="" type="checkbox"/></div> <div>MORE <input type="checkbox"/></div> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	189,214	56,764	245,978				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	189,214	56,764	245,978				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Périod for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,294	6,536	11	14,234	11	71,896	86,130
2. Per spring semester	1,307	6,683	11	14,377	11	73,513	87,890
3. Per summer session	6	5,371	8	48	8	42,968	43,016
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						217,036
(10) Sub-total	[Line (07) - line (09)]						28,942
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {line (11) +line (12)}]						28,942

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		Form HFE-1.1					
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	Fiscal Year 2001 / 2002					
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost					
(05) Cost of health services for the fiscal year of claim	214,134	64,240					
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	214,134	64,240					
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	719	4,162	11	7,908	11	45,783	53,691
2. Per spring semester	638	4,469	11	7,018	11	49,159	56,177
3. Per summer session	1	2,673	7	6	7	18,712	18,718
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						128,586
(10) Sub-total	[Line (07) - line (09)]						149,789
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						149,789

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1							
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2001 / 2002							
(03) Name of College COLLEGE OF SAN MATEO										
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed										
<table style="width:100%; border: none;"> <tr> <td style="text-align: center;">LESS</td> <td style="text-align: center;">SAME</td> <td style="text-align: center;">MORE</td> </tr> <tr> <td style="text-align: center;"><input type="checkbox"/></td> <td style="text-align: center;"><input checked="" type="checkbox"/></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </table>					LESS	SAME	MORE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LESS	SAME	MORE								
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>								
			Direct Cost	Indirect Cost	Total					
(05) Cost of health services for the fiscal year of claim			364,612	109,384	473,996					
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87										
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]			364,612	109,384	473,996					
(08) Complete Columns (a) through (g) to provide detail data for health fees										
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)			
1. Per fall semester	1,974	8,446	11	21,716	11	92,904	114,620			
2. Per spring semester	1,702	8,474	11	18,717	11	93,219	111,936			
3. Per summer session	7	5,062	7	49	7	35,434	35,483			
4. Per first quarter										
5. Per second quarter										
6. Per third quarter										
(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +(8.6g)]							262,039			
(10) Sub-total [Line (07) - line (09)]							211,957			
Cost Reduction										
(11) Less: Offsetting Savings, if applicable							0			
(12) Less: Other Reimbursements, if applicable							0			
(13) Total Amount Claimed [Line (10) - {(line (11) +line (12))}]							211,957			

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated	<input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2001 / 2002				
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	194,890	58,467	253,357				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	194,890	58,467	253,357				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,294	6,536	11	14,229	11	71,901	86,130
2. Per spring semester	1,307	6,683	11	14,372	11	73,518	87,890
3. Per summer session	6	5,371	7	42	7	37,597	37,639
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +.....(8.6g)]						211,659
(10) Sub-total	[Line (07) - line (09)]						41,698
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - (line (11) +line (12))]						41,698

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2000 / 2001	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a)	(b)
		FY 1986/87	Fy of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon			
Dermatology, family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.)			
Psychologist, full services			
Cancel / Change Appointments		X	X
Registered Nurse		X	X
Check Appointments		X	X
Assessment, intervention and Counseling			
Birth Control		X	X
Lab Reports			
Nutrition		X	X
Test Results, Office			
Venereal Disease			
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye / Vision		X	X
Dermatology / Allergy		X	X
Gynecology / Pregnancy Service		X	X
Neuralgic			
Orthopedic		X	X
Genito / Urinary		X	X
Dental		X	X
Gastro - Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	X
Substance Abuse Identification and Counseling			
Acquired Immune Deficiency Syndrome		X	X
Eating Disorders			
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, List		X	X
Examinations, minor illnesses			
Recheck Minor Injury		X	X
Health Talks or Fairs, Information			
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2000 / 2001	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) Fy of Claim
		X	X
Child Abuse			
Birth Control / Family Planning			
Stop Smoking			
Library, Videos and Cassettes	X	X	
First Aid, Major Emergencies	X	X	
First Aid, Minor Emergencies	X	X	
First Aid Kits, Filled	X	X	
Immunizations			
Diphtheria / Tetanus			
Measles / Rubella (Last time was 1987)	X	X	
Influenza			
Information	X	X	
Insurance			
On Campus Accident	X	X	
Voluntary	X	X	
Insurance Inquiry / Claim Administration	X	X	
Laboratory Tests Done			
Inquiry / Interpretation			
Pap Smears			
Physical Examinations			
Employees			
Students			
Athletes			
Medications			
Antacids	X	X	
Antidiarrheal	X	X	
Aspirin, Tylenol, Etc	X	X	
Skin Rash Preparations	X	X	
Eye Drops			
Ear Drops			
Toothache, oil cloves	X	X	
Stingkill	X	X	
Midol, Menstrual Cramps	X	X	
Other, list			
Parking Cards / Elevator Keys			
Tokens			
Return Card / Key			
Parking Inquiry	X	X	
Elevator Passes			
Temporary Handicapped Parking Permits			

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2000 / 2001	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) Fy of Claim
Referrals to Outside Agencies	Private Medical Doctor	X	X
	Health Department	X	X
	Clinic	X	X
	Dental	X	X
	Counseling Centers	X	X
	Crisis Centers	X	X
	Transitional Living Facilities, battered / homeless women	X	X
	Family Planning Facilities	X	X
	Other Health Agencies		
Tests	Blood Pressure	X	X
	Hearing	X	X
	Tuberculosis		
	Reading	X	X
	Information	X	X
	Vision	X	X
	Glucometer		
	Urinalysis		
	Hemoglobin		
	EKG		
	Strep A testing	X	X
	PG Testing		
	Monospot		
	Hemacult		
	Others, list		
Miscellaneous	Absence Excuses / PE Waiver	X	X
	Allergy Injections	X	X
	Bandaids	X	X
	Booklets / Pamphlets	X	X
	Dressing Change	X	X
	Rest	X	X
	Suture Removal		
	Temperature	X	X
	Weight	X	X
	Information	X	X
	Report / Form	X	X
	Wart Removal		
	Others, list		
Committees	Safety	X	X
	Environmental		
	Disaster Planning	X	X

Health Fee Elimination Worksheet
Reimbursement Claim for 2000 / 2001

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part-time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 00	6	5,371	8	48	8	42,968	43,016
Fall 00	1,294	6,536	11	14,234	11	71,896	86,130
Spring 01	1,307	6,683	11	14,377	11	73,513	87,890
Canada							
Summer 00	1	2,673	8	8	8	21,384	21,392
Fall 00	719	4,162	11	7,909	11	45,782	53,691
Spring 01	638	4,469	11	7,018	11	49,159	56,177
CSM							
Summer 00	7	5,062	8	56	8	40,496	40,552
Fall 00	1,974	8,446	11	21,714	11	92,906	114,620
Spring 01	1,702	8,474	11	18,722	11	93,214	111,936

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 00	7	6,238	6,245	868	5,377	0.1390
Fall 00	1,504	7,600	9,104	1,274	7,830	0.1399
Spring 01	1,510	7,724	9,234	1,244	7,990	0.1347
Canada						
Summer 00	1	2,974	2,975	301	2,674	0.1012
Fall 00	839	4,857	5,696	815	4,881	0.1431
Spring 01	759	5,317	6,076	969	5,107	0.1595
CSM						
Summer 00	8	5,727	5,735	666	5,069	0.1161
Fall 00	2,276	9,737	12,013	1,593	10,420	0.1326
Spring 01	1,957	9,747	11,704	1,528	10,176	0.1306

Health Fee Elimination Worksheet
Estimated Claim for 2000 / 2001

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 00	6	5,371	7	42	7	37,597	37,639
Fall 00	1,294	6,536	11	14,229	11	71,901	86,130
Spring 01	1,307	6,683	11	14,372	11	73,518	87,890
Canada							
Summer 00	1	2,673	7	6	7	18,712	18,718
Fall 00	719	4,162	11	7,908	11	45,783	53,691
Spring 01	638	4,469	11	7,018	11	49,159	56,177
CSM							
Summer 00	7	5,062	7	49	7	35,434	35,483
Fall 00	1,974	8,446	11	21,716	11	92,904	114,620
Spring 01	1,702	8,474	11	18,717	11	93,219	111,936

Net (Total number F/T - Health Fee Waivers)

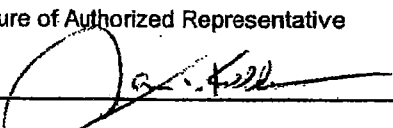
	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 00	7	6,238	6,245	852	5,393	0.1364
Fall 00	1,504	7,600	9,104	1,220	7,884	0.1340
Spring 01	1,510	7,724	9,234	1,220	8,014	0.1321
Canada						
Summer 00	1	2,974	2,975	329	2,646	0.1106
Fall 00	839	4,857	5,696	568	5,128	0.0997
Spring 01	759	5,317	6,076	568	5,508	0.0935
CSM						
Summer 00	8	5,727	5,735	657	5,078	0.1146
Fall 00	2,276	9,737	12,013	1,420	10,593	0.1182
Spring 01	1,957	9,747	11,704	1,420	10,284	0.1213

**Health Fee Elimination Worksheet
Base Year Vs Current Year**

<u>Total Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total</u>
Base Yr: 86-87	254,875	178,473	133,768	567,116
Current Yr: 00-01	353,992	189,214	207,897	751,104
Diff. Base Vs Current Yr.	99,117	10,741	74,129	183,988
Indirect Cost Rate	30%			

Expenditures by Account Type

<u>Fund 1 (1%) Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total Expenses</u>
Salary & Benefit	120,455.47	17,798.00	109,222.72	247,476.19
Supplies & Materials	4,433.82		1,367.91	5,801.73
Other Oper. Expenses	26,534.64		1,381.01	27,915.65
Capital Outlay			4,253.23	4,253.23
Other outgo Expenses				-
Total Expenses	151,423.93	17,798.00	116,224.87	285,446.80
 <u>Fund 3 (39030)</u>				
Salary & Benefit	191,040.37	123,251.72	80,240.99	394,533.08
Supplies & Materials	8,814.72	22,718.45		31,533.17
Other Oper. Expenses	2,497.41	18,783.50	11,431.62	32,712.53
Capital Outlay	215.99	6,662.16		6,878.15
Other outgo Expenses				-
Total Expenses	202,568.49	171,415.83	91,672.61	465,656.93
 Total Fund 1 & 3	353,992.42	189,213.83	207,897.48	751,103.73

CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION			For State Controller Use Only	
			(19) Program Number 00029	Program 029
			(20) Date File _____ / _____ / _____	
			(21) LRS Input _____ / _____ / _____	
(01) Claimant Identification Number S41100			Reimbursement Claim Data	
(02) Mailing Address			(22) HFE-1.0,(04)(b)	541,047
Claimant Name San Mateo Co. Comm Col. Dist			(23)	
County of Location San Mateo County			(24)	
Street Address or P.O.Box 3401 CSM Drive			(25)	
City San Mateo State CA Zip Code 94402			(26)	
Type of Claim	Estimated Claim	Reimbursement Claim		
	(3) Estimated <input checked="" type="checkbox"/>	(9) Reimbursement <input checked="" type="checkbox"/>	(27)	
	(4) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)	
	(5) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)	
			(30)	
Fiscal Year of Cost	(6) 2002 / 2003	(12) 2001 / 2002	(31)	
Total Claimed Amount	(7) 412,990	(13) 541,047	(32)	
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(33)	
Less: Estimated Claim Payment Received		(15) 403,444	(34)	
Net Claimed Amount		(16)	(35)	
Due from State	(8) 412,990	(17) 137,603	(36)	
Due to State		(18)		
(38) CERTIFICATION OF CLAIM				
<p>In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987; and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, Inclusive.</p> <p>I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987.</p> <p>The amounts for Estimated Claim and / or Reimbursement Claim are hereby claimed from the State for payment of estimated and / or actual costs for the mandated program of Chapter 1, Statutes of 1984 and Chapter 1118, Statutes of 1987, set forth on the attached statements.</p>				
Signature of Authorized Representative			Date	
			1/15/03	
James Keller			Executive Vice Chancellor	
Name or Print Name			Title	
(39) Name of Contact Person for Claim Raymond Chow			Telephone Number 650-358-6742 EXT.	
			chow@smccd.net	

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001 / 2002
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College		(b) Claimed Amount
1. College of San Mateo		296,955
2. Canada College		116,122
3. Skyline College		127,970
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)]	541,047

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input checked="" type="checkbox"/>	Fiscal Year 2002 / 2003
(03) List all the Colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College	(b) Claimed Amount	
1. College of San Mateo	256,252	
2. Canada College	76,705	
3. Skyline College	80,033	
(04) Total Amount Claimed	[Line (3.1b)+line (3.2b) +line (3.3b) +...line(3.21b)] 412,990	

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		Form HFE-1.1					
(01) Claimant San Mateo County Community College District		(02) Type of Claim Reimbursement Estimated	Fiscal Year 2001 / 2002				
		<input checked="" type="checkbox"/>					
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>		SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>				
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	184,216	55,265	239,481				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	184,216	55,265	239,481				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	953	3,503	11	10,485	11	38,531	49,016
2. Per spring semester	973	3,792	11	10,699	11	41,716	52,415
3. Per summer session	4	2,737	8	33	8	21,895	21,928
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						123,359
(10) Sub-total	[Line (07) - line (09)]						116,122
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						116,122

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							Form HFE-1.1
(01) Claimant San Mateo County Community College District			(02) Type of Claim Reimbursement Estimated		<input type="checkbox"/> <input checked="" type="checkbox"/>		Fiscal Year 2002 / 2003
(03) Name of College CANADA COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>		SAME <input checked="" type="checkbox"/>		MORE <input type="checkbox"/>			
					Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim					189,742	56,923	246,665
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]					189,742	56,923	246,665
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	1,381	5,346	11	15,191	11	58,806	73,997
2. Per spring semester	1,269	4,948	11	13,959	11	54,428	68,387
3. Per summer session	1	3,446	8	8	8	27,568	27,576
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected					[Line (8.1g) + (8.2g) +(8.6g)]		169,960
(10) Sub-total					[Line (07) - line (09)]		76,705
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed					[Line (10) - {line (11) +line (12)}]		76,705

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001 / 2002					
(03) Name of College COLLEGE OF SAN MATEO							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed <div style="display: flex; justify-content: space-around; margin-top: 5px;"> LESS <input type="checkbox"/> SAME <input checked="" type="checkbox"/> MORE <input type="checkbox"/> </div>							
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	431,805	129,541	561,346				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	431,805	129,541	561,346				
(08) Complete Columns (a) through (g) to provide detail data for health fees.							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	2,537	7,545	11	27,902	11	83,000	110,902
2. Per spring semester	2,368	7,747	11	26,051	11	85,214	111,265
3. Per summer session	82	5,196	8	655	8	41,569	42,224
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						264,391
(10) Sub-total	[Line (07) - line (09)]						296,955
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						296,955

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**Form
HFE-1.1**

(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated X	Fiscal Year 2002 / 2003
---	--	---------------------------------------

(03) Name of College **COLLEGE OF SAN MATEO**

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed

LESS	SAME	MORE
<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim	444,759	133,428	578,187
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	444,759	133,428	578,187

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	3,146	9,433	11	34,606	11	103,763	138,369
2. Per spring semester	2,782	9,100	11	30,602	11	100,100	130,702
3. Per summer session	9	6,599	8	72	8	52,792	52,864
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]	321,935
(10) Sub-total	[Line (07) - line (09)]	256,252

Cost Reduction

(11) Less: Offsetting Savings, if applicable	0
(12) Less: Other Reimbursements, if applicable	0
(13) Total Amount Claimed	[Line (10) - {line (11) + line (12)}] 256,252

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							Form HFE-1.1	
(01) Claimant San Mateo County Community College District			(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>			Fiscal Year 2001 / 2002		
(03) Name of College SKYLINE COLLEGE								
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed								
LESS <input type="checkbox"/>		SAME <input checked="" type="checkbox"/>		MORE <input type="checkbox"/>				
						Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim						255,494	76,648	332,142
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87								
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]						255,494	76,648	332,142
(08) Complete Columns (a) through (g) to provide detail data for health fees								
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part-time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)	
1. Per fall semester	1,753	5,288	11	19,282	11	58,169	77,451	
2. Per spring semester	1,766	5,941	11	19,426	11	65,351	84,777	
3. Per summer session	11	5,232	8	88	8	41,856	41,944	
4. Per first quarter								
5. Per second quarter								
6. Per third quarter								
(09) Total health fee that could have been collected						[Line (8.1g) + (8.2g) +.....(8.6g)]		204,172
(10) Sub-total						[Line (07) - line (09)]		127,970
Cost Reduction								
(11) Less: Offsetting Savings, if applicable								0
(12) Less: Other Reimbursements, if applicable								0
(13) Total Amount Claimed						[Line (10) - (line (11) +line (12))]		127,970

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY			Form HFE-1.1				
(01) Claimant San Mateo County Community College District	(02) Type of Claim Reimbursement Estimated <input type="checkbox"/> <input checked="" type="checkbox"/>	Fiscal Year 2002 / 2003					
(03) Name of College SKYLINE COLLEGE							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1996/87 fiscal year. If the "Less" box is checked . STOP, do not complete the form . No reimbursement is allowed							
LESS <input type="checkbox"/>	SAME <input checked="" type="checkbox"/>	MORE <input type="checkbox"/>					
	Direct Cost	Indirect Cost	Total				
(05) Cost of health services for the fiscal year of claim	263,159	78,948	342,106				
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of Providig current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	263,159	78,948	342,106				
(08) Complete Columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	2,433	7,161	11	26,763	11	78,771	105,534
2. Per spring semester	2,112	7,105	11	23,232	11	78,155	101,387
3. Per summer session	7	6,887	8	56	8	55,096	55,152
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						262,073
(10) Sub-total	[Line (07) - line (09)]						80,033
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							0
(12) Less: Other Reimbursements, if applicable							0
(13) Total Amount Claimed	[Line (10) - {(line (11) +line (12))}]						80,033

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2001 / 2002	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a)	(b)
		FY 1986/87	Fy of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon			
Dermatology, family practice			
Internal Medicine			
Outside Physician			
Dental Services			
Outside Labs, (X-ray, etc.)			
Psychologist, full services			
Cancel / Change Appointments		X	X
Registered Nurse		X	X
Check Appointments		X	X
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports			
Nutrition		X	X
Test Results, Office			
Venereal Disease			
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye / Vision		X	X
Dermatology / Allergy		X	X
Gynecology / Pregnancy Service		X	X
Neuralgic			
Orthopedic		X	X
Genito / Urinary		X	X
Dental		X	X
Gastro - Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	X
Substance Abuse Identification and Counseling			
Acquired Immune Deficiency Syndrome		X	X
Eating Disorders			
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, List		X	X
Examinations, minor illnesses			
Recheck Minor Injury		X	X
Health Talks or Fairs, Information			
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2001 / 2002	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) FY of Claim
	Child Abuse		
	Birth Control / Family Planning		
	Stop Smoking		
	Library, Videos and Cassettes	X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
	Diphtheria / Tetanus		
	Measles / Rubella (Last time was 1987)	X	X
	Influenza		
	Information	X	X
Insurance			
	On Campus Accident	X	X
	Voluntary	X	X
	Insurance Inquiry / Claim Administration	X	X
Laboratory Tests Done			
	Inquiry / Interpretation		
	Pap Smears		
Physical Examinations			
	Employees		
	Students		
	Athletes		
Medications			
	Antacids	X	X
	Antidiarrheal	X	X
	Aspirin, Tylenol, Etc	X	X
	Skin Rash Preparations	X	X
	Eye Drops		
	Ear Drops		
	Toothache, oil cloves	X	X
	Stingkill	X	X
	Midol, Menstrual Cramps	X	X
	Other, list		
Parking Cards / Elevator Keys			
	Tokens		
	Return Card / Key		
	Parking Inquiry	X	X
	Elevator Passes		
	Temporary Handicapped Parking Permits		

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		Form HFE- 2	
(01) Claimant: San Mateo Co. Comm Col. District		(02) Fiscal Year Costs were Incurred: 2001 / 2002	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1985/86	(b) Fy of Claim
Referrals to Outside Agencies	Private Medical Doctor	X	X
	Health Department	X	X
	Clinic	X	X
	Dental	X	X
	Counseling Centers	X	X
	Crisis Centers	X	X
	Transitional Living Facilities, battered / homeless women	X	X
	Family Planning Facilities		
	Other Health Agencies		
Tests	Blood Pressure	X	X
	Hearing	X	X
	Tuberculosis		
	Reading Information	X	X
	X	X	X
	Vision		
	Glucometer		
	Urinalysis		
	Hemoglobin		
	EKG		
	Strep A testing	X	X
	PG Testing		
	Monospot		
	Hemacult		
	Others, list		
Miscellaneous	Absence Excuses / PE Waiver	X	X
	Allergy Injections	X	X
	Bandaids	X	X
	Booklets / Pamphlets	X	X
	Dressing Change	X	X
	Rest		
	Suture Removal	X	X
	Temperature	X	X
	Weight	X	X
	Information	X	X
	Report / Form	X	X
	Wart Removal		
	Others, list		
Committees	Safety	X	X
	Environmental		
	Disaster Planning	X	X

Health Fee Elimination Worksheet
Reimbursement Claim for 2001 / 2002

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part-time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 01	13	6,176	8	104	8	49,408	49,512
Fall 01	2,101	6,338	11	23,111	11	69,718	92,829
Spring 02	2,112	7,105	11	23,232	11	78,155	101,387
Canada							
Summer 01	5	3,318	8	40	8	26,544	26,584
Fall 01	1,227	4,509	11	13,497	11	49,599	63,096
Spring 02	1,269	4,948	11	13,959	11	54,428	68,387
CSM							
Summer 01	93	5,899	8	744	8	47,192	47,936
Fall 01	2,956	8,793	11	32,516	11	96,723	129,239
Spring 02	2,782	9,100	11	30,602	11	100,100	130,702

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 01	13	6,176	6,189	946	5,243	0.1529
Fall 01	2,101	6,338	8,439	1,398	7,041	0.1657
Spring 02	2,112	7,105	9,217	1,510	7,707	0.1638
Canada						
Summer 01	5	3,318	3,323	582	2,741	0.1751
Fall 01	1,227	4,509	5,736	1,280	4,456	0.2232
Spring 02	1,269	4,948	6,217	1,452	4,765	0.2336
CSM						
Summer 01	93	5,899	5,992	714	5,278	0.1192
Fall 01	2,956	8,793	11,749	1,667	10,082	0.1419
Spring 02	2,782	9,100	11,882	1,767	10,115	0.1487

Health Fee Elimination Worksheet
Estimated Claim for 2002 / 2003

	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student	(d) Full-time Student Health Fees (a) X (c)	(e) Unit Cost for Part-time Student	(f) Part -time Student Health Fees (b) X (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
Skyline							
Summer 02	7	6,887	8	56	8	55,096	55,152
Fall 02	2,433	7,161	11	26,763	11	78,771	105,534
Spring 03	2,112	7,105	11	23,232	11	78,155	101,387
Canada							
Summer 02	1	3,446	8	8	8	27,568	27,576
Fall 02	1,381	5,346	11	15,191	11	58,806	73,997
Spring 03	1,269	4,948	11	13,959	11	54,428	68,387
CSM							
Summer 02	9	6,599	8	72	8	52,792	52,864
Fall 02	3,146	9,433	11	34,606	11	103,763	138,369
Spring 03	2,782	9,100	11	30,602	11	100,100	130,702

Net (Total number F/T - Health Fee Waivers)

	Full Time Headcount	Part Time Headcount	Number of Headcount	Number of Bogg Waiver	Net Headcount	% of Waivers
Skyline						
Summer 02	7	6,887	6,894	946	5,948	0.1372
Fall 02	2,433	7,161	9,594	1,398	8,196	0.1457
Spring 03	2,112	7,105	9,217	1,510	7,707	0.1638
				-		
Canada						
Summer 02	1	3,446	3,447	582	2,865	0.1688
Fall 02	1,381	5,346	6,727	1,280	5,447	0.1903
Spring 03	1,269	4,948	6,217	1,452	4,765	0.2336
				-		
CSM						
Summer 02	9	6,599	6,608	714	5,894	0.1081
Fall 02	3,146	9,433	12,579	1,667	10,912	0.1325
Spring 03	2,782	9,100	11,882	1,767	10,115	0.1487

**Health Fee Elimination Worksheet
Base Year Vs Current Year**

<u>Total Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total</u>
Base Yr: 86-87	254,875	178,473	133,768	567,116
Current Yr: 01-02	431,805	255,494	184,216	871,514
Diff. Base Vs Current Yr.	176,930	77,021	50,448	304,398

Indirect Cost Rate 30%

<u>Staffing information</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>
Certificated			
Classified			

Expenditures by Account Type

<u>Fund 1 (1%) Expenditures</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total Expenses</u>
Cert. Salary	119,578.34	22,527.30	63,997.94	86,525.24
Classified Salary	12,400.00	-	-	-
Benefit	19,294.54	1,765.37	11,624.14	32,684.05
Supplies & Materials	5,627.16	1,103.98	317.09	7,048.23
Other Oper. Expenses	24,459.39	-	1,423.18	25,882.57
Capital Outlay	1,684.57	-	-	1,684.57
Other outgo Expenses	16,063.00	22,836.00	2,476.00	41,375.00
Total Expenses	199,107.00	48,232.65	79,838.35	195,199.66

<u>Fund 3 (39030)</u>	<u>CSM</u>	<u>SKYLINE</u>	<u>CANADA</u>	<u>Campus Total Expenses</u>
Cert. Salary	138,324.54	97,239.50	76,224.02	173,463.52
Classified Salary	36,217.82	34,725.72	335.53	35,061.25
Benefit	40,819.13	18,062.64	14,717.41	32,780.05
Supplies & Materials	16,468.76	16,977.45	2,063.93	19,041.38
Other Oper. Expenses	867.57	21,410.83	11,036.65	32,447.48
Capital Outlay	-	18,844.93	-	18,844.93
Other outgo Expenses	-	-	-	-
Total Expenses	232,697.82	207,261.07	104,377.54	311,638.61
Total Fund 1 & 3	431,804.82	255,493.72	184,215.89	506,838.27



JOHN CHIANG
California State Controller

RECEIVED

December 31, 2007

JAN 07 2008

**COMMISSION ON
STATE MANDATES**

Paula Higashi
Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Robert Temple
Vice Chancellor, Fiscal Services
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408

Keith B. Petersen, President
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Re: **Incorrect Reduction Claim**
Health Fee Elimination Program
CSM 05-4206-I-08
San Bernardino Community College District, Claimant
Statutes 1984, 2nd Extraordinary Session, Chapter 1, and
Statutes 1987, Chapter 1118
Fiscal Years 2001-2002, and 2002-2003

Dear Ms. Higashi, and Messrs. Temple & Petersen:

This letter constitutes the response of the Controller's Office to the Incorrect Reduction Claim of San Bernardino Community College District. Enclosed are the required copies of supporting documentation along with the Division of Audits' response to the Incorrect Reduction Claim (See Tab 2). A proof of service is also included as required by regulation.

An audit performed by the State Controller's Office disclosed that \$610,323 of the District's \$1,130,569 in claimed costs of the legislatively mandated Health Fee Elimination Program for fiscal years 2001-2002 and 2002-2003 were not allowable. Under the program, the District can claim reimbursement for the costs of providing certain health care services, but only for services it provided in the 1986-1987 fiscal year.

First, the District overstated its salary and benefits costs related to health care services by \$103,128 because it claimed costs for new services that it did not provide in fiscal year

1986-1987. The District's entire discussion about whether the services were "provided" or "rendered" is meaningless and irrelevant. This is because the District was not able to provide any supporting documentation, as required by the Parameters and Guidelines, that the new services it was claiming for the audit period were also provided in the 1986-1987 base year. Consequently, the claim for all of these new services was properly rejected.

In addition, to better understand if these costs were claimed in the past, not as the District representative alleges to create a different base year, the auditors looked at the District's fiscal year 1997-1998 claim, the earliest claim it had available. For fiscal year 1997-1998, the District had not claimed these costs. This only further supports the conclusion that the current claimed costs were for new services.

Furthermore, the District failed to provide documentation identifying the costs of these new services. This lack of information resulted in the auditors calculating the audit adjustments by using a percentage of new units of service provided by the colleges to total health services costs, less certain insurance adjustments.

The District tries to take advantage of its own lack of supporting documentation to attack the reductions and complain about the auditor's methodology without ever offering a reasonable alternative. The District's failure to provide any evidence of the individual costs allegedly incurred puts its entire claim in question. The auditor's methodology is reasonable in light of the District's lack of supporting documents.

Second, the District overstates its service and supply costs by \$75,670 when it claimed \$72,554 in ineligible athletic insurance costs and \$3,116 in unsupported services and supply costs.

The District makes an unsubstantiated claim that the auditor's adjustments improperly disallowed a portion of the eligible insurance cost for the general student population. Nevertheless, the audit adjustment only covered the intercollegiate athlete's portion of the insurance coverage. The District's Student Insurance binders covering the audit period and a worksheet provided by the vice-president of its insurance company support this adjustment.

Then, the District mistakenly alleges that the entire basis for adjustment for unsupported service and supply costs is "quantity and quality of District documentation." The plain and simple fact is that they claimed reimbursement for \$3,450.38, but only paid \$334.50. Therefore, the District overstated its service and supply costs by \$3,115.88.

Third, the District overstated its indirect costs rates, resulting in overstating its indirect costs by \$281,494. The District did not claim indirect costs according to the Controller's claiming instructions as required by the program's Parameters and Guidelines. The

auditors determined that the District's faulty methodology resulted in rates claimed and indirect costs that were more than twice the rate and amount using the methodology permitted by the claiming instructions. Under Government Code section 17561, subdivision (d)(2), the Controller may reduce any claim determined to be excessive or unreasonable. An amount that exceeds what is "usual, proper, or normal" is excessive and "implies an amount or degree too great to be reasonable or acceptable." (Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.) Thus, the District's claimed rates and indirect costs were excessive.

Lastly, the District understated the health fees it was authorized to collect by \$150,031 for the audit period. The District incorrectly reported only the amount of actual revenues received. Regardless of the District's decision of whether to collect a fee or not, the District does have the "authority" to levy the fees.

"Costs mandated by the state" means costs that the District is required to incur. (Gov. Code § 17514.) The amount of costs the District is required to incur cannot include and is offset by the total amount of its authority to levy a fee. Government Code section 17556, subdivision (d) specifically provides that the Commission cannot find a mandated cost in "any claim" if the District has authority to levy the fees to pay for the mandated program or increased level of service.

It is well settled that costs are not state-mandated, and therefore, not reimbursable, if an agency has authority (right or power) to levy a charge or fee, regardless of whether the charge or fee is actually assessed. (*County of Fresno v. California* (1991) 53 Cal.3d 482; *Connell v. Santa Margarita* (1997) 59 Cal.App.4th 382.) There is no legal support for the District's assertion that an adjustment can only be made for fees actually received.

Since the disallowed claims were either not supported by required source documentation, used unapproved reimbursement formulas that resulted in excessive claims, or understated the health fees it was authorized to collect, the adjustments made by the Division of Audits were appropriate, and the Incorrect Reduction Claim should be rejected. For a more complete discussion, see Tab 2 of the Controller's Office's response.

Sincerely,



RONALD V. PLACET
Senior Staff Counsel

RVP/ac

Enclosures

cc: Jim Spano, Division of Audits, State Controller's Office (w/o encl.)
Ginny Brummels, Div. of Acctg. & Rptg., State Controller's Office (w/o encl.)

1 **PROOF OF SERVICE**

2 I am employed in the County of Sacramento, State of California. At the time of service, I was at least 18
3 years of age, a United States citizen employed in the county where the mailing occurred, and not a party to the
4 within action. My business address is 300 Capitol Mall, Suite 1850, Sacramento, CA 95814.

4 On January 2, 2008, I served the foregoing document entitled:

5 **SCO'S RESPONSE TO THE INCORRECT REDUCTION CLAIM FOR**
6 **SAN BERNARDINO COMMUNITY COLLEGE DISTRICT, CSM 05-4206-I-08**

7 on all interested parties in this action by placing a true and correct copy thereof enclosed in a sealed envelope,
8 addressed as follows:

8 Paula Higashi (*original*)
9 Executive Director
10 Commission on State Mandates
11 980 Ninth Street, Suite 300
12 Sacramento, CA 95814

Robert Temple
Vice Chancellor, Fiscal Services
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408

11 Keith B. Petersen, President
12 SixTen and Associates
13 5252 Balboa Avenue, Suite 807
14 San Diego, CA 92117

13 **[X] BY MAIL**

14 I placed the envelope for collection and processing for mailing following this business's ordinary practice with
15 which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited
16 in the ordinary course of business with the United States Postal Service.

16 **[] BY PERSONAL SERVICE**

17 I caused to be delivered by hand to the above-listed addressees.

18 **[] BY OVERNIGHT MAIL/COURIER**

19 To expedite the delivery of the above-named document, said document was sent via overnight courier for next day
20 delivery to the above-listed party.

21 **[] BY FACSIMILE TRANSMISSION**

22 In addition to the manner of service indicated above, a copy was sent by facsimile transmission to the above-listed
23 party.

24 I declare that I am employed in the office of a member of the bar of this court at whose direction the
25 service was made. I declare under penalty of perjury under the laws of California that the foregoing is true and
correct.

Executed on January 2, 2008, at Sacramento, California.


Amber A. Camarena

**RESPONSE BY THE STATE CONTROLLER'S OFFICE
TO THE INCORRECT REDUCTION CLAIM BY
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
Health Fee Elimination Program**

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Excerpt from Office of Management and Budget Circular A-21—Attachment (Simplified Method for Small Institutions)	Tab 5
Commission on State Mandates Staff Analysis, Proposed Parameters and Guidelines (May 1989).....	Tab 6
Commission on State Mandates Meeting Minutes (May 1989)	Tab 7
Documentation Supporting Overstated Services and Supplies	Tab 8
California Community Colleges Chancellor's Office Letter on Student Fees (March 5, 2001)	Tab 9
Attachment – District's Comments	
Incorrect Reduction Claim (September 15, 2005)	
SCO Letter (July 15, 2004)	Exhibit A
Parameters and Guidelines (amended May 25, 1989)	Exhibit B
SCO Claiming Instructions (updated September 1997).....	Exhibit C
SCO Final Audit Report – November 10, 2004 (Fiscal Year (FY) 2001-02, and FY 2002-03).....	Exhibit D
Claimant's Letter (October 13, 2004).....	Exhibit E
Chancellor's Letter (March 5, 2001)	Exhibit F
District's Reimbursement Claims – FY 2001-02 and FY 2002-03	Exhibit G

Tab 1

1 **OFFICE OF THE STATE CONTROLLER**
2 300 Capitol Mall, Suite 1850
3 Sacramento, CA 94250
4 Telephone No.: (916) 445-6854

5 **BEFORE THE**
6 **COMMISSION ON STATE MANDATES**
7 **STATE OF CALIFORNIA**

8
9
10 **INCORRECT REDUCTION CLAIM ON:**

No.: CSM 05-4206-I-08

11 *Health Fee Elimination Program*

AFFIDAVIT OF BUREAU CHIEF

12 Chapter 1, Statutes of 1984, 2nd Extraordinary
13 Session, and Chapter 1118, Statutes of 1987

14 **SAN BERNARDINO COMMUNITY**
15 **COLLEGE DISTRICT, Claimant**

16 I, Jim L. Spano, make the following declarations:

- 17 1) I am an employee of the State Controller's Office (SCO) and am over the age of 18
18 years.
- 19 2) I am currently employed as a bureau chief, and have been so since April 21, 2000.
20 Before that, I was employed as an audit manager for two years and three months.
- 21 3) I am a California Certified Public Accountant.
- 22 4) I reviewed the work performed by the SCO auditor.
- 23 5) Any attached copies of records are true copies of records, as provided by the San
24 Bernardino Community College District or retained at our place of business.
- 25 6) The records include claims for reimbursement, along with any attached supporting
documentation, explanatory letters, or other documents relating to the above-entitled
Incorrect Reduction Claim.


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7) A field audit of the claims for fiscal year (FY) 2001-02 and FY 2002-03 commenced on May 17, 2004, and ended on August 16, 2004.

I do declare that the above declarations are made under penalty of perjury and are true and correct to the best of my knowledge, and that such knowledge is based on personal observation, information, or belief.

Date: October 9, 2007

OFFICE OF THE STATE CONTROLLER

By: 
Jim L. Spano, Chief
Mandate Cost Audits Bureau
Division of Audits
State Controller's Office

Tab 2

**STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE
TO THE INCORRECT REDUCTION CLAIM BY
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
For Fiscal Year (FY) 2001-02 and FY 2002-03**

**Health Fee Elimination Program
Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987**

SUMMARY

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim (IRC) that the San Bernardino Community College District submitted on September 15, 2005. The SCO audited the district's claims for costs of the legislatively mandated Health Fee Elimination Program for the period of July 1, 2001, through June 30, 2003. The SCO issued its final report on November 10, 2004 (**Exhibit D**).

The district submitted reimbursement claims totaling \$1,130,569 as follows.

- FY 2001-02—\$509,850 (**Exhibit G**)
- FY 2002-03—\$620,719 (**Exhibit G**)

The SCO audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred primarily because the district claimed ineligible costs, overstated indirect costs, and understated health fees. The State paid the district \$92,835. Allowable costs claimed exceeded the amount paid by \$427,411. The following table summarizes the audit results.

<u>Cost Element</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2001, through June 30, 2002</u>			
Salaries and benefits	\$ 422,145	\$ 380,756 ²	\$ (41,389)
Services and supplies	123,819	86,471	(37,348)
Subtotal	545,964	467,227	(78,737)
Indirect costs	210,961	88,166	(122,795)
Total health expenditures	756,925	555,393	(201,532)
Less cost of services in excess of FY 1986-87 services	(2,564)	(2,564)	—
Less authorized health fees	(231,122)	(328,764)	(97,642)
Less offsetting savings/reimbursements	(13,389)	(13,389)	—
Total program costs	<u>\$ 509,850</u>	210,676	<u>\$ (299,174)</u>
Less amount paid by State		(92,835) ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 117,841</u>	

<u>Cost Element</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2002, through June 30, 2003</u>			
Salaries and benefits	\$ 462,403	\$ 400,664 ²	\$ (61,739)
Services and supplies	159,834	121,512	(38,322)
Subtotal	622,237	522,176	(100,061)
Indirect costs	249,766	91,067	(158,699)
Total health expenditures	872,003	613,243	(258,760)
Less authorized health fees	(234,810)	(287,199)	(52,389)
Less offsetting savings/reimbursements	(16,474)	(16,474)	—
Total program costs	<u>\$ 620,719</u>	309,570	<u>\$ (311,149)</u>
Less amount paid by the State		— ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 309,570</u>	
<u>Summary: July 1, 2001, through June 30, 2003</u>			
Salaries and benefits	\$ 884,548	\$ 781,420 ²	\$ (103,128)
Services and supplies	283,653	207,983	(75,670)
Subtotal	1,168,201	989,403	(178,798)
Indirect costs	460,727	179,233	(281,494)
Total health expenditures	1,628,928	1,168,636	(460,292)
Less cost of services in excess of FY 1986-87 services	(2,564)	(2,564)	—
Less authorized health fees	(465,932)	(615,963)	(150,031)
Less offsetting savings/reimbursements	(29,863)	(29,863)	—
Total program costs	<u>\$ 1,130,569</u>	520,246	<u>\$ (610,323)</u>
Less amount paid by the State		(92,835) ¹	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 427,411</u>	

¹ Payment information is based on amount paid when the final report was issued.

² The final report, issued November 10, 2004, separately reported "salaries" and "benefits."

The district's IRC contests all audit adjustments, totaling \$610,323. The district believes the SCO did not support that services provided during the audit period were provided in FY 1986-87 base year. The district further believes that it did not claim ineligible athletic insurance costs, that its indirect cost rates were appropriate, and that it reported the correct amount of health service fee revenues.

**I. SCO REBUTTAL TO STATEMENT OF DISPUTE—
CLARIFICATION OF REIMBURSABLE ACTIVITIES, CLAIM CRITERIA, AND
DOCUMENTATION REQUIREMENTS**

Parameters and Guidelines

On August 27, 1987, the Commission on State Mandates (CSM) adopted parameters and guidelines for Chapter 1, Statutes of 1984, 2nd Extraordinary Session. The CSM amended the

parameters and guidelines on May 25, 1989 (**Exhibit B**), because of Chapter 1118, Statutes of 1987.

The parameters and guidelines (amended May 25, 1989) state:

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87 . . . [see Exhibit B for a list of reimbursable items.]

VI. CLAIM PREPARATION

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount . . . authorized by Education Code section 72246 for health services [now Education Code section 76355].

SCO Claiming Instructions

The SCO annually issues claiming instructions, which contain filing instructions for mandated cost programs. The September 2002 claiming instructions provide instructions for indirect cost. Section 5B(2) of the instructions (**Tab 3**) states, "A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21, "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs [FAM-29C] . . ." The instructions are consistent with the Health Fee Elimination Claim Summary Instructions, Item (05) (**Tab 4**).

The September 2002 indirect cost claiming instructions are believed to be, for the purposes and scope of the audit period, substantially similar to the version extant at the time the district filed its FY 2001-02 and FY 2002-03 mandated cost claims.

II. **THE DISTRICT OVERSTATED HEALTH SERVICES**

Issue

The district overclaimed health services costs totaling \$103,128 during the audit period. The district overclaimed salaries and benefits relating to health services not provided during the base-year 1986-87. The district believes the SCO did not support that services provided during the audit period were provided in FY 1986-87 base year.

SCO Analysis:

The district overstated health services costs by \$103,128 for the audit period. The costs are unallowable because the services were not provided in FY 1986-87. These costs include flu shots, hepatitis shots, pap smears, and outside laboratory services for San Bernardino Valley College, and flu shots, hepatitis shots, outside laboratory services, and marriage therapy for Crafton Hills College.

The parameters and guidelines specify that community college districts shall be reimbursed only for the costs of health services provided, to the extent the district provided them in FY 1986-87.

District's Response

The Controller asserts "overstated health services costs" of \$103,128 for both fiscal years. The audit report states that the "costs are unallowable because the services were not provided in FY 1986-87." The Controller also asserts that the District could not substantiate health services activities from FY 1986-87, and the costs were disallowed because "for auditing

purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs.”

Disallowance Calculation

The audit report does not explain how the adjustments were calculated. From one of the Controller’s audit workpapers, it appears that the Controller generated the disallowance by first assigning some type of numeric unit of service provided for each health service activity listed in the audit year health services inventories. For each health service activity, a percentage of the total services was assigned based on the number of units of service for that particular service divided by the total number of services for the audit year. Note that this method assumes that the cost of each type of service is the same, that is, for example, the cost of a cardiogram is the same as the cost of an eye exam.

Second, the health services inventory for each of the audit years was compared to the health services inventory for *FY 1997-98*. Those activities listed for the health services inventory for the audit years which were not also listed for *FY 1997-98* were assumed to be new “services not offered in 86/87.” . . .

Third, the percentage amounts for each of the “new” activities in the audit years (flu shots, Hepatitis B shots, outside lab services, and pap smears) were added to determine a total percentage for each year of unallowable new services. In a similar manner, the Controller identified “unallowable TB services to staff” from this comparison. The percentages for the unallowable “new” services and unallowable “staff” services for the entire district, which aggregated to 12.51% for *FY 2001-02* and 13.78% for *FY 2002-03*. These percentages were applied to the health services costs and yielded disallowances of \$37,318 and \$43,157 for *FY 2001-02* and *FY 2002-03* respectively.

Statutory and Regulation Requirements

Education Code section 76355, subdivision (e), states:

“Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter.” . . .

Alternative Base Year

There is no choice of the base year for the comparison of services provided. The statutory base year is fiscal year 1986-87 pursuant to Education Code section 76355 and the parameters and guidelines. The Controller utilized the health services inventory for the claim filed for fiscal year 1997-98. Thus, the Controller created an alternate base-year, contrary to the Education and the parameters and guidelines which designate 1986-87 as the base year. . . .

Services Provided vs. Services Rendered

The Controller audit findings do not demonstrate if the enumerated services allegedly “not provided” in *FY 1986-87* were actually available to students. . . .

District Level Test of Services

The Controller states that its review of the student health services provided indicated that *San Bernardino Valley College* "provided" student health services "exceeding" those services provided by the *district* during the base year. . . .

Percentage of Services Rendered

The Controller's calculation of the cost of services "not provided" in the base year utilizes extrapolation of facts not reasonably related to the actual cost of those services. . . .

"New" Services

The Controller asserts that the flu shots, Hepatitis B shots, outside lab services, and pap smears provided in the audit years are "new" services because these services were not rendered in the base year. . . .

Source Documentation

This finding is also based, partially, upon the report's assertion that all costs claimed must be traceable to source documentation that shows evidence of the validity of such costs, that is, there was insufficient source documentation. . . .

Unreasonable or Excessive

None of the adjustments were made because the costs claimed were excessive or unreasonable. . . .

SCO's Comment

The parameters and guidelines, section V(A) Scope of Mandate, state, "Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in FY 1986-87 may be claimed." In addition, the parameters and guidelines, section VIII-Supporting Data state:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for FY 1986-87 program to substantiate maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on request of the State Controller or his agent.

Throughout the audit field work and until December 26, 2006 (the date of this response), the district did not provide us with any documentation to substantiate its assertion that the health services in question were provided at the San Bernardino Valley College and/or at Crafton Hills College in FY 1986-87.

In an attempt to determine if the health services in question were reported in prior-year mandated cost claims, we asked district personnel to provide the earliest mandated cost claims available. The district provided up a copy of the FY 1997-98 Health Fee Elimination cost claim. We observed that the health services in question were not listed on this claim. If the district staff believes information in prior year claims is inaccurate, it has the responsibility to corroborate its position.

We discussed this finding and the methodology we followed to compute the dollar finding with district representatives during a status meeting held on July 15, 2004, and again at the exit conference, held on August 16, 2004.

In addition, we found that each college had its own health center and kept its own health services statistics. Therefore each college was reviewed and evaluated individually.

The district was not able to prove that the new services it identified on the claim during the audit period were also provided in the 1986-87 base year. Furthermore, the district did not maintain information identifying the costs of the new services it identified as being provided during the audit period. Consequently, the SCO calculated the fiscal year audit adjustments by applying the percentage of new units of services provided annually by colleges to total health services costs, net of SCO insurance adjustments.

The district did not have any information available to support the number of services provided in FY 2001-02 by Crafton Hills College. Therefore, available statistics for FY 2002-03 were used for FY 2001-02, as adjusted for Marriage Therapy, which was not offered in FY 2001-02.

The calculation is as follows.

	<u>San Bernardino Valley College</u>	<u>Crafton Hills College</u>	<u>Total</u>
<u>FY 2001-02</u>			
Units of services for new services			
Flu shots	(74)	(182)	
Hepatitis	(106)	(87)	
Lab tests	0	(180)	
Marriage Therapy	0	0	
Pap Smear	(107)	0	
Total unit of services for new services	(287)	(449)	
Divided by total services	4,143	4,559	
Percentage of new services to total services	<u>(6.93%)</u>	<u>(9.85%)</u>	
Health Services direct costs	\$ 318,843	\$ 227,121	\$ 545,964
Less insurance adjustments	(20,541)	(16,807)	(37,348)
Subtotal	298,302	210,314	<u>508,616</u>
Unallowable new service percentage	(6.93%)	(9.85%)	
Audit adjustment	<u>\$ (20,673)</u>	<u>\$ (20,716)</u>	<u>\$ (41,389)</u>

	San Bernardino Valley College	Crafton Hills College	Total
<u>FY 2002-03</u>			
Units of services for new services			
Flu shots	(93)	(182)	
Hepatitis	(138)	(87)	
Lab tests	0	(180)	
Marriage Therapy	0	(100)	
Pap Smear	(130)	0	
Total unit of services for new services	(361)	(549)	
Divided by total services	3,788	4,659	
Percentage of new services to total services	<u>9.53%</u>	<u>11.78%</u>	

Health Services direct costs	\$ 332,549	\$ 289,688	\$ 622,237
Less insurance adjustments	(19,363)	(15,843)	(35,206)
Less unsupported costs	—	(3,116)	(3,116)
Subtotal	313,186	273,845	587,031
Unallowable new service percentage	(9.53%)	(11.78%)	
Audit adjustment	\$ (29,847)	\$ (31,892)	\$ (61,739)

Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. Government Code section 17561, subdivision (d)(2), allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines to be excessive or unreasonable. In addition, Government Code section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." Therefore, the district's contention that the SCO "is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable" is without merit. In conclusion, the district over-claimed salaries and benefits relating to health services not provided during the base-year 1986-87. Therefore, the finding stands.

III. THE DISTRICT OVERSTATED SERVICES AND SUPPLIES

Issue

The district overstated service and supply costs by \$75,670 because it claimed ineligible athletic insurance costs of \$72,554 and did not support costs of \$3,116. The district believes the unallowable athletic insurance costs totaling \$72,554 were allowable general student insurance. The district further believes it support the remaining \$3,116.

SCO Analysis:

The parameters and guidelines states that community college districts shall be reimbursed only for costs of health services programs that are traceable to supporting documentation showing evidence of the validity of such costs. Also, Education Code section 76355, subdivision (d), [formerly section 72246, subdivision (2)] states that authorized expenditures for health services shall not include the cost of athletic insurance.

District's Response

The Controller asserts unallowable services and supplies direct costs totaling \$75,670 for both fiscal years. This total amount consists of \$72,554 in "ineligible" athletic insurance costs and unsupported costs of \$3,116 for services and supplies for both fiscal years.

Health Insurance Premium

The District pays two types of student insurance premiums. The basic/catastrophic coverage for the general student population, and a separate premium amount for intercollegiate athletes. The Controller's adjustment improperly disallows a portion of the general population premium as somehow being related to intercollegiate athletes. . . .

Services and Supplies

The Controller's audit report does not indicate the costs disallowed or the type of documentation required to support the costs. The Controller asserts unallowable expenses of \$3,116 for both years. The entire basis of the Controller's adjustment is the quantity and quality of District documentation. None of the adjustments were made because the costs claimed were excessive or unreasonable. . . .

SCO's Comment

Ineligible athletic insurance:

The district is mistaken in regards to the student insurance premiums and our calculation of the \$72,554 adjustment. The unallowable costs of \$37,348 for FY 2001-02 and \$35,206 for FY 2002-03 relate only to the costs of student insurance premiums for intercollegiate athletes.

For FY 2001-02 and FY 2002-03, the district had three types of coverage: (1) basic coverage for students and intercollegiate athletes; (2) super catastrophic coverage for intercollegiate athletes; and (3) catastrophic coverage for students only. The audit adjustment relates to the class I and class II intercollegiate athletes' portion of the basic coverage and the intercollegiate athletes' portion of the super catastrophic coverage. Attached (**Tab 8**) is a copy of the Student Insurance binders for FY 2001-02 and FY 2002-03, along with a worksheet provided by Marie Rosas Martinelli, Vice President, International Program, Student Insurance. We discussed the calculation with the district's internal auditor, Ronald Gerhard.

Education Code section 76355, subdivision (e), states, "Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the district." Education Code section 76355, subdivision (a) defines the authorized health services fees. Thus, the mandated program "maintenance of effort" requirement applies to those health services for which the district may levy a fee. Education Code section 76355, subdivision (d), states that athletic-related costs are not authorized expenditures of health services fees. Because the mandated program does not require a

“maintenance of effort” for athletic-related services, the district is not required to provide these services. Therefore, these costs are not mandated costs as defined by Government Code section 17514.

Unsupported costs:

The district is mistaken when it states that the entire basis of the SCO’s \$3,115.88 adjustment is the quantity and quality of district’s documentation.

The district claimed \$3,450.38 for costs related to Health Line Clinical Lab Inc. for FY 2002-03. However, as evidenced on the district’s Financial Activity Report for FY 2001-02, the district paid only \$334.50. Consequently, the district overstated services and supplies costs by \$3,115.88. We discussed this finding with district representatives at a July 15, 2004, status meeting and at an August 16, 2004, exit conference.

Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. Government Code section 17561, subdivision (d)(2), allows the SCO to audit the district’s records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, Government Code section 12410 states, “The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment.”

IV. THE DISTRICT OVERSTATED INDIRECT COST RATES CLAIMED

Issue

The district overstated its indirect cost rates, thus overstating its indirect costs by \$281,494 for the audit period.

SCO Analysis:

The district claimed indirect costs based on an indirect cost rate proposal (ICRP) prepared for each fiscal year by an outside consultant using OMB Circular simplified indirect cost rate methodology. However, the district did not obtain federal approval for its rate. We calculated indirect cost rates using the methodology allowed by the SCO’s claiming instructions. The calculated indirect cost rates did not support the indirect cost rates claimed.

The parameters and guidelines allow community college districts to claim indirect costs according to the SCO’s claiming instructions (**Tab 3**). The claiming instructions require that districts obtain federal approval of ICRPs prepared using OMB Circular A-21 methodology. Alternatively, districts may use the SCO’s Form FAM-29C to compute indirect cost rates. Form FAM-29C calculates indirect cost rates using total expenditures reported on the *California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)*. Form FAM-29C eliminates unallowable expenses and segregates the adjusted expenses between those incurred for direct and indirect activities relative to the mandated cost program.

For FY 2001-02 and FY 2002-03, the SCO auditor calculated indirect costs using the methodology described in the SCO claiming instructions using Form FAM-29C. The alternative methodology did not support the rates that the district claimed.

Consistent with this methodology, the SCO auditor calculated the indirect cost rates of 18.87% for FY 2001-02 and 17.44% for FY 2002-03. The district claimed the indirect cost rates of 38.64% for FY 2001-02 and 40.14% for FY 2002-03. The differences between rates claimed and rates computed by the SCO were applied to total direct costs for each corresponding year, resulting in overstated claimed costs of \$122,795 for FY 2001-02 and for FY 2002-03, totaling \$158,699.

District's Response

The Controller asserts that the district overstated its indirect cost rates and costs in the amount of \$281,494. This finding is based upon the Controller's statement that "(t)he district claimed indirect costs based on an indirect cost rate proposal (IRCP) prepared for each fiscal year by an outside consultant. However, the district did not obtain federal approval for its IRCPs. We calculated indirect cost rates using the methodology allowed by the SCO claiming instructions."

Federal Approval

Contrary to the Controller's ministerial preferences, there is no requirement in law that the district's indirect cost rate must be "federally" approved. Neither the Commission nor the Controller has ever specified the federal agencies which have the authority to approve indirect cost rates. . . .

CCFS-311

In fact, both the District's method and the Controller's method utilized the same source document, the CCFS-311 annual financial and budget report required by the state. The difference in the claimed and audited methods is in the determination of which of those elements are direct costs and which are indirect costs. . . .

Regulatory Requirements

No particular indirect cost rate calculation is required by law. The parameters and guidelines state that "Indirect costs *may be claimed* in the manner described by the Controller in his claiming instructions." The district claimed these indirect costs "in the manner" described by the Controller. The correct forms were used and the claimed amounts were entered at the correct locations. Further, "may" is not "shall"; the parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. . . .

Unreasonable or Excessive

Government Code section 17561(d)(2) requires the Controller to pay claims, provided that the Controller may audit the records of any school district to verify the actual amount of the mandated costs, and may reduce any claim that the Controller determines is excessive or unreasonable. The Controller is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable. Here, the District has computed its ICRPs utilizing cost accounting principles from the Office of Management and Budget Circular A-21, and the

Controller has disallowed it without a determination of whether the product of the District's calculation would, or would not, be excessive, unreasonable, or inconsistent with cost accounting principles. . . .

SCO's Comment

The parameters and guidelines, section VI, state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." The district misinterprets "may be claimed" by implying that compliance with the claiming instructions is voluntary. Instead, "may be claimed" simply permits the district to claim indirect costs. However, if the district chooses to claim indirect costs, then the district must comply with the SCO's claiming instructions. The district's implication that it claimed costs in the manner described by the SCO simply by completing what it interprets to be the correct forms is without merit.

The SCO's claiming instructions (**Tab 3**) state, "A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21, "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs [FAM-29C]. . . ." This instruction is consistent with the parameters and guidelines for other community college district mandated programs, including the following.

- Absentee Ballots
- Collective Bargaining
- Health Benefits for Survivors of Peace Officers and Firefighters
- Law Enforcement College Jurisdiction Agreements
- Mandate Reimbursement Process
- Open Meetings Act
- Photographic Record of Evidence
- Sex Offenders Disclosure by Law Enforcement Officers
- Sexual Assault Response Procedure

(Note: These parameters and guidelines provide a third option, a 7% flat rate.) Therefore, the SCO did not act arbitrarily by using the FAM-29C methodology to calculate allowable indirect cost rates.

We agree with the district's statement that the difference between the claimed and audited rates is the identification of costs as direct or indirect. The FAM-29C methodology classifies costs as direct or indirect as they relate to the mandated cost program.

The SCO developed Form FAM-29C to (1) equitably allocate administrative support costs to personnel who perform community-college-district mandated cost activities; and (2) provide a consistent indirect cost rate methodology for all community college districts' mandated cost programs.

Form FAM-29C is consistent with OMB Circular A-21 cost accounting principles as they apply to mandated cost programs. The circular states that a cost is allocable to a particular cost objective in accordance with the relative benefits received. It also describes a simplified

method for indirect cost rate calculations; many California community college districts currently use this simplified method. However, the circular states that the simplified method should not be used in instances where it produces results that appear inequitable.

The OMB Circular A-21 simplified indirect cost rate methodology (Tab 5) does not equitably allocate administrative support costs for personnel who perform mandated cost activities. For example, the circular classifies library costs and a portion of department administration expenses as indirect costs. However, these costs are instructional-related and do not benefit mandated-cost activities.

In addition, neither this district nor any other district requested that the CSM review the SCO's claiming instructions pursuant to Title 2, California Code of Regulations (CCR), section 1186. Furthermore, the deadline has elapsed for the district to request a review of the claiming instructions applicable to the audit period. Title 2 CCR section 1186, subdivision (j)(2), states, "A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year."

Neither the SCO nor the CSM is responsible for identifying the district's responsible federal agency. OMB Circular A-21 states:

[Cognizant agency responsibility] is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years . . . In cases where neither HHS nor DOD provides Federal funding to an educational institution, the cognizant agency assignment shall default to HHS.

Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. Government Code section 17561, subdivision (d)(2), allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, Government Code section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." Therefore, the district's contention that the SCO "is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable" is without merit.

Nevertheless, the SCO did report that the district's claimed indirect costs were excessive. "Excessive" is defined as "exceeding what is usual, proper, necessary, or normal. . . . Excessive implies an amount or degree too great to be reasonable or acceptable. . . ." ² The district did not obtain federal approvals of its ICRPs for FY 2001-02 and FY 2002-03; therefore, the SCO auditor calculated indirect costs using the methodology described in the SCO claiming instructions using Form FAM-29C. The alternative methodology indirect cost rates did not support the rates that the district claimed. Thus, the rates claimed were excessive.

² Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.

V. UNDERSTATED AUTHORIZED HEALTH FEE REVENUES CLAIMED

Issue

The district understated authorized health fees by \$150,031 for the audit period. The district reported actual revenue received rather than health fees the district was authorized to collect. The district believes that it reported the correct amount of health service fee revenues.

SCO Analysis:

We recalculated authorized health fee revenues by multiplying student enrollment by term net of allowable health fee exemption by the authorized student health fee. Student enrollment information was obtained from the term unit report, and the student waiver information was obtained from the Board of Governors Grant (BOGG) report.

The parameters and guidelines require the district to deduct authorized health fees from costs claimed. Education Code section 76355, subdivisions (a) and (c), authorize health fees from all students except those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; (3) demonstrate financial need.

Government Code section 17514 defines "costs mandated by the state" as any increased costs that a school district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, Government Code section 17556 states that CSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.

District's Response

This finding is based on the Controller's recalculation of the student health services fees which may have been "collectible" which was then compared to the District's student health fee revenues actually received, resulting in a total adjustment of \$150,031 for the two fiscal years. . . .

Education Code section 76355

Education Code section 76355, subdivision (a), in relevant part, provides: "The governing board of a district maintaining a community college *may require* community college students to pay a fee . . . for health supervision and services. . . . "There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "*If, pursuant to this Section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.*" [Emphasis added by district.]

Parameters and Guidelines

This Controller states that the "*Parameters and Guidelines* states that health fees authorized by the Education Code must be deducted from the costs claimed." The parameters and guidelines do not state this but instead state:

“Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of [student fees] as authorized by Education Code section 72246(a)³.”

In order for a district to “experience” these “offsetting savings” the district must actually have collected these fees. Student health fees actually collected must be used to offset costs, but not student health fees that could have been collected and were not. The use of the term “any offsetting savings” further illustrates the permissive nature of the fees.

Government Code section 17514

The Controller relies upon Government Code section 17514 for the conclusion that “[t]o the extent community college districts can charge a fee, they are not required to incur a cost.” . . . There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenue to increased cost, nor any language which describes the legal effect of fees collected.

Government Code section 17556

The Controller relies upon Government Code section 17556 for the conclusion that “the CSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service.” The Controller misrepresents the law. Government Code section 17556 prohibits the Commission on State Mandates from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement, where there is authority to levy fees in an amount sufficient to offset the entire mandated costs. Here, the Commission has already approved the test claim and made a finding of a new program or higher level of service for which the claimants do not have the ability to levy a fee in an amount sufficient to offset the entire mandated costs.

Student Health Services Fee Amount

The Controller asserts that the district should have collected a student health service fee each semester from non-exempt students in the amount of \$9 or \$12, depending on the fiscal year and whether the student is enrolled full time or part time. Districts receive notice of these fee amounts from the Chancellor of the California Community Colleges. An example of one such notice is the letter dated March 5, 2001, attached as Exhibit “F.” While Education Code section 76355 provides for an increase in the student health service fee, it did not grant the Chancellor the authority to establish mandatory fee amounts or mandatory fee increases . . . Therefore, the Controller cannot rely upon the Chancellor’s notice to adjust the claim for “collectible” student health services fees.

Fees Collected vs. Fees Collectible

This issue is one of student health fees revenue actually received, rather than student health fees which might be collected. The Commission determined, as stated in the parameters and guidelines that the student health fees “experienced” (*collected*) would reduce the amount subject to reimbursement. Student fees not collected are student fees not “experienced” and as such should not reduce reimbursement. Further, the amount “collectible” will never equal actual revenues collected due to changes in a student’s BOGG eligibility, bad debt accounts, and refunds.

Because districts are not required to collect a fee from students for student health services, and if such a fee is collected the amount is to be determined by the District and not the Controller, the Controller's adjustment is without legal basis. What claimants are required by the parameters and guidelines to do is to reduce the amount of their claimed costs by the amount of student health services fee revenue actually received. Therefore, student health fees are merely collectible, they are not mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

³ Former Education Code section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code section 76355.

SCO's Comment

We agree that community college districts may choose not to levy a health service fee. However, Education Code section 76355, subdivision (a), provides districts with the authority to levy a health service fee. The parameters and guidelines state that health fees authorized by the Education Code must be deducted from costs claimed. Education Code section 76355, subdivision (a), states that a governing board of a community college district may require students to pay a health supervision and service fee. Education Code section 76355, subdivision (c), exempts collection of health fees from those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; (3) demonstrate financial need.

We also agree that the California Community Colleges Chancellor's Office (CCCCO) does not have the authority to establish mandatory fee amounts or mandatory fee increases. The CCCCCO merely notifies districts of changes to the authorized fee amount, pursuant to Education Code section 76355, subdivision (a).

Effective beginning the summer of 1987, authorized health service fees, pursuant to Education Code section 76355, were \$8 per student for summer and \$11 per student for the fall and spring semesters. Effective beginning the summer of 2001 session, Education Code section 76355(a) authorized a \$1 increase to health service fees, resulting in authorized health service fees of \$9 per student for summer semester and \$12 per student for the fall and spring semesters. **(Tab 9)**

Regardless of the district's decision to levy or not levy a health service fee, the district does have the authority to levy the fees. In addition, contrary to the district's response, the SCO made no distinction between full-time or part-time students regarding the authorized health service fee. Districts are authorized to levy the full fee amount to both part-time and full time students. Government Code section 17514 states that "costs mandated by the state" means any increased costs that a school district is required to incur. Furthermore, Government Code section 17556(d) states that the CSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service. For the Health Fee Elimination mandated program, the CSM clearly recognized the availability of another funding source by including the fees as offsetting savings in the parameters and guidelines, section VIII (amended May 25, 1989). To the extent districts have the authority to charge a fee, they are not required to incur a cost.

The district misrepresents the CSM's determination regarding authorized health service fees. The CSM's staff analysis of May 25, 1989, regarding the proposed parameters and guidelines amendments **(Tab 6)**, states:

Staff amended Item "VIII. Offsetting Savings and Other Reimbursements" to reflect the reinstatement of [the] fee authority.

In response to that amendment, the [Department of Finance (DOF)] has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants' reimbursable costs:

If a claimant does not levy the fee authorized by Education Code section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied.

Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII.

Thus, it is clear that the CSM's intent was that claimants deduct authorized health service fees from mandate-reimbursable costs claimed. The staff analysis included an attached letter from the CCCCCO, dated April 3, 1989; in the letter, the CCCCCO concurred with the DOF and the CSM regarding authorized health service fees.

Since the CSM's staff concluded that the DOF's proposed language did not substantively change the scope of staff's proposed language, CSM staff did not further revise the proposed parameters and guidelines. The CSM's meeting minutes of May 25, 1989 (Tab 7), show that the CSM adopted the proposed parameters and guidelines on consent, with no additional discussion. Therefore, there was no change to the CSM's interpretation regarding authorized health service fees.

Two court cases addressed the issue of fee authority.⁴ Both cases concluded that "costs," as used in the constitutional provision, exclude "expenses that are recoverable from sources other than taxes." In both cases, the source other than taxes was fee authority.

The district also states, "the amount 'collectible' will never equal actual revenues collected due to changes in a student's BOGG eligibility, bad debt accounts, and refunds." The SCO calculated authorized health service fees based on the district's records of enrollment and BOGG grants. The district is responsible for providing accurate enrollment and BOGG grant data, including any changes that result from BOGG grant eligibility or students who disenroll. Consistent with OMB Circular A-21, Section J, the district is responsible for any bad debt accounts.

(Note: The table in Finding 4 inadvertently labeled the fiscal years as FY 2000-01 and FY 2001-02 rather than FY 2001-02 and FY 2002-03.)

⁴ *County of Fresno v. California* (1991) 53 Cal. 3d 482; *Connell v. Santa Margarita* (1997) 59 Cal. App. 4th 382.

VI. CONCLUSION

The State Controller's Office audited the San Bernardino Community College District's claims for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. The district claimed \$1,130,569 for the

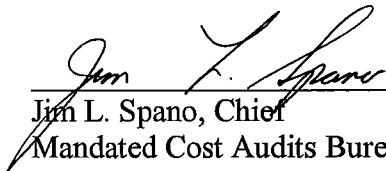
mandated program. Our audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred primarily because the district claimed unallowable costs, overstated its indirect cost rates, and understated health fees.

In conclusion, the Commission on State Mandates should find that: (1) the SCO correctly reduced the district's FY 2001-2002 claim by \$299,174; and (2) the SCO correctly reduced the district's FY 2002-03 claim by \$311,149.

VII. CERTIFICATION

I hereby certify by my signature below that the statements made in this document are true and correct of my own knowledge, or, as to all other matters, I believe them to be true and correct based upon information and belief.

Executed on October 9, 2007, at Sacramento, California, by:



Jim L. Spano, Chief
Mandated Cost Audits Bureau
Division of Audits
State Controller's Office

TAB 3

B. Indirect Cost

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

(1) Indirect Costs for Schools

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580, respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No. 422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

(2) Indirect Cost Rate for Community Colleges

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.
- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employee performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$91,423
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0
Staff Services	345	0	0	0	0	0
Noninstr. Staff Benefit & Incent.	346	10,937	0	10,937	0	10,937
Community Services	6800					
Community Recreation	351	703,858	20,509	683,349	0	683,349
Community Service Classes	352	423,188	24,826	398,362	0	398,362
Community Use of Facilities	353	89,877	10,096	79,781	0	79,781
Ancillary Services	6900					
Bookstores	361	0	0	0	0	0
Child Development Center	362	89,051	1,206	87,845	0	87,845
Farm Operations	363	0	0	0	0	0
Food Services	364	0	0	0	0	0
Parking	365	420,274	6,857	413,417	0	413,417
Student Activities	3663	0	0	0	0	0
Student Housing	67	0	0	0	0	0
Other	379	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	381	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	382	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(07) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17564(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services.

Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE- 2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

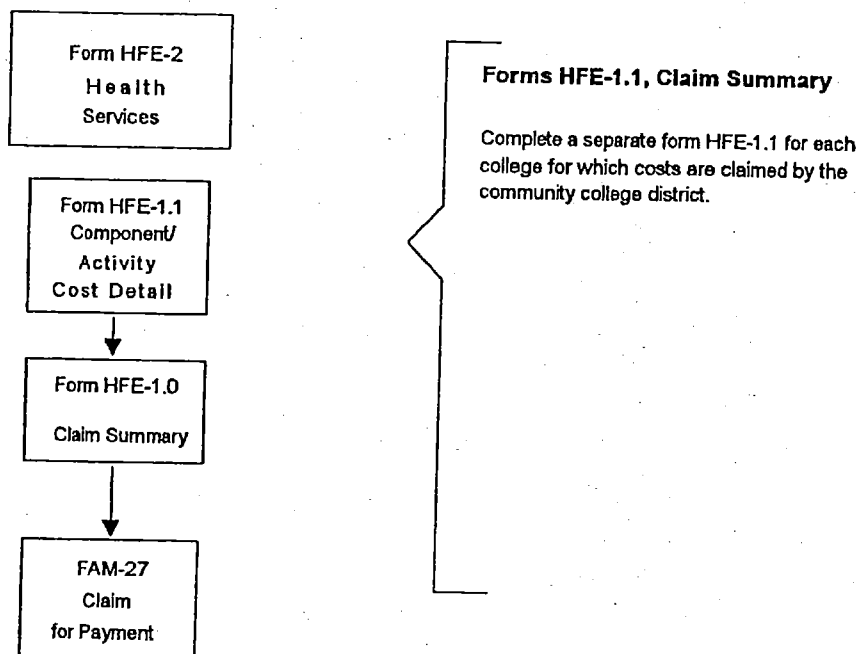
C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use Only (19) Program Number 00029 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program 029
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L A B E L H E R E	(01) Claimant Identification Number		Reimbursement Claim Data	
	(02) Claimant Name		(22) HFE-1.0, (04)(b)	
	County of Location		(23)	
	Street Address or P.O. Box		(24)	
	City State Zip Code		(25)	

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06) 20__/20__	(12) 20__/20__	(30)
Total Claimed Amount	(07)	(13)	(31)
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(32)
Less: Prior Claim Payment Received		(15)	(33)
Net Claimed Amount		(16)	(34)
Due from State	(08)	(17)	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer _____ Date _____

 Type or Print Name _____ Title _____

(38) Name of Contact Person for Claim _____ Telephone Number () - _____ Ext. _____

_____ E-Mail Address _____

Program 029	HEALTH FEE ELIMINATION Certification Claim Form Instructions	FORM FAM-27
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. Completion of this data block will expedite the payment process.
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:

Address, if delivered by U.S. Postal Service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, if delivered by other delivery service:

OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY		FORM HFE-1.0
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)		
(a) Name of College	(b) Claimed Amount	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	

HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions	FORM HFE-1.0
--	-------------------------

- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

- (03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.
- (04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
--	-------------------------

(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	19__/19__

(03) Name of College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim			
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]			

(08) Complete columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester							
2. Per spring semester							
3. Per summer session							
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +(8.6g)]

(10) Sub-total [Line (07) - line (09)]

Cost Reduction

(11) Less: Offsetting Savings, if applicable

(12) Less: Other Reimbursements, if applicable

(13) Total Amount Claimed [Line (10) - {line (11) + line (12)}]

HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions	FORM HFE-1.1
--	-------------------------

- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) **Type of Claim.** Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Accident Reports Appointments College Physician, surgeon Dermatology, family practice Internal Medicine Outside Physician Dental Services Outside Labs, (X-ray, etc.) Psychologist, full services Cancel/Change Appointments Registered Nurse Check Appointments Assessment, Intervention and Counseling Birth Control Lab Reports Nutrition Test Results, office Venereal Disease Communicable Disease Upper Respiratory Infection Eyes, Nose and Throat Eye/Vision Dermatology/Allergy Gynecology/Pregnancy Service Neuralgic Orthopedic Genito/Urinary Dental Gastro-Intestinal Stress Counseling Crisis Intervention Child Abuse Reporting and Counseling Substance Abuse Identification and Counseling Acquired Immune Deficiency Syndrome Eating Disorders Weight Control Personal Hygiene Burnout Other Medical Problems, list Examinations, minor illnesses Recheck Minor Injury Health Talks or Fairs, Information Sexually Transmitted Disease Drugs Acquired Immune Deficiency Syndrome			

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes			
First Aid, Major Emergencies			
First Aid, Minor Emergencies			
First Aid Kits, Filled			
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information			
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration			
Laboratory Tests Done Inquiry/Interpretation Pap Smears			
Physical Examinations Employees Students Athletes			
Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list			
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits			

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
Tests Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list			
Miscellaneous Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
Committees Safety Environmental Disaster Planning			



Office of Management and Budget

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CIRCULAR A-21 **(Revised 05/10/04)**

CIRCULAR NO. A-21 **Revised**

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Cost Principles for Educational Institutions

1. *Purpose.* This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles deal with the subject of cost determination, and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. Agencies are not expected to place additional restrictions on individual items of cost. Provision for profit or other increment above cost is outside the scope of this Circular.

2. *Supersession.* The Circular supersedes Federal Management Circular 73 8, dated December 19, 1973. FMC 73 8 is revised and reissued under its original designation of OMB Circular No. A 21.

3. *Applicability.*

- a. All Federal agencies that sponsor research and development, training, and other work at educational institutions shall apply the provisions of this Circular in determining the costs incurred for such work. The principles shall also be used as a guide in the pricing of fixed price or lump sum agreements.
- b. In addition, Federally Funded Research and Development Centers associated with educational institutions shall be required to comply with the Cost Accounting Standards, rules and regulations issued by the Cost Accounting Standards Board, and set forth in 48 CFR part 99; provided that they are subject thereto under defense related contracts.

4. *Responsibilities.* The successful application of cost accounting principles requires development of mutual understanding between representatives of educational institutions and of the Federal Government as to their scope, implementation, and interpretation.

5. *Attachment.* The principles and related policy guides are set forth in the Attachment, "Principles for determining costs applicable to grants, contracts, and other agreements with educational institutions."

6. *Effective date.* The provisions of this Circular shall be effective October 1, 1979, except for subsequent amendments incorporated herein for which the effective dates were specified in these revisions (47 FR 33658, 51 FR 20908, 51 FR 43487, 56 FR 50224, 58 FR 39996, 61 FR 20880, 63 FR 29786, 63 FR 57332, 65 FR 48566 and 69 FR 25970). Institutions as of the start of their first fiscal year beginning after that date shall implement the provisions. Earlier implementation, or a delay in implementation of individual provisions, is permitted by mutual agreement between an institution and the cognizant Federal agency.

7. *Inquiries.* Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Office of Management and Budget, Washington, DC 20503, telephone (202) 395 3993.

Attachment

**PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS,
CONTRACTS, AND OTHER AGREEMENTS WITH
EDUCATIONAL INSTITUTIONS**

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2. Simplified procedure

I. Reserved

J. General provisions for selected items of cost

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3. Alcoholic beverages
4. Alumni/ae activities

(2) Other than formal negotiation. The cognizant agency and educational institution may reach an agreement on rates without a formal negotiation conference; for example, through correspondence or use of the simplified method described in this Circular.

- g. Formalizing determinations and agreements. The cognizant agency shall formalize all determinations or agreements reached with an educational institution and provide copies to other agencies having an interest.
- h. Disputes and disagreements. Where the cognizant agency is unable to reach agreement with an educational institution with regard to rates or audit resolution, the appeal system of the cognizant agency shall be followed for resolution of the disagreement.

12. Standard Format for Submission. For facilities and administrative (F&A) rate proposals submitted on or after July 1, 2001, educational institutions shall use the standard format, shown in Appendix C, to submit their F&A rate proposal to the cognizant agency. The cognizant agency may, on an institution by institution basis, grant exceptions from all or portions of Part II of the standard format requirement. This requirement does not apply to educational institutions that use the simplified method for calculating F&A rates, as described in Section H.

H. Simplified method for small institutions.

1. General.

- a. Where the total direct cost of work covered by Circular A 21 at an institution does not exceed \$10 million in a fiscal year, the use of the simplified procedure described in subsections 2 or 3, may be used in determining allowable F&A costs. Under this simplified procedure, the institution's most recent annual financial report and immediately available supporting information shall be utilized as basis for determining the F&A cost rate applicable to all sponsored agreements. The institution may use either the salaries and wages (see subsection 2) or modified total direct costs (see subsection 3) as distribution basis.
- b. The simplified procedure should not be used where it produces results that appear inequitable to the Federal Government or the institution. In any such case, F&A costs should be determined through use of the regular procedure.

2. Simplified procedure Salaries and wages base.

- a. Establish the total amount of salaries and wages paid to all employees of the institution.
- b. Establish an F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:

(1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and

scholarships).

(2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under subsection (1) have previously been allocated to other institutional activities, they may be included in the F&A cost pool. The total amount of salaries and wages included in the F&A cost pool must be separately identified.

- c. Establish a salary and wage distribution base, determined by deducting from the total of salaries and wages as established in subsection a the amount of salaries and wages included under subsection b.
- d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.
- e. Apply the F&A cost rate to direct salaries and wages for individual agreements to determine the amount of F&A costs allocable to such agreements.

3. Simplified procedure Modified total direct cost base.

- a. Establish the total costs incurred by the institution for the base period.
- b. Establish a F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:

(1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and scholarships).

(2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under subsection (1) have previously been allocated to other institutional activities, they may be included in the F&A cost pool. The modified total direct costs amount

Hearing: 5/25/89
File Number: CSM-4206
Staff: Deborah Fraga-Decker
WP 0366d

PROPOSED PARAMETERS AND GUIDELINES AMENDMENTS
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination ✓

Executive Summary

At its hearing of November 20, 1986, the Commission on State Mandates found that Chapter 1, Statutes of 1984, 2nd E.S., imposed state mandated costs upon local community college districts by (1) requiring those community college districts which provided health services for which it was authorized to and did charge a fee to maintain such health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter and (2) repealing the district's authority to charge a health fee. The requirements of this statute would repeal on December 31, 1987, unless subsequent legislation was enacted.

Chapter 1118, Statutes of 1987, was enacted September 24, 1987, and became effective January 1, 1988. Chapter 1118/87 modified the requirements contained in Chapter 1/84, 2nd E.S., to require those community college districts which provided health services in fiscal year 1986-87 to maintain such health services in the 1987-88 fiscal year and each fiscal year thereafter. Additionally, the language contained in Chapter 1/84, 2nd E.S., which repealed the districts' authority to charge a health fee to cover the costs of the health services program was allowed to sunset, thereby reinstating the districts' authority to charge a fee as specified. Parameters and guidelines amendments are appropriate to address the changes contained in Chapter 1118/87 because this statute amended the same Education Code sections previously enacted by Chapter 1/84, 2nd E.S., and found to contain a mandate.

Commission staff included the Department of Finance suggested non-substantive amendment to the staff's proposed parameters and guidelines amendments. The Chancellor's Office, the State Controller's Office, and the claimant are in agreement with these amendments. Therefore, staff recommends that the Commission adopt the parameters and guidelines amendments as requested by the Chancellor's Office and as developed by staff.

Claimant

Rio Hondo Community College District

Requesting Party

California Community Colleges Chancellor's Office

Chronology

12/2/85 Test Claim filed with Commission on State Mandates.
7/24/86 Test Claim continued at claimant's request.
11/20/86 Commission approved mandate.
1/22/87 Commission adopted Statement of Decision.
4/9/87 Claimant submitted proposed parameters and guidelines.
8/27/87 Commission adopted parameters and guidelines
10/22/87 Commission adopted cost estimate
9/28/88 Mandate funded in Commission's Claims Bill, Chapter 1425/88

Summary of Mandate

Chapter 1/84, 2nd E.S., effective July 1, 1984, repealed Education Code (EC) Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required that any community college district which provided health services for which it was authorized to charge a fee shall maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter.

Prior to the passage of Chapter 1/84, 2nd E.S., the implementation of a health services program was at the local community college district's option. If implemented, the respective community college district had the authority to charge a health fee up to \$7.50 per semester for day and evening students, and \$5 per summer session.

Proposed Amendments

The Community Colleges Chancellor's Office (Chancellor's Office) has requested parameters and guidelines amendments be made to address the changes in mandated activities effectuated by Chapter 1118/87. (Attachment G) In order to expedite the process, staff has developed language to accomplish the following: (1) change the eligible claimants to those community college districts which provided a health services program in fiscal year 1986-87; and (2) change the offsetting savings and other reimbursements to include the reinstated authority to charge a health fee. (Attachment B)

Recommendations

The Department of Finance (DOF) proposed one non-substantive amendment to clarify the effect of the fee authority language on the scope of the reimbursable costs. With this amendment, the DOF believes the amendments to the parameters and guidelines are appropriate for this mandate and recommends the Commission adopt them. (Attachment C)

The Chancellor's Office recommends that the Commission approve the amended parameters and guidelines developed by staff with the additional language suggested by the DOF. (Attachment D)

The State Controller's Office (SCO), upon review of the proposed amendments, finds the proposals proper and acceptable. (Attachment E)

The claimant, in its recommendation, states its belief that the revisions are appropriate and concurs with the proposed changes. (Attachment F)

Staff Analysis

Issue 1: Eligible Claimants

The mandate found in Chapter 1/84, 2nd E.S., was for a new program with a required maintenance of effort at the fiscal year 1983-84 level. Chapter 1118/87 superseded that level of service by requiring that community college districts which provided a health services program in fiscal year 1986-87 maintain that level of effort in fiscal year 1987-88 and each subsequent year thereafter. Additionally, this expanded the group of eligible claimants because the requirement is no longer imposed on only those community college districts which had charged a health fee for the program. At the time of enactment of Chapter 1118/87, there were 11 community college districts which provided the health services program but had never charged a health fee for the service.

Therefore, staff has amended the language in Item III. "Eligible Claimants" to reflect this change in the scope of the mandate.

Issue 2: Reimbursement Alternatives

In response to Chapter 1/84, 2nd E.S., Item VI.B. contained two alternatives for claiming reimbursement costs. This gave claimants a choice between claiming actual costs for providing the health services program, or funding the program as was done prior to the mandate when a health fee could be charged.

The first alternative was in Item VI.B.1. and provided for the use of the formula which the eligible claimants were authorized to utilize prior to the implementation of Chapter 1/84, 2nd E.S.--total eligible enrollment multiplied by the health fee charged per student in fiscal year 1983-84. With the sunset of the repeal of the health fee authority as contained in Chapter 1/84, 2nd E.S., claimants can now charge the health fee as was allowed prior to fiscal year 1983-84, thereby funding the program as was done prior to the mandate. Therefore, this alternative is no longer applicable to this mandate and has been deleted by staff.

The second alternative was in Item VI.B.2. and provided for the claiming of actual costs involved in maintaining a health services program at the fiscal year 1983-84 level. This alternative is now the sole method of reimbursement for this mandate. However, it has been amended to reflect that Chapter 1118/87 requires a maintenance of effort at the fiscal year 1986-87 level.

Issue 3: Offsetting Savings and Other Reimbursements

With the sunset of the repeal of the fee authority contained in Chapter 1/84, 2nd E.S., Education Code (EC) section 72246(a) again provides community college districts with the authority to charge a health fee as follows:

"72246.(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than seven dollars and fifty cents (\$7.50) for each semester, and five dollars (\$5) for summer school, or five dollars (\$5) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, authorized by Section 72244, or both."

Staff amended Item "VIII. Offsetting Savings and Other Reimbursements" to reflect the reinstatement of this fee authority.

In response to that amendment, the DOF has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants' reimbursable costs:

"If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied."

Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII.

Issue 4: Editorial Changes

In preparing the proposed parameters and guidelines amendments, it was not necessary for staff to make any of the normal editorial changes as the original parameters and guidelines contained the language usually adopted by the commission.

Staff, the DOF, the Chancellor's Office, the SCO, and the claimant are in agreement with the recommended amendments which are shown in Attachment A with additions indicated by underlining and deletions by strikeout.

Staff Recommendation

Staff recommends the adoption of the staff's proposed parameters and guidelines amendments, which are based on the original parameters and guidelines adopted in response to Chapter 1/84, 2nd E.S., and amended in response to Chapter 1118/87, as well as incorporating the amendment recommended by the DOF. All parties concur with these amendments.

PARAMETERS AND GUIDELINES
Chapter 1118, Statutes of 1987, 2nd E.S.
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services for/fee in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed; except as otherwise allowed by Government Code Section 17564.

V. REIMBURSEMENTABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program ~~without the authority to levy a fee~~. Only services provided ~~for the~~ in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year ~~1986-87~~ 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

College Physician - Surgeon
Dermatology, Family Practice, Internal Medicine
Outside Physician
Dental Services
Outside Labs (X-ray, etc.)
Psychologist, full services
Cancel/Change Appointments
R.N.
Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

Birth Control
Lab Reports
Nutrition
Test Results (office)
VD
Other Medical Problems
CD
URI
ENT
Eye/Vision
Derm./Allergy
Gyn/Pregnancy Services
Neuro
Ortho
GU
Dental
GI
Stress Counseling
Crisis Intervention
Child Abuse Reporting and Counseling
Substance Abuse Identification and Counseling
Aids
Eating Disorders
Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)

Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE
Inquiry/Interpretation
Pap Smears

PHYSICALS
Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)
Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS
Tokens
Return card/key
Parking inquiry
Elevator passes
Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES
Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS
Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis
Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate. // *Each claim must be filed within 90 days of the date of the expense incurred. // List the date of the expense, the amount of the expense, and the name of the provider. // List the date of the expense, the amount of the expense, and the name of the provider. // List the date of the expense, the amount of the expense, and the name of the provider. // List the date of the expense, the amount of the expense, and the name of the provider.*

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. *Claiming/Alternatives*

Claimed costs should be supported by the following information:

Alternative 1 // Fees/Programs/Costs Incurred in 1983-84 Fiscal Year

1/ Fees/Costs Incurred in the 1983-84 Fiscal Year to Support the Health Services Program

2/ Total number of students under item 11/11/1 through 4 above // Costing/Health Services/Alternative // The total amount claimed/Worked/Item 11/B/1 // Multiplied by Item 11/B/2 // With the total amount received/Increased by the appropriate/Indirect/Program/Defrayal

Alternative 2 // Actual Costs of Claim Year for Providing 1983-84 Fiscal Year Program Level of Service.

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 19836-847 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester; \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) now received from individuals other than students who were not covered by former Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

0350d

CHANCELLOR'S OFFICE

GEORGE DEUKMEJIAN, Governor

CALIFORNIA COMMUNITY COLLEGES

107 NINTH STREET

SACRAMENTO, CALIFORNIA 95814
445-8752 445-1163

February 22, 1989



Mr. Robert W. Eich
Executive Director
Commission on State Mandates
1130 "K" Street, Suite LL50
Sacramento, CA 95814-3927

Dear Mr. Eich:

As you know, the Commission on August 27, 1987 adopted Parameters and Guidelines for claiming reimbursements of mandated costs related to community college health services. Fees formerly collected by community colleges had been eliminated by Chapter 1, Statutes of 1984, Second Extraordinary Session. Last year's mandate claims bill (AB 2763) included funding to pay all these claims through 1988-89.

The Governor's partial approval of AB 2763 last September included a stipulation that claims for the current year would be paid this fiscal year, but prior-year claims will be paid in equal installments from the next three budget acts. The Governor did not address the fact that the ongoing costs of providing the mandated level of service will continue to exceed the maximum permissible fee of \$7.50 per student per semester.

On behalf of all eligible community college districts, the Chancellor's Office proposes the following changes in the Parameters and Guidelines:

- o Payment of 1988-89 mandated costs in excess of maximum permissible fees. (This amount is payable from AB 2763.)
- o Payment of all prior-year claims in installments over the next three years. (Funds for these payments will be included in the next 3 budget acts.)
- o Payment of future-years mandated costs in excess of the maximum permissible fees. (No funding has yet been provided for these costs.)

Mr. Eich

2

February 22, 1989

If you have any questions regarding this proposal, please contact Patrick Ryan at (916) 445-1163.

Sincerely,

David Mertes

DAVID MERTE
Chancellor

DM:PR:mh

cc: Deborah Fraga-Decker, CSM
Douglas Burris
Joseph Newmyer
Gary Cook

State of California

Memorandum

Date : March 22, 1989

To : Deborah Fraga-Decker
Program Analyst
Commission on State Mandates

From : Department of Finance

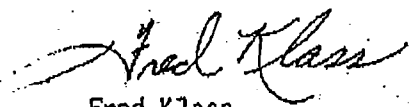
Proposed Amendments to Parameters and Guidelines for Claim No. CSM-4206 -- Chapter 1, Statutes of 1984, 2nd E.S. and Chapter 1118, Statutes of 1987 -- Health Fee Elimination

Pursuant to your request, the Department of Finance has reviewed the proposed amendments to the parameters and guidelines related to community college health services. These amendments, which are requested by the Chancellor's Office, reflect the impact that Chapter 1118/87 has on the original parameters adopted by the Commission for Chapter 1/84 on August 27, 1987. Specifically, Chapter 1118/87:

- (1) requires districts which were providing health services in 1986-87, rather than 1983-84, to continue to provide such services, irrespective of whether or not a fee was charged for the services; and
- (2) allows all districts to again charge a fee of up to \$7.50 per student for the services. In this regard, we would point out that the proposed amendment to "VIII. Offsetting Savings, and Other Reimbursements" could be interpreted to require that, if a district elected not to charge fees it would not have to deduct anything from its claim. We believe that, pursuant to Section 17556 (d) of the Government Code, an amount equal to \$7.50 per student must be deducted whether or not it is actually charged since the district has the authority to levy the fee. We suggest that the following language be added as a second paragraph under "VIII": "If a claimant does not levy the fee authorized by Education Code Section 72246 (a), it shall deduct an amount equal to what it would have received had the fee been levied."

With the amendment described above, we believe the amendments to the parameters and guidelines are appropriate for this mandate and recommend the Commission adopt them at its April 27, 1989, meeting.

Any questions regarding this recommendation should be directed to James M. Apps or Kim Clement of my staff at 324-0043.


Fred Klass
Assistant Program Budget Manager

cc: see second page

cc: Glen Beatie, State Controller's Office
Pat Ryan, Chancellor's Office, Community College
Juliet Musso, Legislative Analyst's Office
Richard Frank, Attorney General

LR:1988-2

CHIEF OF OFFICE

GEORGE DEUKMEJIAN, Governor



CALIFORNIA COMMUNITY COLLEGES

1000 NINTH STREET
 SACRAMENTO, CALIFORNIA 95814
 (916) 445-8752 445-1163



April 3, 1989

Mr. Robert W. Eich
 Executive Director
 Commission on State Mandates
 170 K Street, Suite LL50
 Sacramento, CA 95814

Attention: Ms. Deborah Fraga-Decker

Subject: CSM 4206
 Amendments to Parameters and Guidelines
 Chapter 1, Statutes of 1984, 2nd E.S.
 Chapter 118, Statutes of 1987
Health Fee Elimination

Dear Mr. Eich:

In response to your request of March 8, we have reviewed the proposed language changes necessary to amend the existing parameters and guidelines to meet the requirements of Chapter 1118, Statutes of 1987.

The Department of Finance has also provided us a copy of their suggestion to add the following language in part VIII: "If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied." This office concurs with their suggestion which is consistent with the law and with our request of February 22.

With the additional language suggested by the Department of Finance, the Chancellor's Office recommends approval of the amended parameters and guidelines as drafted for presentation to the Commission on April 27, 1989.

Sincerely,

DAVID MERTES
 Chancellor

DM:PR:mh

cc: Jim Apps, Department of Finance
 Glen Beatie, State Controller's Office
 Richard Frank, Attorney General's Office
 Juliet Muso, Legislative Analyst's Office
 Douglas Burris
 Joseph Newmyer
 Gary Cook



GRAY DAVIS
Controller of the State of California
 P.O. BOX 942850
 SACRAMENTO, CA 94250-0001

April 3, 1989



Ms. Deborah Fraga-Decker
 Program Analyst
 Commission on State Mandates
 1130 K Street, Suite LL50
 Sacramento, CA 95814

Dear Ms. Fraga-Decker:

RE: Proposed Amendments to Parameters and Guidelines: Chapter 1/84, 2nd E.S., and Chapter 1118/87 - Health Fee Elimination

We have reviewed the amendments proposed on the above subject and find the proposals proper and acceptable.

However, the Commission may wish to clarify section "VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS" that the required offset is the amount received or would have received per student in the claim year.

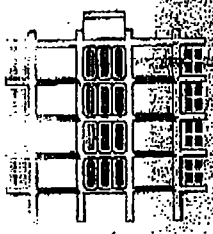
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

Glenn Haas, Assistant Chief
 Division of Accounting

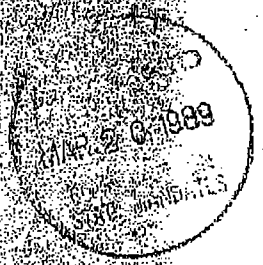
GH/GB:dvl

SC81822



HR/60

RIO HONDO COMMUNITY COLLEGE DISTRICT
3600 Workman Mill Road • Whittier, CA 90808 • Phone (213) 692-0921



March 16, 1989

Ms. Deborah Fraga-Decker
Program Analyst
Commission on State Mandates
1130 K Street, Suite 1150
Sacramento, CA 95814

REFERENCE: CSM-4206
AMENDMENTS TO PARAMETERS AND GUIDELINES
CHAPTER 1, STATUTES OF 1984, 2ND E.S.
CHAPTER 1118, STATUTES OF 1987
HEALTH FEE ELIMINATION

Dear Deborah:

We have reviewed your letter of March 7 to Chancellor David Montes and the attached amendments to the health fee parameters and guidelines. We believe these revisions to be most appropriate and concur totally with the changes you have proposed.

I would like to thank you again for your expertise and helpfulness throughout this entire process.

Yours very truly,

Timothy M. Wood
Vice President
Administrative Affairs

TMW:hh

MINUTES

COMMISSION ON STATE MANDATES

May 25, 1989

10:00 a.m.

State Capitol, Room 437
Sacramento, California

Present were: Chairperson Russell Gould, Chief Deputy Director, Department of Finance; Fred R. Buenrostro, Representative of the State Treasurer; D. Robert Shuman, Representative of the State Controller; Robert Martinez, Director, Office of Planning and Research; and Robert C. Creighton, Public Member.

There being a quorum present, Chairperson Gould called the meeting to order at 10:02 a.m.

Item 1 Minutes

Chairperson Gould asked if there were any corrections or additions to the minutes of the Commission's hearing of April 27, 1989. There were no corrections or additions.

The minutes were adopted without objection.

Consent Calendar

The following items were on the Commission's consent agenda:

- Item 2 Proposed Statement of Decision
Chapter 406, Statutes of 1988
Special Election - Bridges
- Item 3 Proposed Statement of Decision
Chapter 583, Statutes of 1985
Infectious Waste Enforcement
- Item 4 Proposed Statement of Decision
Chapter 980, Statutes of 1984
Court Audits
- Item 5 Proposed Statement of Decision
Chapter 1286, Statutes of 1985
Homeless Mentally Ill

- Item 6 Proposed Parameters and Guidelines Amendment
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination
- Item 7 Proposed Parameters and Guidelines Amendment
Chapter 8, Statutes of 1988
Democratic Presidential Delegates
- Item 10 Proposed Statewide Cost Estimate
Chapter 498, Statutes of 1983
Education Code Section 48260.5
Notification of Truancy
- Item 12 Proposed Statewide Cost Estimate
Chapter 1226, Statutes of 1984
Chapter 1526, Statutes of 1985
Investment Reports

There being no discussion or appearances on Items 2, 3, 4, 5, 6, 7, 10, and 12, Member Buenrostro moved adoption of the staff recommendation on these items on the consent calendar. Member Martinez seconded the motion. The vote on the motion was unanimous. The motion carried.

The following items were continued:

- Item 13 Proposed Statewide Cost Estimate
Chapter 1335, Statutes of 1986
Trial Court Delay Reduction Act
- Item 16 Test Claim
Chapter 841, Statutes of 1982
Patients' Rights Advocates
- Item 17 Test Claim
Chapter 921, Statutes of 1987
Countywide Tax Rates

The next item to be heard by the Commission was:

- Item 8 Proposed Parameters and Guidelines Amendment
Chapter 961, Statutes of 1975
Collective Bargaining

The party requesting the proposed amendment, Fountain Valley School District, did not appear at the hearing. Carol Miller, appearing on behalf of the Education Mandated Cost Network, stated that the Network was interested in the issue of reimbursing a school district for the time the district Superintendent spent in, or preparing for, collective bargaining issues.

The Commission then discussed the issue of reimbursing the Superintendent's time as a direct cost to the mandated program or as an indirect cost as required by the federal publications OASC-10, and Federal Management Circular 74-4. Upon conclusion of this discussion, the Commission, staff, and Ms. Miller, agreed that the Commission could deny this proposed amendment by the Fountain Valley School District, and Ms. Miller could assist another district in an attempt to amend the parameters and guidelines to allow reimbursement of the Superintendent's cost relative to collective bargaining matters.

Member Creighton then inquired on the issue of holding collective bargaining sessions outside of normal working hours and the number of teachers the parameters and guidelines reimburse for participating in collective bargaining sessions. Ms. Miller stated that because of the classroom disruption that can result from the use of a substitute teacher, bargaining sessions are sometimes held outside of normal work hours for practical reasons. Ms. Miller also stated that the parameters and guidelines permit reimbursement for five substitute teachers.

Member Martinez moved and Member Buenrostro seconded a motion to adopt the staff recommendation to deny the proposed amendments to the parameters and guidelines. The roll call vote on the motion was unanimous. The motion carried.

Item 9 Proposed Statewide Cost Estimate
Chapter 498, Statutes of 1983
Education Code Section 51225.3
Graduation Requirements

Carol Miller appeared on behalf of the claimant, Santa Barbara Unified School District, Jim Apps and Don Enderton appeared on behalf of the Department of Finance, and Rick Knott appeared on behalf of the San Diego Unified School District.

Carol Miller began the discussion on this matter by stating her objection to the Department of Finance raising issues that were already argued in the parameters and guidelines hearings for this mandate. Based on this objection, Ms. Miller requested that the Commission adopt staff's recommendation and allow the Controller's Office to handle any audit exceptions.

Jim Apps stated that because school districts did not report funds that have been received by them, then the data reported in the survey is suspect. Therefore, the Department of Finance is not convinced that the cost estimate based on the data received by the schools is legitimate.

Discussion continued on the validity of the cost estimate and on the figures presented to the Commission for its consideration.

Member Creighton then made a motion to adopt staff's recommendation. Member Shuman seconded the motion. The vote on the motion was: Member Buenrostro, no; Member Creighton, aye; Member Martinez, no; Member Shuman, aye; and Chairperson Gould, no. The motion failed.

Chairperson Gould made an alternative motion that staff, the Department of Finance, and the school districts, conduct a pre-hearing conference and agree on an estimate to be presented to the Commission at a future hearing. Member Buenrostro seconded the motion. The roll call vote on the motion was unanimous. The motion carried.

Item 11 Statewide Cost Estimate
Chapter 815, Statutes of 1979
Chapter 1327, Statutes of 1984
Chapter 757, Statutes of 1985
Short-Doyle Case Management

Pamela Stone, representing the County of Fresno, stated that the county was in agreement with the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years, and was opposed to the reduction of the costs estimate being proposed by the Department of Mental Health's late filing.

Lynn Whetstone, representing the Department of Mental Health, stated that the Department agrees with the methodology used by Commission staff to develop the cost estimate, however, the Department questioned the manner in which Commission staff extrapolated its survey figures into a statewide estimate. Ms. Whetstone stated that due to the reasons stated in its late filing, the Department believes that the cost estimate be reduced to \$17,280,000.

Member Shuman moved, and Member Martinez seconded a motion to adopt the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years. The roll call vote on the motion was unanimous. The motion carried.

Item 14 State Mandates Apportionment System
Request for Review of Base Year Entitlement
Chapter 1242, Statutes of 1977
Senior Citizens' Property Tax Postponement

Leslie Hobson appeared on behalf of the claimant, County of Placer, and stated agreement with the staff analysis.

There were no other appearances and no further discussion.

Member Creighton moved approval of the staff recommendation. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 15 Test Claim
Chapter 670, Statutes of 1987
Assigned Judges

Vicki Wajdak and Pamela Stone appeared on behalf of the claimant, County of Fresno. Beth Mullen appeared on behalf of the Administrative Office of

the Courts. Jim Apps appeared on behalf of the Department of Finance. Allan Burdick appeared on behalf of the County Supervisors Association of California. Pamela Stone restated the claimant's position that the revenue losses due to this statute were actually increased costs because Fresno is now required to compensate its part-time justice court judges for work performed for another county while on assignment. Beth Mullen stated her opposition to this interpretation because Fresno's part-time justice court judge cannot be assigned elsewhere until all work required to be performed for Fresno has been completed; therefore, Fresno is only required to compensate the judge for its own work.

There followed discussion by the parties and the Commission regarding the applicability of the Supreme Court's decisions in County of Los Angeles and Lucia Mar. Chairperson Gould asked Commission Counsel Gary Hori whether this statute imposed a new program and higher level of service as contemplated by these two decisions. Mr. Hori stated that it did meet the definition of new program and higher level of service as contemplated by the Supreme Court.

Member Creighton moved to adopt the staff recommendation to find a mandate on counties whose part-time justice court judge is assigned within the home county. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 18 Test Claim
Chapter 1247, Statutes of 1977
Chapter 797, Statutes of 1980
Chapter 1373, Statutes of 1980
Public Law 99-372
Attorney's Fees - Special Education

Chairperson Gould recused himself from the hearing on this item.

Clayton Parker, representing the Newport-Mesa Unified School District, submitted a late filing on the test claim rebutting the staff analysis. Member Creighton stated that he had not had an opportunity to review the late filing and inquired on whether the claim should be heard at this hearing. Staff informed Member Creighton and Member Buenrostro that in reviewing the filing before this item was called, the filing appeared to be summary of the claimant's position on the staff analysis, and that there appeared to be no reason to continue the item.

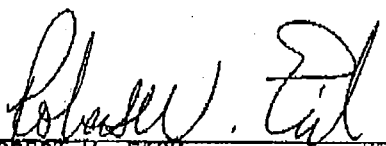
Mr. Parker stated that Commission staff had misstated the events that resulted in the claimant having to pay attorneys' fees to a pupil's guardians, and because of case law, courts do not have any discretion in awarding attorney's fees. Mr. Parker stated that because state legislation has codified the federal Education of the Handicapped Act, school districts are subject to the provisions of Public Law 94-142 and Public Law 99-372. Member Buenrostro then inquired whether staff was comfortable with discussing the issue of a state executive order incorporating federal law.

Minutes
Hearing of May 25, 1989
Page 6

Staff informed the Commission that it was not comfortable discussing this issue, and further noted that it appeared that Mr. Parker was basing his reasoning for finding P.L. 99-372 to be a state mandated program, on the Board of Control's finding that Chapter 1247, Statutes of 1977, and Chapter 797, Statutes of 1980, were a state mandated program. Staff noted that Board of Control's finding is currently the subject of the litigation in Huff v. Commission on State Mandates (Sacramento County Superior Court Case No. 352295).

Member Creighton moved and Member Martinez seconded a motion to continue this item and have legal counsel and staff review the arguments presented by Mr. Parker. The vote on the motion was unanimous. The motion carried.

With no further items on the agenda, Chairperson Gould adjourned the hearing at 11:45 a.m.


ROBERT W. EICH
Executive Director

RWE:GLH:cm:0224g

Tab 8

36 11/14 3f 76
Ad 8/18/07
RC

San Bernardino Community College District
 Health Fee Elimination Program
 Audit Review of Student Insurance Costs
 July 1, 2001 through June 30, 2003
 C04-MCC-0011

Fiscal Year 2001-02

Per Claim	SBVC	CHC	Total
Basic			\$ 75,118
catastrophic			3,010
catastrophic			1,250
Total	\$ 35,959.50	\$ 43,418.50	\$ 79,378

Fiscal Year 2002-03

Per Claim	SBVC	CHC	Total
Basic			\$ 77,971
catastrophic			3,462
catastrophic			1,438
Total	\$ 37,431	\$ 45,441	\$ 82,871

Per Actual Student Insurance Coverage			Total
Basic coverage			\$ 40,780
Student			22,187
Class I athletes			12,151
Class II athletes			
Subtotal			\$ 75,118
Catstrophic coverage			\$ 1,250
Student			3,010
intercollegiate athletes			
Subtotal			\$ 4,260
Total insurance			\$ 79,378

Per Actual Student Insurance Coverage			Total
Basic coverage			\$ 46,227
Student			17,525
Class I athletes			14,219
Class II athletes			
Subtotal			\$ 77,971
Catstrophic coverage			\$ 1,438
Student			3,462
intercollegiate athletes			
Subtotal			\$ 4,900
Total insurance			\$ 82,871

Per Audit			Total
Basic coverage			\$ 40,780
Student			
Catstrophic coverage			1,250
Student			
Total student coverage			\$ 42,030

Per Audit			Total
Basic coverage			\$ 46,227
Student			
Catstrophic coverage			1,438
Student			
Total insurance			\$ 47,665

Unallowable Costs			Total
Basic coverage			22,187
Class I athletes			12,151
Class II athletes			
Subtotal			\$ 34,338
Catstrophic coverage			3,010
intercollegiate athletes			
Subtotal			\$ 3,010
Total athletic coverage			\$ 37,348

Unallowable Costs			Total
Basic coverage			17,525
Class I athletes			14,219
Class II athletes			
Subtotal			\$ 31,744
Catstrophic coverage			3,462
intercollegiate athletes			
Subtotal			\$ 3,462
Total athletic coverage			\$ 35,206

Purpose
 To review the student insurance costs claimed for the audit period

- Source**
1. FY 2001/02 and FY 2002/03 Health Fee Elimination Program claims
 2. Claim worksheets from Ronald Gerhard, SBCCD internal auditor
 3. Actual insurance coverage from Marie Rosa Martinelli, Student Insurance (310) 826-5688
 4. Certificate of Insurance Binder - FY 2001/02 & FY 2002/03.

- Scope**
1. Summarized the total student insurance claimed for the audit period
 2. Summarized the actual student coverage based on the additional information provided by the insurance company
 3. Compared the claimed amount with the audited amount

Conclusion
 The district claimed unallowable athlete insurance costs. District staff believed that these costs were eligible for reimbursement.

FY 2001/02	\$ (37,348)
FY 2002/03	(35,206)
Total	\$ (72,554)

AS 8/18/04

2001-2002

TOTAL PREMIUM: \$75,118

Regular and summer students total attendance: 20,942 to 38/04

Premium for regular and summer students: \$40,780

Premium per capita: \$1.95 to 38/04

Class I athletes: 163 Premium for Class I athletes: \$22,187 Premium per class I athlete: \$136.12

Class II athletes: 147 Premium for Class II athletes: \$12,151.02

Premium per Class II athlete: \$82.66

2002-2003

TOTAL PREMIUM: \$77,971.00

Regular and summer students total attendance: 28,492 to 38/04

Premium for regular and summer students: \$46,118 to 38/04

Premium per capita: \$1.62 to 38/04

Class I athletes: 125 Premium for Class I athletes: \$17,525 Premium per class I athlete: \$140.20

Class II athletes: 167 Premium for Class II athletes: \$14,219 Premium per class II athlete: \$85.14

Please let me know if I can get you any other information. Thank you!

STUDENT INSURANCE

By: Marie Rosa Martinelli-Hooper

Vice President

Tel: (310) 826-5688

Fax: (310) 826-1601

Outgoing mail is certified Virus Free.

Checked by AVG anti-virus system (<http://www.grisoft.com>).

Version: 6.0.690 / Virus Database: 451 - Release Date: 5/22/2004



CA Lic. # 0386216

Marie Rosa Martinelli
Vice President
International Programs

Website: www.studentinsuranceagency.com
E-mail: international@studentinsuranceagency.com

11661 San Vicente Blvd., #200, Los Angeles, CA 90049 • (310) 826-5688
CASBO MEMBER Since 1967 (800) 367-5830 Fax (310) 826-1601

At Hooper
STUDENT INSURANCE - ALL FORMS
Athletic & Football Coverage
University Accident & Health Insurance
College Accident & Health Insurance
Church Groups & Associations
Recreation & Club Insurance

STUDENT INSURANCE

Lic. No. 0386216

Established 1950

William F. Hooper, President

TEL (310) 826-5688

FAX (310) 826-1601

www.studentinsuranceagency.com

E-mail: SiLegal@studentinsuranceagency.com

11661 San Vicente Boulevard, Suite 200, Los Angeles, California 90049-5103

CERTIFICATE OF INSURANCE BINDER: 2001-2002

INSURED: SAN BERNARDINO CCD
(Crafton Hills/San Bernardino Valley)
441 West 8th Street
San Bernardino, CA 92401-1007

CONTACT: Ms. Virginia Miller,
Risk Management Specialist
Telephone: 909-381-8013

BASIC COVERAGE: 1 Year Incurring Period
COMPANY: Blue Cross - Plan B
TYPE/COVERAGE: Students/Intercollegiate Athletes
PREMIUM: \$75,118.00 *to 3/1/02*

POLICY NO.
EFFECTIVE DATE:
8/01/01-8/01/02

SUPER CATASTROPHIC COVERAGE: Intercollegiate Athletes
COMPANY: AIG
COVERAGE LIMITS: \$1,000,000.00
EFFECTIVE DATE: 8/01/01-8/01/02

POLICY NO.
DEDUCTIBLE: \$25,000.00
PREMIUM: \$3,010.00 *to 3/1/02*

CATASTROPHIC COVERAGE: Students Only
COMPANY: AIG
COVERAGE LIMITS: \$1,000,000.00
EFFECTIVE DATE: 8/01/01-8/01/02

POLICY NO.
DEDUCTIBLE: \$50,000.00
PREMIUM: \$1,250.00 *to 3/1/02*

BASIC COVERAGE LIMITS

Per Accident Deductibles	\$ 50.00	Students
	\$100.00	Class I Athletes
	\$ 50.00	Class II Athletes
Co-Insurance Percentage	100%	PPO
	60%	Non-PPO
Per Accident Maximum	\$25,000.00	Athletes
	\$50,000.00	Students
	\$ 500.00	Emergency Illness Benefit
	\$ 1,000.00	Official Visitors
	\$ 1,000.00	Dental Maximum
	\$ 1,000.00	Prosthetic Devices
	\$ 2,000.00	Rental Durable Medical Equipment
	\$25,000.00	Expanded Medical/Intercollegiate Athletes
AD&D Benefits	\$ Loss of Life	\$1,500.00
	\$ Dismemberment	(Single: \$1,000.00/Double: \$5,000.00)

CLASS I SPORTS: Football, Gymnastics, Skiing (snow), Soccer & Wrestling
Physical Therapy: Limited to 24 visits per calendar year per injury; additional visits available if approved by Blue Cross.

NON-PPO: Benefit will not exceed \$25.00 per visit.
Non-Duplication of Benefits Exercised on **ALL CLAIMS.**

THIS IS A BRIEF DESCRIPTION OF BENEFITS. THE MASTER POLICY CONTAINS COMPLETE DETAILS OF THE PROVISIONS, LIMITATIONS, EXCLUSIONS AND WILL PREVAIL AT ALL TIMES.
Associate Member California Community College Association • Associate Member California Association of School Business Officials

California Office
 4330 Auburn Blvd., Suite 200
 Sacramento, CA 95841
 (310) 826-5688
 (310) 826-1601 Fax

Insurance - All Forms
 Athletic & Football Coverage
 University Accident & Health Insurance
 College Accident & Health Insurance
 Church Groups & Associations
 Recreation & Club Insurance
 International Student Insurance
 Lic No. 0386216

30 11/16/04
 Northern California Office
 4330 Auburn Blvd., Suite 1600
 Sacramento, CA 95841
 (916) 971-2420
 (310) 826-1601 Fax

www.studentinsuranceagency.com



E-mail: SiLegal@studentinsuranceagency.com

INSURANCE BINDER: 2002-2003

INSURED: SAN BERNARDINO CCD
 (Crafton Hills/San Bernardino Valley)
 114 South Del Rosa Drive
 San Bernardino, CA 92408

CONTACT: Ms. Kim Schmitz,
 Risk Manager
 (909) 381-4080

BASIC COVERAGE: 1 Year Incurring Period
 COMPANY: Blue Cross - Plan B
 TYPE/COVERAGE: Students/Intercollegiate Athletes
 PREMIUM: \$77,971.00 *0 38/48*

POLICY NO. TBA
 EFFECTIVE DATE:
 8/01/02-8/01/03

SUPER CATASTROPHIC COVERAGE: Intercollegiate Athletes
 COMPANY: AIG
 COVERAGE LIMITS: \$1,000,000.00
 EFFECTIVE DATE: 8/01/02-7/31/03

POLICY NO. TBA
 DEDUCTIBLE: \$25,000.00
 PREMIUM: \$3,462.00 *38/48*

CATASTROPHIC COVERAGE: Students Only
 COMPANY: AIG
 COVERAGE LIMITS: \$1,000,000.00
 EFFECTIVE DATE: 8/01/02-8/01/03

POLICY NO. TBD
 DEDUCTIBLE: \$50,000.00
 PREMIUM: \$1,438.00 *38/48*

BASIC COVERAGE LIMITS

Per Accident Deductibles	\$ 50.00	Students
	\$100.00	Class I Athletes
	\$ 50.00	Class II Athletes
Co-Insurance Percentage	100%	PPO
	60%	Non-PPO
Per Accident Maximum	\$25,000.00	Athletes
	\$50,000.00	Students
	\$ 500.00	Emergency Illness Benefit
	\$ 1,000.00	Official Visitors
	\$ 1,000.00	Dental Maximum
	\$ 1,000.00	Prosthetic Devices
	\$ 2,000.00	Rental Durable Medical Equipment
	\$25,000.00	Expanded Medical/Intercollegiate Athletes
AD&D Benefits	\$ Loss of Life	\$1,500.00
	\$ Dismemberment	(Single: \$1,000.00/Double: \$5,000.00)

CLASS I SPORTS: Football, Gymnastics, Skiing (snow), Soccer & Wrestling

Physical Therapy: Limited to 24 visits per calendar year per injury; additional visits available if approved by Blue Cross.

NON-PPO: Benefit will not exceed \$25.00 per visit.

Non-Duplication of Benefits Exercised on **ALL CLAIMS.**

THIS IS A BRIEF DESCRIPTION OF BENEFITS. THE MASTER POLICY CONTAINS COMPLETE DETAILS OF THE PROVISIONS, LIMITATIONS, EXCLUSIONS AND WILL PREVAIL AT ALL TIMES.

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
 Health Fee Elimination Program
 Audit Review of Services/Supplies Costs
 July 1, 2001 through June 30, 2003
 C04-WCC-0011

PER		CLAIM				FISCAL YEAR 2002-03	
Sample	Fund/Site	Object	Reference	Date	Vendor number	Name	Total
1	00-01	4500	PO-301035	10/9/2002	015348-02	Galaxosmithline	\$ 1,242.50
2	00-01	4500	PO-032920	4/22/2003	015348-02	Galaxosmithline	2,210.00
3	00-01	5113	EP-030644	6/30/2003	005198-03	Loma Linda Center	15,000.00
4	14-02	6410	PO-030755	10/28/2002	020471-02	Edward Medical	2,187.65
5	14-02	6410	PO-030956	11/27/2002	012311-01	Gateway Business	2,343.44
6	14-25	4500	EP-030448	6/30/2003	018892-01	Health Line CI	3,450.38
7	14-25	6410	PO-031098	12/20/2002	012311-01	Gateway Business	2,343.44
8	14-25	6410	PO-31242	1/30/2003	020471-02	Edward Medical	7,512.42
Total tested							\$ 36,289.83
Total claimed							\$ 159,034.00

23%

PER		AUDIT				VARIANCE	
Purchase Order	Warrant	Issued	Invoice Number	Invoice Date	Requisition/Explanation	Amount	Allowable
301035	733862	10/10/2002	20741526	7/15/2002	32575 A	1,242.50	Yes
32920	911185	4/23/2003	20171111	2/3/2003	303989 B	2,210.00	Yes
32553	979196	7/14/2003	none	5/29/2003	303484 C	15,000.00	Yes
30755	748910	10/29/2002	79549	9/30/2002	301681 D	2,187.65	Yes
30956	704331	12/2/2002	84947665	10/17/2002	301860 E	2,343.44	Yes
31378	976631	7/8/2003	800120	6/30/2003	502338 F	142.00	
	690931	9/22/2003				154.50	
						38.00	
						334.50	Yes
31098	792340	12/11/2002	85225532	10/30/2002	302100 G	2,343.44	Yes
31242	852968	1/31/2003	1064511	12/20/2002	302102 H	7,512.42	Yes
						\$ 33,173.95	
						\$ (3,115.88)	

To ID 3011

8/18/04

Explanation:

- A. Enoxin-B filled lip lok 20 mg. ML 1" 23
- B. Enoxin-B filled lip lok 20 mg. 25 pkts Hepatitis B vaccine for students & employees
- C. Physician services rendered by the Loma Linda University Preventive Residents 802-503.
- D. Trinus T2A (automatic) vision machines w/perinate
- E. Gateway profile 4 LS #1006618 - computer system
- F. Lab work. Only \$334.50 was actually paid. \$3,115 was written off.
- G. Gateway profile 4 LS #1006618 - computer system
- H. Exam power table hiter #75E with standard chair arms and restraint straps for hiter

** Allowable - Health related costs

Purpose:
To summarize the audit review of the services and supplies claimed

Source:
1. FY 200203 Financial Activity Report
2. FY 200203 Health Fee Elimination Program Claim
3. Invoice/warrant/purchase order - from Ronald Gerhard, internal auditor

Scope:
1. Traced the test items to supporting documents
2. Summarized the claimed amount and audited amount
3. Compared the claimed amount with the audited amount

Conclusion:
Services and Supplies costs were claimed property except the \$(3,115) overclaimed.

District: Payable Payments
 Payable: U 8 PO: 031378 Vendor: 018892-01 HEALTH LINE CLINICA AB INC
 Description: Supplies
 Board Description: Supplies
 Fu Ls Si Prog SubP Object Type Established Status
 01-14-25-8210-0000-4500-00-6440 \$ 3,450.38 F

Ln	S	Date	Invoice Desc	Liq/Balance	Payment/U-tax Paid	Warr#	Batch	H
1	P	043003	800120 / Apr 03	142.00	142.00 070803	976631	0032	
			018892-01	3,308.38				UT: N 1099: N
2	P	053003	800120 / May 03	154.50	154.50 070803	976631	0032	
			018892-01	3,153.88				UT: N 1099: N
3	F	063003	800120 / June 03	3,153.88	38.00 092203	630931	0399	
			018892-01	0.00	<u>3,153.88</u>			UT: N 1099: N

Action:

Inv Dt/No: HEALTH LINE CLINICAL LAB INC
 Batch No: 2249 NORTH HOLLYWOOD WAY
 Vendor No: 018892-01 of 01
 Liquidate: \$
 Payment: \$
 Use tax: N 1099: N
 BURBANK CA 91505-0000

cc 7/6/94
 Ret 8/16/94

CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE

1102 Q STREET
SACRAMENTO, CA 95814-6511
(916) 445-8752
HTTP://WWW.CCCCO.EDU



March 5, 2001

To: Superintendents/Presidents
Chief Business Officers
Chief Student Services Officers
Health Services Program Directors
Financial Aid Officers
Admissions and Records Officers
Extended Opportunity Program Directors

From: Thomas J. Nussbaum
Chancellor

Subject: Student Health Fee Increase

Education Code Section 76355 provides the governing board of a community college district the option of increasing the student health services fee by the same percentage as the increase in the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar above the existing fee, the fee may be increased by \$1.00.

Based on calculations by the Financial, Economic, and Demographic Unit in the Department of Finance, the Implicit Price Deflator Index has now increased enough since the last fee increase of March 1997 to support a one dollar increase in the student health fees. Effective with the Summer Session of 2001, districts may begin charging a maximum fee of \$12.00 per semester, \$9.00 for summer session, \$9.00 for each intersession of at least four weeks, or \$9.00 for each quarter.

For part-time students, the governing board shall decide the amount of the fee, if any, that the student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

The governing board operating a health services program must have rules that exempt the following students from any health services fee:

- Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

- Students who are attending a community college under an approved apprenticeship training program.
- Students who receive Board of Governors Enrollment Fee Waivers, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

All fees collected pursuant to this section shall be deposited in the Student Health Fee Account in the Restricted General Fund of the district. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors. Allowable expenditures include health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both. Allowable expenditures exclude athletic-related salaries, services, insurance, insurance deductibles, or any other expense that is not available to all students. No student shall be denied a service supported by student health fee on account of participation in athletic programs.

If you have any questions about this memo or about student health services, please contact Mary Gill, Dean, Enrollment Management Unit at 916.323.5951. If you have any questions about the fee increase or the underlying calculations, please contact Patrick Ryan in Fiscal Services Unit at 916.327.6223.

CC: Patrick J. Lenz
Ralph Black
Judith R. James
Frederick E. Harris

I:\Fisc\FiscUnit\01StudentHealthFees\01StuHealthFees.doc

DISTRICT'S
INCORRECT REDUCTION CLAIM
FILED WITH THE
COMMISSION ON STATE MANDATES
ON September 15, 2005

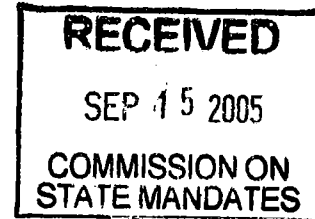
21

SixTen and Associates

Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Telephone: (858) 514-8605
Fax: (858) 514-8645
E-Mail: Kbpsixten@aol.com



September 13, 2005

Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: Health Fee Elimination
Fiscal Years: 2001-02 through 2002-03
Incorrect Reduction Claim

Dear Ms. Higashi:

Enclosed is the original and two copies of the above referenced incorrect reduction claim for San Bernardino Community College District.

SixTen and Associates has been appointed by the District as its representative for this matter and all interested parties should direct their inquiries to me, with a copy as follows:

Robert Temple
Vice Chancellor Fiscal Services
San Bernardino Community College District
114 S. Del Rosa Drive
San Bernardino, Ca 92408

Thank-you.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith B. Petersen".

Keith B. Petersen

State of California
COMMISSION ON STATE MANDATES
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562
CSM 2 (12/89)

For Office Use Only

RECEIVED SEP 15 2005 COMMISSION ON STATE MANDATES

Claim No: 05-4206-I-08

INCORRECT REDUCTION CLAIM FORM

Local Agency or School District Submitting Claim

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

Contact Person Telephone Number

Keith B. Petersen, President
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Voice: 858-514-8605
Fax: 858-514-8645
E-Mail: Kbpsixten@aol.com

Address

Robert Temple, Vice Chancellor Fiscal Services
San Bernardino Community College District
114 S. Del Rosa Drive
San Bernardino, CA 92408

Representative Organization to be Notified Telephone Number

Robert Miyashiro, Consultant, Education Mandated Cost Network
c/o School Services of California
1121 L Street, Suite 1060
Sacramento, CA 95814

Voice: 916-446-7517
Fax: 916-446-2011
E-Mail: robertm@SScal.com

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to section 17561 of the Government Code. This incorrect reduction claim is filed pursuant to section 17561(b) of the Government Code.

CLAIM IDENTIFICATION: Specify Statute or Executive Order

HEALTH FEE ELIMINATION Chapter 1, Statutes of 1984, 2nd E.S. Education Code Section 76355
Chapter 1118, Statutes of 1987

<u>Fiscal Year</u>	<u>Amount of the Incorrect Reduction</u>
2001-2002	\$299,174
2002-2003	\$311,149
Total Amount	\$610,323

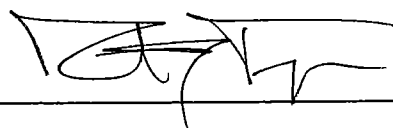
IMPORTANT: PLEASE SEE INSTRUCTIONS AND FILING REQUIREMENTS FOR COMPLETING AN INCORRECT REDUCTION CLAIM ON THE REVERSE SIDE.

Name and Title of Authorized Representative Telephone No.

Robert Temple, Vice Chancellor Fiscal Services

Voice: 909-382-4021
Fax: 909-382-0116
E-Mail: btemple@sbccd.cc.ca.us

Signature of Authorized Representative Date

x  August 31, 2005

1 Claim Prepared by:
2 Keith B. Petersen
3 SixTen and Associates
4 5252 Balboa Avenue, Suite 807
5 San Diego, California 92117
6 Voice: (858) 514-8605
7 Fax: (858) 514-8645

8 BEFORE THE
9 COMMISSION ON STATE MANDATES
10 STATE OF CALIFORNIA

11 INCORRECT REDUCTION CLAIM OF:)
12) No. CSM _____
13)
14) Chapter 1, Statutes of 1984, 2nd E.S.
15) Chapter 1118, Statutes of 1987
16 SAN BERNARDINO)
17 Community College District,) Education Code Section 76355
18)
19) Health Fee Elimination
20 Claimant.)
21) Annual Reimbursement Claims:
22)
23) Fiscal Year 2001-02
24) Fiscal Year 2002-03
25)
26 _____) INCORRECT REDUCTION CLAIM FILING

27 PART I. AUTHORITY FOR THE CLAIM

28 The Commission on State Mandates has the authority pursuant to Government
29 Code Section 17551(d) to " . . . to hear and decide upon a claim by a local agency or
30 school district, filed on or after January 1, 1985, that the Controller has incorrectly
31 reduced payments to the local agency or school district pursuant to paragraph (2) of
32 subdivision (d) of Section 17561." San Bernardino Community College District
33 (hereafter "district" or "claimant") is a school district as defined in Government Code

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 Section 17519.¹ Title 2, CCR, Section 1185 (a), requires the claimant to file an
2 incorrect reduction claim with the Commission.

3 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),
4 requires incorrect reduction claims to be filed no later than three years following the
5 date of the Controller's remittance advice notifying the claimant of a reduction. A
6 Controller's audit report dated November 10, 2004 has been issued, but no remittance
7 advices have been issued. The audit report constitutes a demand for repayment and
8 adjudication of the claim. On May 12, 2005, the Controller issued a "results of review
9 letters" for FY 2001-02, and on May 14, 2005 for FY 2002-3 reporting the audit results
10 and amounts due claimant, subject to payment when appropriations are available, and
these letters constitute a payment action.

12 There is no alternative dispute resolution process available from the Controller's
13 office. In response to an audit issued March 10, 2004, Foothill-De Anza Community
14 College attempted to utilize the informal audit review process established by the
15 Controller to resolve factual disputes. Foothill-De Anza was notified by the Controller's
16 legal counsel by letter of July 15, 2004 (attached as Exhibit "A"), that the Controller's
17 informal audit review process was not available for mandate audits and that the proper

¹ Government Code Section 17519, added by Chapter 1459, Statutes of 1984,
Section 1:

"School district' means any school district, community college district, or county
superintendent of schools."

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 forum was the Commission on State Mandates.

2 PART II. SUMMARY OF THE CLAIM

3 The Controller conducted a field audit of District's annual reimbursement claims
4 for the District's actual costs of complying with the legislatively mandated Health Fee
5 Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session and
6 Chapter 1118, Statutes of 1987) for the period of July 1, 2001 through June 30, 2003.
7 As a result of the audit, the Controller determined that \$610,323 of the claimed costs
8 were unallowable:

9 Fiscal	Amount	Audit	SCO	Amount Due
10 <u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u><State> District</u>
2001-02	\$509,850	\$299,174	\$92,835	\$117,841
12 2002-03	<u>\$620,719</u>	<u>\$311,149</u>	<u>\$ 0</u>	<u>\$309,570</u>
13 Totals	\$1,130,569	\$610,323	\$92,835	\$427,411

14 Since the District has been paid \$92,835 for these claims, the audit report concludes
15 that a remaining amount of \$427, 411 should be paid to the District "contingent on
16 available appropriations."

17 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

18 The District has not filed any previous incorrect reduction claims for this
19 mandate program. The District is not aware of any other incorrect reduction claims
20 having been adjudicated on the specific issues or subject matter raised by this incorrect
21 reduction claim.

PART IV. BASIS FOR REIMBURSEMENT

1. Mandate Legislation

Chapter 1, Statutes of 1984, 2nd Extraordinary Session, repealed Education Code Section 72246 which had authorized community college districts to charge a student health services fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required the scope of health services for which a community college district charged a fee during the 1983-84 fiscal year be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute were to automatically repeal on December 31, 1987.

Chapter 1118, Statutes of 1987, amended Education Code Section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at that level in 1987-88 and each fiscal year thereafter.

Chapter 8, Statutes of 1993, Section 29, repealed Education Code Section 72246, effective April 15, 1993. Chapter 8, Statutes of 1993, Section 34, added Education Code Section 76355², containing substantially the same provisions as former

² Education Code Section 76355, added by Chapter 8, Statutes of 1993, Section 34, effective April 15, 1993, as last amended by Chapter 758, Statutes of 1995, Section 99:

"(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each

**Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination**

quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

The governing board of each community college district may increase this fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).

(b) If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

(c) The governing board of a district maintaining a community college shall adopt rules and regulations that exempt the following students from any fee required pursuant to subdivision (a):

(1) Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

(2) Students who are attending a community college under an approved apprenticeship training program.

(3) Low-income students, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

(d) All fees collected pursuant to this section shall be deposited in the fund of the district designated by the California Community Colleges Budget and Accounting Manual. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors.

Authorized expenditures shall not include, among other things, athletic trainers' salaries, athletic insurance, medical supplies for athletics, physical examinations for intercollegiate athletics, ambulance services, the salaries of health professionals for athletic events, any deductible portion of accident claims filed for athletic team members, or any other expense that is not available to all students. No student shall be denied a service supported by student health fees on account of participation in athletic programs.

(e) Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter. If the cost to maintain that level of service exceeds the limits specified in subdivision (a), the excess cost shall be borne by the

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 Section 72246, effective April 15, 1993.

2 2. Test Claim

3 On December 2, 1985, Rio Hondo Community College District filed a test claim
4 alleging that Chapter 1, Statutes of 1984, 2nd Extraordinary Session, by eliminating the
5 authority to levy a fee and by requiring a maintenance of effort, mandated additional
6 costs by mandating a new program or the higher level of service of an existing program
7 within the meaning of California Constitution Article XIII B, Section 6.

8 On November 20, 1986, the Commission on State Mandates determined that
9 Chapter 1, Statutes of 1984, 2nd Extraordinary Session, imposed a new program upon
10 community college districts by requiring any community college district, which provided
11 health services for which it was authorized to charge a fee pursuant to former Section
12 72246 in the 1983-1984 fiscal year, to maintain health services at that level in the
13 1984-1985 fiscal year and each fiscal year thereafter.

14 At a hearing on April 27, 1989, the Commission of State Mandates determined
15 that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to
16 apply to all community college districts which provided health services in fiscal year
17 1986-1987 and required them to maintain that level of health services in fiscal year

district.

(f) A district that begins charging a health fee may use funds for startup costs from other district funds and may recover all or part of those funds from health fees collected within the first five years following the commencement of charging the fee.

(g) The board of governors shall adopt regulations that generally describe the types of health services included in the health service program."

1 1987-1988 and each fiscal year thereafter.

2 3. Parameters and Guidelines

3 On August 27, 1987, the original parameters and guidelines were adopted. On
4 May 25, 1989, those parameters and guidelines were amended. A copy of the
5 parameters and guidelines, as amended on May 25, 1989, is attached as Exhibit "B."
6 So far as is relevant to the issues presented below, the parameters and guidelines
7 state:

8 "V. REIMBURSABLE COSTS

9 A. Scope of Mandate

10 Eligible community college districts shall be reimbursed for
11 the costs of providing a health services program. Only
12 services provided in 1986-87 fiscal year may be claimed.

...

14 VI. CLAIM PREPARATION

15 ...
16 B...

17 3. Allowable Overhead Cost

18 Indirect costs may be claimed in the manner
19 described by the State Controller in his claiming
20 instructions.

21 VII. SUPPORTING DATA

22 For auditing purposes, all costs claimed must be traceable to
23 source documents and/or worksheets that show evidence of the
24 validity of such costs....

25 VIII OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

26 Any offsetting savings the claimant experiences as a direct result
27 of this statute must be deducted from the costs claimed. In

1 addition, reimbursement for this mandate received from any
2 source, e.g., federal, state, etc., shall be identified and deducted
3 from this claim. This shall include the amount of \$7.50 per full-time
4 student per semester, \$5.00 per full-time student for summer
5 school, or \$5.00 per full-time student per quarter, as authorized by
6 Education Code section 72246(a). This shall also include
7 payments (fees) received from individuals other than students who
8 are not covered by Education Code Section 72246 for health
9 services.

10 ...”

11 4. Claiming Instructions

12 The Controller has annually issued or revised claiming instructions for the
13 Health Fee Elimination mandate. A copy of the September 1997 revision of the
14 claiming instructions is attached as Exhibit “C.” The September 1997 claiming
15 instructions are believed to be, for the purposes and scope of this incorrect reduction
16 claim, substantially similar to the version extant at the time the claims which are the
17 subject of this Incorrect reduction claim were filed. However, since the Controller’s
18 claim forms and instructions have not been adopted as regulations, they have no force
19 of law, and, therefore, have no effect on the outcome of this incorrect reduction claim.

20 **PART V. STATE CONTROLLER CLAIM ADJUDICATION**

21 The Controller conducted an audit of District’s annual reimbursement claims for
22 fiscal years 2001-02 and 2002-03. The audit concluded that 46% of the District’s
23 costs, as claimed, were allowable. A copy of the November 10, 2004-audit report is
24 attached as Exhibit “D.”

1 VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER

2 By letter dated September 30, 2004, the Controller transmitted a copy of its draft
3 audit report. By letter dated October 13, 2004, the District objected to the proposed
4 adjustments set forth in the draft audit report. A copy of District's letter of October 13,
5 2004, is attached as Exhibit "E." The Controller then issued its final audit report without
6 change to the adjustments as stated in the draft audit report.

7 PART VII. STATEMENT OF THE ISSUES

8 **Finding 1: Overstated Health Services**

9 The Controller asserts "overstated health services costs" of \$103,128 for both
10 fiscal years. The audit report states that the "costs are unallowable because the
11 services were not provided in FY 1986-87." The Controller also asserts that the
12 District could not substantiate health services activities from FY 1986-87, and the costs
13 were disallowed because "(f)or auditing purposes, all costs claimed must be traceable
14 to source documents and/or worksheets that show evidence of the validity of such
15 costs."

16 Disallowance Calculation

17 The audit report does not explain how the adjustments were calculated. From
18 one of the Controller's audit workpapers, it appears that the Controller generated the
19 disallowance by first assigning some type of numeric unit of service provided for each
20 health service activity listed in the audit year health services inventories. For each

Incorrect Reduction Claim of San Bernardino Community College District
1/84; 1118/87 Health Fee Elimination

1 health service activity, a percentage of the total services was assigned based on the
2 number of units of service for that particular service divided by the total number of
3 services for the audit year. Note that this method assumes that the cost of each type of
4 service is the same, that is, for example, the cost of a cardiogram is the same as the
5 cost of an eye exam.

6 Second, the health services inventory for each of the audit years was compared
7 to the health services inventory for *FY 1997-98*. Those activities listed for the health
8 services inventory for the audit years which were not also listed for *FY 1997-98* were
9 assumed to be new "services not offered in 86/87." Thus, the Controller established *FY*
10 *1997-98* as an alternative base year, contrary to the Education Code and the
parameters and guidelines.

12 Third, the percentage amounts for each of the "new" activities in the audit years
13 (flu shots, Hepatitis B shots, outside lab services, and pap smears) were added to
14 determine a total percentage for each year of unallowable new services. In a similar
15 manner, the Controller identified "unallowable TB services to staff" from this
16 comparison. The percentages for the unallowable "new" services and unallowable
17 "staff" services were added together, generating a total percentage of unallowable
18 services for the entire district, which aggregated to 12.51% for *FY 2001-02* and 13.78%
19 for *FY 2002-03*. These percentages were applied to the total health services costs and
20 yielded disallowances of \$37,318 and \$43,157 for *FY 2001-02* and *FY 2002-03*
21 respectively.

1 Statutory and Regulatory Requirements

2 Education Code Section 76355, subdivision (e), states:

3 "Any community college district that provided health services in the 1986-87
4 fiscal year shall maintain health services, at the level provided during the 1986-
5 87 fiscal year, and each fiscal year thereafter."

6 The parameters and guidelines state at Part III Eligible Claimants:

7 "Community college districts which provided health services in 1986-87 fiscal
8 year and continue to provide the same services as a result of this mandate are
9 eligible to claim reimbursement of those costs."

10 Alternative Base Year

11 There is no choice of the base year for the comparison of services provided.

12 The statutory base year is fiscal year 1986-87 pursuant to Education Code Section
13 76355 and the parameters and guidelines. The Controller utilized the health services
14 inventory for the claim filed for fiscal year 1997-98. Thus, the Controller created an
15 alternate base-year, contrary to the Education Code and the parameters and guidelines
16 which designate 1986-87 as the base year. It appears the presumption was that since
17 fiscal year 1997-98 is closer to 1986-87, it is more "accurate" in terms of services
18 provided. There is no basis in fact or law for the assumption that any particular fiscal
19 year claim health services inventory is more accurate than another. The claimant is
20 responsible for supporting the accuracy of data in the fiscal year audited, not a prior
21 year past audit. The Controller had ample opportunity to audit the 1986-87 base year,
22 as well as the fiscal year 1997-98 claim chosen by the Controller to use an "alternate"
23 base-year. These years are now beyond the statute of limitations for an audit. While it

1 is the Controller's expectation that the claimant will bear the burden of documentation
2 of the costs and activities of almost twenty-years past, the burden is actually on the
3 Controller to timely audit those prior period claims.

4 Services Provided vs. Services Rendered

5 The Controller audit findings do not demonstrate if the enumerated services
6 allegedly "not provided" in FY 1986-87 were actually available to students. The
7 Controller has no findings for FY 1986-87, or for the alternative base-year of FY 1997-
8 98 they have chosen. The Controller also misstates the law; there are no specific
9 student health services required for each college district. The parameters and
10 guidelines state that "[o]nly services provided in 1986-87 fiscal year may be claimed."
11 Thus, the requirement is to continue the level of services provided in FY 1986-87, but
12 there is no statewide standard list of types of mandatory services to be provided. In
13 addition, the maintenance of effort mandate requires comparison of the types of
14 services and not the cost of services.

15 The Controller is endeavoring to compare the student health services *rendered*
16 during the fiscal years claimed (audit years) to those services *rendered* during 1986-87
17 fiscal year (the base year). The comparison is intended to determine whether the same
18 or greater level of services are *rendered* in the audit years which may result in some
19 audit year costs being disallowed for being in excess of the mandate. The Controller
20 is requiring claimants to prove that services rendered in the audit years were also
21 rendered in the base year. In order to make this determination, the Controller is

Incorrect Reduction Claim of San Bernardino Community College District
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1 reviewing base year services claimed which are clearly beyond the statute of limitations
2 for audit or record retention.

3 The statutory requirement is that at least the same level of services be *provided*.
4 There is no basis in law or fact which requires the entire variety of health care services
5 *available* each year to actually have been utilized, which is to say *rendered*, each year
6 in order to prove that the same services are *provided*. The District is certifying that the
7 same level of services continues to be available, not that each and every service was
8 rendered each year. In other words, for example, hearing tests may be available every
9 year, but there may be a year in which no hearing tests were required by students.

10 A reasonable person can take notice that incidences of diseases and courses of
treatment change over a period of fifteen years. This dynamic perhaps was not
12 anticipated when the parameters and guidelines were adopted about twenty years ago,
13 but the drafting weaknesses cannot be charged to the claimants, it is a Commission-
14 adopted document.

15 District Level Test of Services

16 The Controller states that its review of the student health services provided
17 indicated that *San Bernardino Valley College* "provided" student health services
18 "exceeding" those services provided by the *district* during the base year. This is the
19 wrong standard of review. The comparison of the levels of services available (not
20 rendered) is a *district* level test, not a *college* level test. The Controller's Form HFE 2.1
21 is consistent with the parameters and guidelines which establish the inventory of

1 student health services as a district-level test, not a particular college within the district.

2 Percentage of Services Rendered

3 The Controller's calculation of the cost of services "not provided" in the base
4 year utilizes extrapolation of facts not reasonably related to the actual cost of those
5 services. Assigning a percentage to the number of services provided does not result
6 in a determination of actual costs, which was the stated scope of the audit. The
7 parameters and guidelines do not allow the claimant to use this method for reporting
8 actual mandate costs. The parameters and guidelines do not allow the Controller to
9 use this technique for the determination of program compliance. Claimants were never
10 on notice that the Controller would be utilizing this technique. The parameters and
11 guidelines require maintenance of effort rather than cost accounting for the services
12 provided. There is no evidence that the cost of the services disallowed by the
13 Controller represent the percentage of activities disallowed. There is no basis to
14 presume that the services disallowed are uniform in cost to the services allowed. The
15 Controller's action lacks factual foundation as well as a legal basis. This is a standard
16 of general application being enforced by the Controller without benefit of the
17 rulemaking procedures required by the Administrative Procedure Act.

18 "New" Services

19 The Controller asserts that the flu shots, Hepatitis B shots, outside lab services,
20 and pap smears provided in the audit years are "new" services because these services
21 were not rendered in the base year. Notwithstanding the previously discussed factual

Incorrect Reduction Claim of San Bernardino Community College District
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1 deficiencies regarding Controller's the lack of findings on FY 1986-87 and the
2 Controller's insistence on auditing services rendered as opposed to services available,
3 the characterization of these services as new services is also incorrect. For example,
4 the District's Form HFE 2.1 submitted for each audited fiscal year accurately reflect
5 that *immunization services* were available in FY1986-87. Hepatitis B vaccinations and
6 flu shots are just a part of the whole scope of *services* which may comprise
7 immunization services.

8 The Controller, as the audit agency proposing the adjustment, has the burden of
9 proving the factual and legal basis for its adjustments. The Controller provides no legal
10 basis to conclude that the absence or inclusion of one specific type of service
constitutes a different level of *service* from year to year.

12 Source Documentation

13 This finding is also based, partially, upon the report's assertion that all costs
14 claimed must be traceable to source documentation that shows evidence of the validity
15 of such costs, that is, there was insufficient source documentation. The Controller's
16 expectation is that the claimant will provide a log of services provided to students. The
17 Education Code and parameters and guidelines do not require the claimant to provide
18 records of the services rendered as a condition of reimbursement, only to certify to the
19 services available. Thus, the Controller is penalizing the claimant for not having
20 documentation which it is not required to maintain.

21 As a factual matter, if the documentation used by the Controller was sufficient for

Incorrect Reduction Claim of San Bernardino Community College District
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1 the Controller to calculate the dollar amount of alleged new services, it is contrary for
2 the Controller to assert that the adjustment is due to insufficient documentation. It
3 would therefore appear that this finding is based upon the wrong standard for review.
4 The Controller, as the audit agency imposing the adjustment, has the burden of proving
5 the factual and legal basis for its adjustments. Instead, the Controller incorrectly
6 audited the services rendered rather than services available to the students; incorrectly
7 used only the services provided at one college when the test is for the entire district;
8 and, incorrectly applied their findings as a percentage reduction in cost without a
9 factual basis to presume that the cost of services disallowed are uniform.

10 Unreasonable or Excessive

None of the adjustments were made because the costs claimed were excessive
12 or unreasonable. The Controller does not assert that the claimed costs were excessive
13 or unreasonable, which is the only mandated cost audit standard in statute
14 (Government Code Section 17561(d) (2)). It would therefore appear that the entire
15 findings are based upon the wrong standard for review. If the Controller wishes to
16 enforce other audit standards for mandated cost reimbursement, the Controller should
17 comply with the Administrative Procedure Act.

18 **Finding 2: Overstated Services and Supplies**

19 The Controller asserts unallowable services and supplies direct costs totaling
20 \$75,670 for both fiscal years. This total amount consists of \$72,554 in "ineligible"

Incorrect Reduction Claim of San Bernardino Community College District
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1 athletic insurance costs and unsupported costs of \$3,116 for services and supplies for
2 both fiscal years.

3 Health Insurance Premium

4 The District pays two types of student insurance premiums. The basic /
5 catastrophic coverage for the general student population, and a separate premium
6 amount for intercollegiate athletes. The Controller's adjustment improperly disallows a
7 portion of the general population premium as somehow being related to intercollegiate
8 athletics. The audit report does not describe how the disallowance was calculated.
9 Regardless, the adjustment is inappropriate since student athletes are part of the
10 student population for purpose of the general student population insurance premium.
11 The insurance premiums for athletes pertains to coverage while participating in
12 intercollegiate sports, not while they are attending class or on campus in their capacity
13 a member of the general student population.

14 Services and Supplies

15 The Controller's audit report does not indicate the costs disallowed or the type of
16 documentation required to support the costs. The Controller asserts unallowable
17 expenses of \$3,116 for both years. The entire basis of the Controller's adjustments is
18 the quantity and quality of District documentation. None of the adjustments were made
19 because the costs claimed were excessive or unreasonable. The District has complied
20 with the parameters and guidelines as it has provided source documents that show
21 evidence of the validity of such costs and their relationship to the state-mandated

1 program. The Controller did not cite any statutory basis for its audit adjustments.
2 Absent some statutory authorization, another source of authority must be stated by the
3 Controller.

4 **Finding 3 - Overstated Indirect Cost Rates Claimed**

5 The Controller asserts that the district overstated its indirect cost rates and costs
6 in the amount of \$281,494. This finding is based upon the Controller's statement that
7 "(t)he district claimed indirect costs based on an indirect cost rate proposal (IRCP)
8 prepared for each fiscal year by an outside consultant. However, the district did not
9 obtain federal approval for its IRCPs. We calculated indirect cost rates using the
10 methodology allowed by the SCO claiming instructions."

Federal Approval

12 Contrary to the Controller's ministerial preferences, there is no requirement in
13 law that the claimant's indirect cost rate must be "federally" approved. Neither the
14 Commission nor the Controller has ever specified the federal agencies which have the
15 authority to approve indirect cost rates. Further, it should be noted that the Controller
16 did not determine that the District's rate was excessive or unreasonable, just that it
17 wasn't federally approved.

18 CCFS-311

19 In fact, both the District's method and the Controller's method utilized the same
20 source document, the CCFS-311 annual financial and budget report required by the

1 state. The difference in the claimed and audited methods is in the determination of
2 which of those cost elements are direct costs and which are indirect costs. Indeed,
3 federally "approved" rates which the Controller will accept without further action, are
4 "negotiated" rates calculated by the district and submitted for approval, indicating that
5 the process is not an exact science, but a determination of the relevance and
6 reasonableness of the cost allocation assumptions made for the method used.

7 Regulatory Requirements

8 No particular indirect cost rate calculation is required by law. The parameters
9 and guidelines state that "Indirect costs *may be claimed* in the manner described by the
10 Controller in his claiming instructions." The district claimed these indirect costs "in the
11 manner" described by the Controller. The correct forms were used and the claimed
12 amounts were entered at the correct locations. Further, "may" is not "shall"; the
13 parameters and guidelines do not require that indirect costs be claimed in the manner
14 described by the Controller. In the audit report, the Controller asserts that "the specific
15 directions for the indirect cost rate calculation in the claiming instructions are an
16 extension of *Parameters and Guidelines*." It is not clear what the legal significance of
17 the concept of "extension" might be, regardless, the reference to the claiming
18 instructions in the parameters and guidelines does not change "may" into a "shall."
19 Since the Controller's claiming instructions were never adopted as law, or regulations
20 pursuant to the Administrative Procedure Act, the claiming instructions are merely a
21 statement of the ministerial interests of the Controller and not law.

Incorrect Reduction Claim of San Bernardino Community College District
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1 Unreasonable or Excessive

2 Government Code Section 17561(d)(2) requires the Controller to pay claims,
3 provided that the Controller may audit the records of any school district to verify the
4 actual amount of the mandated costs, and may reduce any claim that the Controller
5 determines is excessive or unreasonable. The Controller is authorized to reduce a
6 claim only if it determines the claim to be excessive or unreasonable. Here, the District
7 has computed its ICRPs utilizing cost accounting principles from the Office of
8 Management and Budget Circular A-21, and the Controller has disallowed it without a
9 determination of whether the product of the District's calculation would, or would not, be
10 excessive, unreasonable, or inconsistent with cost accounting principles.

11 Neither State law nor the parameters and guidelines made compliance with the
12 Controller's claiming instructions a condition of reimbursement. The district has
13 followed the parameters and guidelines. The burden of proof is on the Controller to
14 prove that the product of District's calculation is unreasonable, not to recalculate the
15 rate according to its unenforceable ministerial preferences. Therefore, Controller
16 made no determination as to whether the method used by the District was reasonable,
17 but, merely substituted its FAM-29C method for the method reported by the District.
18 The substitution of the FAM-29C method is an arbitrary choice of the Controller, not a
19 "finding" enforceable either by fact or law.

1 **Finding 4 - Understated Authorized Health Fee Revenues Claimed**

2 This finding is based on the Controller's recalculation of the student health
3 services fees which may have been "collectible" which was then compared to the
4 District's student health fee revenues actually received, resulting in a total adjustment
5 of \$150,031 for the two fiscal years. The Controller alleges that claimants must
6 compute the total student health fees collectible and reduce claimed costs by this
7 amount even if those fees are not collected in full or part.

8 Education Code Section 76355

9 Education Code Section 76355, subdivision (a), in relevant part, provides: "The
10 governing board of a district maintaining a community college *may require* community
11 college students to pay a fee . . . for health supervision and services . . ." There is no
12 requirement that community colleges levy these fees. The permissive nature of the
13 provision is further illustrated in subdivision (b) which states "*If, pursuant to this*
14 *Section, a fee is required, the governing board of the district shall decide the amount of*
15 *the fee, if any, that a part-time student is required to pay. The governing board may*
16 *decide whether the fee shall be mandatory or optional.*"

17 Parameters and Guidelines

18 This Controller states that the "*Parameters and Guidelines* states that health
19 fees authorized by the *Education Code* must be deducted from the costs claimed."
20 The parameters and guidelines do not state this but instead state:

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1 “Any offsetting savings that the claimant experiences as a direct result of
2 this statute must be deducted from the costs claimed. In addition,
3 reimbursement for this mandate received from any source, e.g., federal, state,
4 etc., shall be identified and deducted from this claim. This shall include the
5 amount of [student fees] as authorized by Education Code Section 72246(a)³.”

6 In order for the district to “experience” these “offsetting savings” the district must
7 actually have collected these fees. Student fees actually collected must be used to
8 offset costs, but not student fees that could have been collected and were not. The use
9 of the term “any offsetting savings” further illustrates the permissive nature of the fees.

10 Government Code Section 17514

11 The Controller relies upon Government Code Section 17514 for the conclusion
12 that “[t]o the extent community college districts can charge a fee, they are not required
13 to incur a cost.” Government Code Section 17514, as added by Chapter 1459, Statutes
14 of 1984, actually states:

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

21 There is nothing in the language of the statute regarding the authority to charge a fee,
22 any nexus of fee revenue to increased cost, nor any language which describes the
23 legal effect of fees collected.

³ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

1 Government Code Section 17556

2 The Controller relies upon Government Code Section 17556 for the conclusion
3 that "the COSM shall not find costs mandated by the State if the school district has the
4 authority to levy fees to pay for the mandated program or increased level of service."

5 Government Code Section 17556 as last amended by Chapter 589/89 actually states:

6 "The commission shall not find costs mandated by the state, as defined in
7 Section 17514, in any claim submitted by a local agency or school district, if after
8 a hearing, the commission finds that: . . .

9 (d) The local agency or school district has the authority to levy service
10 charges, fees, or assessments sufficient to pay for the mandated program or
11 increased level of service. . . ."

12 The Controller misrepresents the law. Government Code Section 17556 prohibits the
13 Commission on State Mandates from finding costs subject to reimbursement, that is,
14 approving a test claim activity for reimbursement, where there is statutory authority in
15 the mandate program legislation to levy fees in an amount sufficient to offset the entire
16 mandated costs. Here, the Commission has already approved the test claim and made
17 a finding of a new program or higher level of service for which the claimants do not
18 have the ability to levy a fee in an amount sufficient to offset the entire mandated costs.

19 Student Health Services Fee Amount

20 The Controller asserts that the district should have collected a student health
21 service fee each semester from non-exempt students in the amount of \$9 or \$12,
22 depending whether the student is enrolled full time or part time. Districts receive
23 notice of these fee amounts from the Chancellor of the California Community Colleges.

Incorrect Reduction Claim of San Bernardino Community College District
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1 An example of one such notice is the letter dated March 5, 2001, attached as Exhibit
2 "F." While Education Code Section 76355 provides for an increase in the student
3 health service fee, it did not grant the Chancellor the authority to establish mandatory
4 fee amounts or mandatory fee increases. No state agency was granted that authority
5 by the Education Code, and no state agency has exercised its rulemaking authority to
6 establish mandatory fees amounts. It should be noted that the Chancellor's letter
7 properly states that increasing the amount of the fee is at the option of the district, and
8 that the Chancellor is not asserting that authority. Therefore, the Controller cannot rely
9 upon the Chancellor's notice as a basis to adjust the claim for "collectible" student
10 health services fees.

Fees Collected vs. Fees Collectible

12 This issue is one of student health fees revenue actually received, rather than
13 student health fees which might be collected. The Commission determined, as stated
14 in the parameters and guidelines that the student fees "experienced" (*collected*) would
15 reduce the amount subject to reimbursement. Student fees not collected are student
16 fees not "experienced" and as such should not reduce reimbursement. Further, the
17 amount "collectible" will never equal actual revenues collected due to changes in
18 student's BOGG eligibility, bad debt accounts, and refunds.

19 Because districts are not required to collect a fee from students for student
20 health services, and if such a fee is collected, the amount is to be determined by the
21 District and not the Controller, the Controller's adjustment is without legal basis. What

1 claimants are required by the parameters and guidelines to do is to reduce the amount
2 of their claimed costs by the amount of student health services fee revenue actually
3 received. Therefore, student health fees are merely collectible, they are not
4 mandatory, and it is inappropriate to reduce claim amounts by revenues not received.

5 **PART VIII. RELIEF REQUESTED**

6 The District filed its annual reimbursement claims within the time limits
7 prescribed by the Government Code. The amounts claimed by the District for
8 reimbursement of the costs of implementing the program imposed by Chapter 1,
9 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code
10 Section 76355 represent the actual costs incurred by the District to carry out this
program. These costs were properly claimed pursuant to the Commission's parameters
12 and guidelines. Reimbursement of these costs is required under Article XIII B, Section
13 6 of the California Constitution. The Controller denied reimbursement without any
14 basis in law or fact. The District has met its burden of going forward on this claim by
15 complying with the requirements of Section 1185, Title 2, California Code of
16 Regulations. Because the Controller has enforced and is seeking to enforce these
17 adjustments without benefit of statute or regulation, the burden of proof is now upon the
18 Controller to establish a legal basis for its actions.

19 The District requests that the Commission make findings of fact and law on each
20 and every adjustment made by the Controller and each and every procedural and
21 jurisdictional issue raised in this claim, and order the Controller to correct its audit

1 report findings therefrom.

2 PART IX. CERTIFICATION


3 By my signature below, I hereby declare, under penalty of perjury under the laws
4 of the State of California, that the information in this incorrect reduction claim
5 submission is true and complete to the best of my own knowledge or information or
6 belief, and that the attached documents are true and correct copies of documents
7 received from or sent by the state agency which originated the document.

8 Executed on August 31, at San Bernardino, California, by

9 
10 Robert Temple, Vice-Chancellor, Fiscal Services
11 San Bernardino Community College District
12 114 South Del Rosa Drive
13 San Bernardino, CA 94250-5874
14 Voice: 909-382-4021
15 Fax: 909-382-0116
16 E-Mail: btemple@sbccd.cc.ca.us

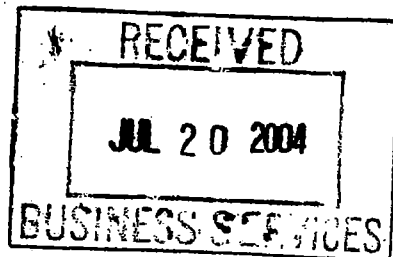
17 APPOINTMENT OF REPRESENTATIVE

18 West Valley-Mission Community College District appoints Keith B. Petersen,
19 SixTen and Associates, as its representative for this incorrect reduction claim.

20  _____ AUGUST 31, 2005
21 Robert Temple, Vice-Chancellor, Fiscal Services Date
22 San Bernardino Community College District

23 Attachments:

- 24 Exhibit "A" SCO Legal Counsel's Letter dated July 15, 2004
25 Exhibit "B" Parameters and Guidelines as amended May 25, 1989
26 Exhibit "C" Controller's Claiming Instructions September 1997
27 Exhibit "D" SCO Audit Report dated November 10, 2004
28 Exhibit "E" Claimant's Letter dated October 13, 2004
29 Exhibit "F" Chancellor's Letter dated March 5, 2001



STEVE WESTLY
California State Controller

July 15, 2004

Mike Brandy, Vice Chancellor
Foothill-De Anza Community College District
12345 El Monte Road
Los Altos, CA 94022

Re: Foothill-De Anza Community College District Audit

Dear Mr. Brandy:

This is in response to your letter to me dated May 13, 2004, concerning the Controller's Audit of the Health Fee claim.

The Controller's informal audit review process was established to resolve factual disputes where no other forum for resolution, other than a judicial proceeding, is available.

The proper forum for resolving issues involving mandated cost programs is through the incorrect reduction process through the Commission on State Mandates. As such, this office will not be scheduling an informal conference for this matter.

However, in light of the concerns expressed in your letter concerning the auditors assigned and the validity of the findings, I am forwarding your letter to Vince Brown, Chief Operating Officer, for his review and response.

If you have any questions you may contact Mr. Vince Brown at (916) 445-2038.

Very truly yours,


RICHARD J. CHIVARO
Chief Counsel

RJC/st

cc: Vincent P. Brown, Chief Operating Officer, State Controller's Office
Jeff Brownfield, Chief, Division of Audits, State Controller's Office

EXHIBIT B

Adopted: 8/27/87
Amended: 5/25/89

PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S.
Chapter 1118, Statutes of 1987
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
- Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

Birth Control
Lab Reports
Nutrition
Test Results (office)
VD
Other Medical Problems
CD
URI
ENT
Eye/Vision
Derm./Allergy
Gyn/Pregnancy Services
Neuro
Ortho
GU
Dental
GI
Stress Counseling
Crisis Intervention
Child Abuse Reporting and Counseling
Substance Abuse Identification and Counseling
Aids
Eating Disorders
Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)
Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis

Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no

less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) received from individuals other than students who are not covered by Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

0350d

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17564(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to Item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE-2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms

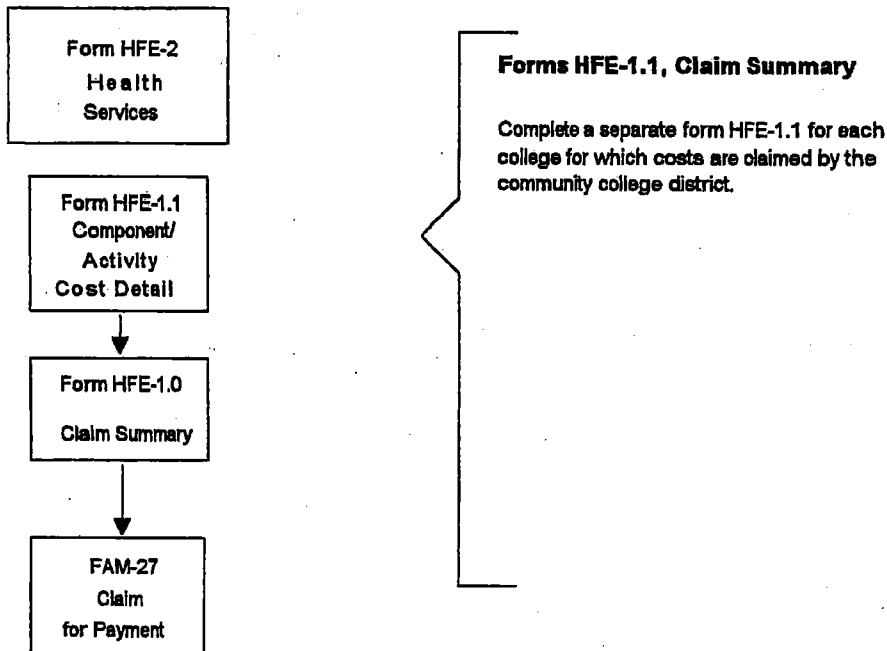


EXHIBIT D

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT

Audit Report

HEALTH FEE ELIMINATION PROGRAM

Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987

July 1, 2001, through June 30, 2003



STEVE WESTLY
California State Controller

November 2004



STEVE WESTLY
California State Controller

November 10, 2004

Donald F. Averill, Ed.D., Chancellor
San Bernardino Community College District
114 South Del Rosa Drive
San Bernardino, CA 92408

Dear Dr. Averill:

The State Controller's Office audited the claims filed by the San Bernardino Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003.

The district claimed \$1,130,569 for the mandated program. Our audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred because the district claimed ineligible costs, overstated indirect costs, and understated revenue offsets. The State paid the district \$92,835. The State will pay allowable costs claimed that exceed the amount paid, totaling \$427,411, contingent upon available appropriations.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site at www.csm.ca.gov (Guidebook link), and obtain IRC forms by telephone at (916) 323-3562 or by e-mail at csminfo@csm.ca.gov.

If you have any questions, please contact Jim L. Spano, Chief, Compliance Audits Bureau, at (916) 323-5849.

Sincerely,

VINCENT P. BROWN
Chief Operating Officer

VPB:JVB/jj

cc: (See page 2)

cc: Robert Temple, Vice Chancellor
Fiscal Services
San Bernardino Community College District
Ed Monroe, Program Assistant
Fiscal Accountability Section
Chancellor's Office
California Community Colleges
Jeannie Oropeza, Program Budget Manager
Education Systems Unit
Department of Finance
Charles Pillsbury, School Apportionment Specialist
Department of Finance

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Audit Report

Summary

The State Controller's Office (SCO) audited the claims filed by the San Bernardino Community College District for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2nd Extraordinary Session (E.S.), and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. The last day of fieldwork was August 16, 2004.

The district claimed \$1,130,569 for the mandated program. The audit disclosed that \$520,246 is allowable and \$610,323 is unallowable. The unallowable costs occurred because the district claimed ineligible costs, overstated indirect costs, and understated revenue offsets. The State paid the district \$92,835. The State will pay allowable costs claimed that exceed the amount paid, totaling \$427,411, contingent upon available appropriations.

Background

Education Code Section 72246 (repealed by Chapter 1, Statutes of 1984, 2nd E.S.) authorizes community college districts to charge a health fee for providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during fiscal year (FY) 1983-84 had to be maintained at that level in FY 1984-85 and every year thereafter. The provisions of this statute would automatically sunset on December 31, 1987, reinstating the community college districts' authority to charge a health fee as specified.

Education Code Section 72246 (amended by Chapter 1118, Statutes of 1987) requires any community college district that provided health services in FY 1986-97 to maintain health services at the level provided during that year in FY 1987-88 and each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (COSM) determined that Chapter 1, Statutes of 1984, 2nd E.S., imposed a "new program" upon community college districts, by requiring any community college district that provided health services for which it was authorized to charge a fee pursuant to former *Education Code* Section 72246 in FY 1983-84 to maintain health services at the level provided during that year in FY 1984-85 and each fiscal year thereafter. This maintenance-of-effort requirement applies to all community college districts that levied a health services fee in FY 1983-84, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the FY 1983-84 level.

On April 27, 1989, COSM determined that Chapter 1118, Statutes of 1987, amended this maintenance-of-effort requirement to apply to all community college districts that provided health services in FY 1986-87, and required them to maintain that level in FY 1987-88 and each fiscal year thereafter.

Parameters and Guidelines establishes the state mandate and defines reimbursement criteria. COSM adopted *Parameters and Guidelines* on August 27, 1987, and last amended it on May 25, 1989. In compliance with *Government Code* Section 17558, the SCO issues claiming instructions for mandated programs, to assist local agencies and school districts in claiming reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Health Fee Elimination Program for the period of July 1, 2001, through June 30, 2003.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, not funded by another source, and not unreasonable and/or excessive.

We conducted the audit according to *Government Auditing Standards*, issued by the Comptroller General of the United States, and under the authority of *Government Code* Section 17558.5. We did not audit the district's financial statements. Our audit scope was limited to planning and performing audit procedures necessary to obtain reasonable assurance concerning the allowability of expenditures claimed for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

We limited our review of the district's internal controls to gaining an understanding of the transaction flow and claim preparation process as necessary to develop appropriate auditing procedures.

Conclusion

Our audit disclosed instances of noncompliance with the requirements outlined above. These instances are described in the accompanying Summary of Program Costs (Schedule 1) and in the Findings and Recommendations section of this report.

For the audit period, the San Bernardino Community College District claimed \$1,130,569 for Health Fee Elimination Program costs. Our audit disclosed that \$520,246 is allowable and \$610,323 is unallowable.

For FY 2001-02, the State paid the district \$92,835. Our audit disclosed that \$210,676 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$117,841, contingent upon available appropriations.

For FY 2002-03, the district received no payment. Our audit disclosed that \$309,570 is allowable. The State will pay allowable costs claimed, totaling \$309,570, contingent upon available appropriations.

**Views of
Responsible
Official**

We issued a draft audit report on September 30, 2004. Robert Temple, Vice Chancellor, responded by letter dated October 13, 2004, disagreeing with the audit results. The final audit report includes the district's response (Attachment).

Restricted Use

This report is solely for the information and use of the San Bernardino Community College District, the California Community Colleges Chancellor's Office, the California Department of Finance, and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.



JEFFREY V. BROWNFIELD
Chief, Division of Audits

**Schedule 1—
Summary of Program Costs
July 1, 2001, through June 30, 2003**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Health services costs:				
Salaries	\$ 367,585	\$ 326,196	\$ (41,389)	Finding 1
Benefits	54,560	54,560	—	
Services and supplies	123,819	86,471	(37,348)	Finding 2
Indirect costs	210,961	88,166	(122,795)	Finding 3
Total health services costs	756,925	555,393	(201,532)	
Less cost of services in excess of FY 1986-87 services	(2,564)	(2,564)	—	
Subtotals	754,361	552,829	(201,532)	
Less authorized health fees	(231,122)	(328,764)	(97,642)	Finding 4
Subtotals	523,239	224,065	(299,174)	
Less offsetting savings/reimbursements	(13,389)	(13,389)	—	
Total program costs	<u>\$ 509,850</u>	210,676	<u>\$ (299,174)</u>	
Less amount paid by the State		(92,835)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 117,841</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Health services costs:				
Salaries	\$ 402,669	\$ 340,930	\$ (61,739)	Finding 1
Benefits	59,734	59,734	—	
Services and supplies	159,834	121,512	(38,322)	Finding 2
Indirect costs	249,766	91,067	(158,699)	Finding 3
Total health services costs	872,003	613,243	(258,760)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotals	872,003	613,243	(258,760)	
Less authorized health fees	(234,810)	(287,199)	(52,389)	Finding 4
Subtotals	637,193	326,044	(311,149)	
Less offsetting savings/reimbursements	(16,474)	(16,474)	—	
Total program costs	<u>\$ 620,719</u>	309,570	<u>\$ (311,149)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 309,570</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference ¹
Summary: July 1, 2001, through June 30, 2003				
Health services costs:				
Salaries	\$ 770,254	\$ 667,126	\$ (103,128)	Finding 1
Benefits	114,294	114,294	—	
Services and supplies	283,653	207,983	(75,670)	Finding 2
Indirect costs	460,727	179,233	(281,494)	Finding 3
Total health services costs	1,628,928	1,168,636	(460,292)	
Less cost of services in excess of FY 1986-87 services	(2,564)	(2,564)	—	
Subtotals	1,626,364	1,166,072	(460,292)	
Less authorized health fees	(465,932)	(615,963)	(150,031)	Finding 4
Subtotals	1,160,432	550,109	(610,323)	
Less offsetting savings/reimbursements	(29,863)	(29,863)	—	
Total program costs	\$1,130,569	520,246	\$ (610,323)	
Less amount paid by the State		(92,835)		
Allowable costs claimed in excess of (less than) amount paid		\$ 427,411		

¹ See the Findings and Recommendations section.

Findings and Recommendations

**FINDING 1—
Overstated health
services**

The district overstated health services costs by \$103,128 for the audit period.

The costs are unallowable because the services were not provided in FY 1986-87. These costs include flu shots, hepatitis shots, pap smears, and outside laboratory services for San Bernardino Valley College, and flu shots, hepatitis shots, outside laboratory services, and marriage therapy for Crafton Hills College.

A summary of the adjustment is as follows:

	Fiscal Year		Total
	2001-02	2002-03	
San Bernardino Valley College	\$ (20,673)	\$ (29,847)	\$ (50,520)
Crafton Hills College	(20,716)	(31,892)	(52,608)
Audit adjustment	\$ (41,389)	\$ (61,739)	\$ (103,128)

Parameters and Guidelines specifies that community college districts shall only be reimbursed the costs of health services provided to the extent they were provided by the district in FY 1986-87.

Recommendation

We recommend that the district ensure it only claims costs of health services that were provided by the district in FY 1986-87.

District's Response

The State Controller alleges overstated audit period costs for certain health services which were "not provided" in Fiscal Year 1986-87. The State Controller states that "*Parameters and Guidelines* specifies that community college districts shall only be reimbursed the costs of the health services provided to the extent they were provided by the district in FY 1986-87."

The parameters and guidelines also state at Part III Eligible Claimants:

"Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of the mandate are eligible to claim reimbursement of those costs."

Education Code section 76355, subdivision (e), states:

"Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter."

The State Controller, as the audit agency proposing the adjustment, has the burden of proving the factual and legal basis for its adjustments. The State Controller audit findings do not demonstrate if the enumerated services allegedly "not provided" in Fiscal Year 1986-87 were indeed actually available. It would therefore appear that this finding is based upon the wrong standard for review.

In addition, the State Controller's calculation of the cost of services "not provided" utilizes extrapolation of facts not reasonably related to the actual cost of those services.

SCO's Comment

The finding and recommendation remain unchanged.

In addition to the criteria mentioned above, our position is supported by Parts V and VIII of the *Parameters and Guidelines*. Part V(A)–Scope of Mandate states, "Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in FY 1986-87 may be claimed." Part VIII–Supporting Data states:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for FY 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on request of the State Controller or his agent.

Throughout the audit fieldwork and up until October 22, 2004 (the date of this response), the district did not provide us with any documentation to substantiate its assertion that the health services in question were provided at the San Bernardino Valley College and/or Crafton Hills College in FY 1986-87.

Furthermore, in an attempt to determine if the health services in question were reported in prior-year mandated cost claims, we asked district personnel to provide the earliest mandated cost claims available. We were given a copy of the FY 1997-98 Health Fee Elimination cost claim. From our review of this claim, we observed that the health services in question were not listed. If the district staff believes information in prior year claims is inaccurate, it has the responsibility to corroborate its position.

**FINDING 2—
Overstated services
and supplies**

The district overstated service and supply costs by \$75,670 because it claimed ineligible athletic insurance costs of \$72,554 and did not support costs of \$3,116.

A summary of the adjustment is as follows:

	Fiscal Year		Total
	2001-02	2002-03	
Athletic insurance costs	\$ (37,348)	\$ (35,206)	\$ (72,554)
Unsupported costs	—	(3,116)	(3,116)
Audit adjustment	<u>\$ (37,348)</u>	<u>\$ (38,322)</u>	<u>\$ (75,670)</u>

Parameters and Guidelines states that community college districts shall be reimbursed only for costs of health services programs that are traceable to supporting documentation showing evidence of the validity of such costs. Also, *Education Code* Section 76355(d) (formerly Section 72246(2)) states that authorized expenditures for health services shall not include the cost of athletic insurance.

Recommendation

We recommend that the district ensure all claimed costs are eligible and supported.

District's Response

The District is still investigating the athletic insurance costs to determine if the amounts reported in the claim related to basic insurance costs for students who also were covered by athletic insurance. However, the final audit report need not be delayed for this work.

SCO's Comment

The finding and recommendation remain unchanged.

The district did not provide any additional information supporting this finding.

**FINDING 3—
Overstated indirect
cost rate claimed**

The district overstated indirect costs by \$281,494 for the audit period.

The district claimed indirect costs based on an indirect cost rate proposal (ICRP) prepared for each fiscal year by an outside consultant. However, the district did not obtain federal approval for its rate. We calculated indirect cost rates using the methodology allowed by the SCO's claiming instructions. The calculated indirect cost rates did not support the indirect cost rates claimed.

A summary of the claimed and audited indirect cost rates is as follows:

	Fiscal Year	
	2001-02	2002-03
Allowable indirect cost rate based on total direct costs	18.87%	17.44%
Claimed indirect cost rate based on total direct costs	38.64%	40.14%

We recalculated indirect costs as follows:

	Fiscal Year		Total
	2001-02	2002-03	
Allowable direct costs claimed	\$ 467,227	\$ 522,176	
Allowable indirect cost rate	× 18.87%	× 17.44%	
Allowable indirect costs	88,166	91,067	
Less claimed indirect costs	(210,961)	(249,766)	
Audit adjustment	\$ (122,795)	\$ (158,699)	\$ (281,494)

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO's claiming instructions.

The SCO's claiming instructions state that community colleges have the option of using a federally approved rate prepared in accordance with OMB Circular A-21 or the alternate methodology using State Controller's Form FAM-29C, which is based on total expenditures as reported in California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311).

Recommendation

We recommend that the district ensure indirect costs claimed are computed using a federally approved rate prepared in accordance with OMB Circular A-21, or the SCO's alternate methodology using Form FAM-29C.

District's Response

The State Controller asserts that the District must obtain federal approval for its indirect cost rate or use a method prescribed by the State Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller.

The State Controller's claiming instructions for Form HFE-1.1, line (05), state that for claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, from FAM 29C, or a 7% indirect cost rate. The State Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2). If

the State Controller wishes to enforce the audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

SCO's Comment

The finding and recommendation remain unchanged.

Parameters and Guidelines states that indirect costs may be claimed in the manner described in the SCO's claiming instructions. Therefore, the specific directions for the indirect cost rate calculation in the claiming instructions are an extension of the *Parameters and Guidelines*. The SCO's claiming instructions state that community colleges have the option of using a federally approved rate prepared in accordance with OMB Circular A-21 or the SCO's alternate methodology using Form FAM-29C. In this case, the district chose to use indirect cost rates not approved by a federal agency, which is not an option provided by the SCO's claiming instructions.

**FINDING 4—
Understated
authorized health fee
revenues claimed**

The district understated authorized health fee revenue by \$150,031 for the audit period.

The district reduced claimed costs by actual rather than authorized health fee revenues. Therefore, we recalculated authorized health fee revenues by multiplying student enrollment by term net of allowable health fee exemption by the authorized student health fee. Student enrollment information was obtained from the term unit report, and the student waiver information was obtained from the Board of Governors Grant (BOGG) report.

A summary of our adjustment to authorized health fee revenues is as follows:

	<u>Summer</u>	<u>Fall</u>	<u>Spring</u>	<u>Total</u>
<u>FY 2000-01</u>				
Student enrollment	9,485	16,519	17,640	
Allowable health fee exemptions	<u>(3,309)</u>	<u>(5,636)</u>	<u>(5,758)</u>	
Subtotals	6,176	10,883	11,882	
Authorized student health fee	× \$ 9	× \$ 12	× \$ 12	
Audited authorized health fee revenues	<u>\$ 55,584</u>	<u>\$130,596</u>	<u>\$142,584</u>	\$ 328,764
Claimed authorized health fee revenues				<u>(231,122)</u>
Audit adjustment, FY 2000-01				<u>97,642</u>
<u>FY 2001-02</u>				
Student enrollment	3,406	18,176	16,773	
Allowable health fee exemptions	<u>(1,595)</u>	<u>(6,102)</u>	<u>(6,272)</u>	
Subtotal	1,811	12,074	10,501	
Authorized student health fee	× \$ 9	× \$ 12	× \$ 12	
Audited authorized health fee revenues	<u>\$ 16,299</u>	<u>\$144,888</u>	<u>\$126,012</u>	287,199
Claimed authorized health fee revenues				<u>(234,810)</u>
Audit adjustment, FY 2001-02				<u>52,389</u>
Total audit adjustment				<u>\$ 150,031</u>

Parameters and Guidelines states that health fees authorized by the *Education Code* must be deducted from costs claimed. *Education Code* Section 76355(c) states that health fees are authorized from all students except those who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need.

Also, *Government Code* Section 17514 states that costs mandated by the State means any increased costs which a district is required to incur. To the extent community college districts can charge a fee, they are not required to incur a cost. In addition, *Government Code* Section 17556 states that COSM shall not find costs mandated by the State if the district has the authority to levy fees to pay for the mandated program or increased level of services.

Recommendation

We recommend that the district should ensure that allowable health services program costs are offset by the amount of health service fee revenues authorized by *Education Code*.

District's Response

The State Controller alleges that claimants must compute the total student health fees collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college *may require* community college students to pay a fee... for health supervision and services..." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "If, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the Education Code must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings... must be deducted from the costs claimed... This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

The State Controller also misconstrues the legal meaning of Government Code Section 17556 which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

Notwithstanding the State Controller's argument for its adjustment, State Controller audit staff stated that they would be providing to the District additional information in support of their health fee calculation before the draft audit report was issued and would allow the District time to respond. This information was not provided to the District and the draft audit report has been issued.

SCO's Comment

The fiscal effect of the finding and recommendation remain unchanged. The language in the draft report relating to the unavailability of the student attendance data has been deleted based on information provided by the district.

We agree that community college districts may choose not to levy a health services fee. This is true even if *Education Code* Section 76355 provides the districts with the authority to levy such fees. However, the effect of not imposing the health services fee is that the related health services costs do not meet the requirement for mandated costs as defined by *Government Code* Section 17514. In simple terms, health services costs recoverable through an authorized fee are not costs that the district is required to incur. Moreover, *Government Code* Section 17556 states that COSM shall not find costs mandated by the State as defined in *Government Code* Section 17514 if the district has authority to levy fees to pay for the mandated program or increased level of service.

**Attachment—
District's Response to
Draft Audit Report**



October 13, 2004

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
California State Controller
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 1, Statutes of 1984
Health Fee Elimination
State Controller's Audit
Fiscal Years: 2001-02 and 2002-03

Dear Mr. Spano:

This letter is the response of the San Bernardino Community College District to the letter from Vincent P. Brown, Chief Operating Officer, State Controller's Office, dated September 30, 2004, and received by the District on October 6, 2004, which enclosed a draft copy of your audit report of the District's Health Fee Elimination claims for the period of July 1, 2001 through June 30, 2003.

Finding 1 - Overstated Health Services

The State Controller alleges overstated audit period costs for certain health services which were "not provided" in Fiscal Year 1986-87. The State Controller states that "Parameters and Guidelines specifies that community college districts shall only be reimbursed the costs of the health services provided to the extent they were provided by the district in FY 1986-87."

The parameters and guidelines also state at Part III Eligible Claimants:

"Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of the mandate are eligible to claim reimbursement of those costs."

Education Code section 76355, subdivision (e), states:

"Any community college district that provided health services in the 1986-87 fiscal year shall maintain health services, at the level provided during the 1986-87 fiscal year, and each fiscal year thereafter."

The State Controller, as the audit agency proposing the adjustment, has the burden of proving the factual and legal basis for its adjustments. The State Controller audit findings do not demonstrate if the enumerated services allegedly "not provided" in Fiscal Year 1986-87 were indeed actually available. It would therefore appear that this finding is based upon the wrong standard for review.

In addition, the State Controller's calculation of the cost of services "not provided" utilizes extrapolation of facts not reasonably related to the actual cost of those services.

Finding 2 - Overstated Services and Supplies

The District is still investigating the athletic insurance costs to determine if the amounts reported in the claim related to basic insurance costs for students who also were covered by athletic insurance. However, the final audit report need not be delayed for this work.

Finding 3 - Overstated Indirect Cost Rates Claimed

The State Controller asserts that the District must obtain federal approval for its indirect cost rate or use a method prescribed by the State Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs *may be claimed* in the manner described by the State Controller in his claiming instructions." The parameters and guidelines *do not require* that indirect costs be claimed in the manner described by the State Controller.

The State Controller's claiming instructions for Form HFE-1.1, line (05), state that for claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, from FAM-29C, or a 7% indirect cost rate. The State Controller claiming instructions were never adopted as rules or regulations, and therefore have no force of law. The burden is on the State Controller to show that the indirect cost rate used by the District is excessive or unreasonable, which is the only mandated cost audit standard in statute (Government Code Section 17651(d)(2)). If the State Controller wishes to enforce audit standards for mandated cost reimbursement, the State Controller should comply with the Administrative Procedures Act.

Finding 4 - Understated Authorized Health Fee Revenues Claimed

The State Controller alleges that claimants must compute the total student health fees

collectible and reduce claimed costs by this amount even if those fees are not collected in full or part.

Education Code Section 76355, subdivision (a), states that "The governing board of a district maintaining a community college may require community college students to pay a fee . . . for health supervision and services . . ." There is no requirement that community colleges levy these fees. The permissive nature of the provision is further illustrated in subdivision (b) which states "if, pursuant to this section, a fee is required, the governing board of the district shall decide the amount of the fee, if any, that a part-time student is required to pay. The governing board may decide whether the fee shall be mandatory or optional." (Emphasis supplied in both instances)

The State Controller asserts that the parameters and guidelines require "that health fees authorized by the Education Code must be deducted from the costs claimed." This is a misstatement of the Parameters and Guidelines. The Parameters and Guidelines, as last amended on May 25, 1989, state that "Any offsetting savings . . . must be deducted from the costs claimed . . . This shall include the amount of (student fees) as authorized by Education Code Section 72246(a)¹." Therefore, while student fees actually collected are properly used to offset costs, student fees that could have been collected, but were not, are not an offset.

The State Controller also misconstrues the legal meaning of Government Code Section 17556 which prohibits the Commission on State Mandates from approving test claims when the local government agency has authority to charge a fee sufficient to fund the cost of the mandate. The Commission determined that the mandate was a new program or increased level of service. Even the source of the mandate, Education Code Section 76355, at subdivision (e), allows for the possibility that the "cost to maintain that level of service" will exceed the statutory limit for the student health fees.

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Jim Spano, Chief

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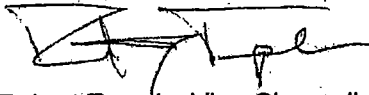
October 13, 2004

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The District requests that the audit report be changed to comply with the law.

Sincerely,



Robert Temple, Vice Chancellor
Fiscal Services
San Bernardino Community College District

C: Keith Petersen, President, SixTen and Associates

EXHIBIT E



October 13, 2004

Mr. Jim L. Spano, Chief
Compliance Audits Bureau
California State Controller
Division of Audits
P.O. Box 942850
Sacramento, CA 94250-5874

Re: Chapter 1, Statutes of 1984
Health Fee Elimination
State Controller's Audit
Fiscal Years: 2001-02 and 2002-03

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Jim Spano, Chief

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October 13, 2004

the draft audit report has been issued.

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The District requests that the audit report be changed to comply with the law.

Sincerely,



Robert Temple, Vice Chancellor
Fiscal Services
San Bernardino Community College District

C: Keith Petersen, President, SixTen and Associates

EXHIBIT F

**CALIFORNIA COMMUNITY COLLEGES
CHANCELLOR'S OFFICE**

1102 Q STREET
SACRAMENTO, CA 95814-6511
916) 445-8752
HTTP://WWW.CCCCO.EDU



March 5, 2001

To: Superintendents/Presidents
Chief Business Officers
Chief Student Services Officers
Health Services Program Directors
Financial Aid Officers
Admissions and Records Officers
Extended Opportunity Program Directors

From: Thomas J. Nussbaum
Chancellor

Subject: Student Health Fee Increase

Education Code Section 76355 provides the governing board of a community college district the option of increasing the student health services fee by the same percentage as the increase in the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar above the existing fee, the fee may be increased by \$1.00.

Based on calculations by the Financial, Economic, and Demographic Unit in the Department of Finance, the Implicit Price Deflator Index has now increased enough since the last fee increase of March 1997 to support a one dollar increase in the student health fees. Effective with the Summer Session of 2001, districts may begin charging a maximum fee of \$12.00 per semester, \$9.00 for summer session, \$9.00 for each intersession of at least four weeks, or \$9.00 for each quarter.

For part-time students, the governing board shall decide the amount of the fee, if any, that the student is required to pay. The governing board may decide whether the fee shall be mandatory or optional.

The governing board operating a health services program must have rules that exempt the following students from any health services fee:

- Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.

- Students who are attending a community college under an approved apprenticeship training program.
- Students who receive Board of Governors Enrollment Fee Waivers, including students who demonstrate financial need in accordance with the methodology set forth in federal law or regulation for determining the expected family contribution of students seeking financial aid and students who demonstrate eligibility according to income standards established by the board of governors and contained in Section 58620 of Title 5 of the California Code of Regulations.

All fees collected pursuant to this section shall be deposited in the Student Health Fee Account in the Restricted General Fund of the district. These fees shall be expended only to provide health services as specified in regulations adopted by the board of governors. Allowable expenditures include health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both. Allowable expenditures exclude athletic-related salaries, services, insurance, insurance deductibles, or any other expense that is not available to all students. No student shall be denied a service supported by student health fee on account of participation in athletic programs.

If you have any questions about this memo or about student health services, please contact Mary Gill, Dean, Enrollment Management Unit at 916.323.5951. If you have any questions about the fee increase or the underlying calculations, please contact Patrick Ryan in Fiscal Services Unit at 916.327.6223.

CC: Patrick J. Lenz
Ralph Black
Judith R. James
Frederick E. Harris

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EXHIBIT G

CLAIM FOR PAYMENT
Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

For State Controller Use only
(19) Program Number 00029
(20) Date File / /
(21) LRS Input / /

L
A
B
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L
H
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E

(1) Claimant Identification Number:

S36160

(02) Mailing Address:

Claimant Name
San Bernardino Community College District

County of Location

San Bernardino

Street Address

114 S. Del.Rosa Drive

City State Zip Code
San Bernardino CA 92408

Reimbursement Claim Data

(22) HFE - 1.0, (04)(b) \$ 509,850

(23)

(24)

(25)

(26)

(27)

(28)

(29)

(30)

(31)

(32)

(33)

(34)

(35)

(36)

(37)

Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>

Fiscal Year of Cost (06) 2002-2003 (12) 2001-2002 (31)

Total Claimed Amount (07) \$ 550,000 (13) \$ 509,850 (32)

Less: 10% Late Penalty, but not to exceed \$1000 (14) \$ (33)

Less: Estimate Claim Payment Received (15) \$ 92,835 (34)

Net Claimed Amount (16) \$ 417,015 (35)

Due from State (08) \$ 550,000 (17) \$ 417,015 (36)

Due to State (18) \$ (37)

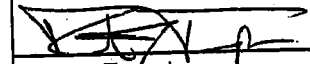
(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer


Robert Temple
Type or Print Name

Date

DECEMBER 27, 2002
Vice Chancellor - Fiscal Affairs
Title

(39) Name of Contact Person or Claim

SixTen and Associates

Telephone Number (858) 514-8605

E-Mail Address kbpsixten@aol.com

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.0**

(01) Claimant:	(02) Type of Claim:	Fiscal Year
Claimant Name	Reimbursement <input checked="" type="checkbox"/>	
San Bernardino Community College District	Estimated <input type="checkbox"/>	2001-2002

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. San Bernardino Valley College	\$ 300,527.26
2. Crafton Hills College	\$ 209,322.78
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
(04) Total Amount Claimed	\$ 509,850

[Line (3.1b) + line (3.2b) + line (3.3b) + ... line (3.21b)]

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR
2000-2001**

*FOR 01-02
CLAIMS*

REFERENCE (CCFS 311)	DESCRIPTION	2000-2001
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	
	Instructional Salaries and Benefits	22,718,493
	Instructional Operating Expenses	1,472,949
	Instructional Support Instructional Salaries and Benefits	317,958
	Auxiliary Operations Instructional Salaries and Benefits	17,139
	TOTAL INSTRUCTIONAL COSTS 1	24,526,539
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	2,794,284
	Instructional Admin. Salaries and Benefits	1,495,214
	Instructional Admin. Operating Expenses	217,876
	Auxiliary Classes Non-Inst. Salaries and Benefits	86,351
	Auxiliary Classes Operating Expenses	28,626
	TOTAL NON-INSTRUCTIONAL COSTS 2	4,622,351
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1+2)	29,148,890
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	1,351,194
	Instructional Support Services Operating Expenses	191,614
	Admissions and Records	1,096,212
	Counseling and Guidance	1,998,881
	Other Student Services	4,364,465
	TOTAL DIRECT SUPPORT COSTS 4	9,002,366
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3+4)	38,151,256
	Indirect Support Costs	
	Operation and Maintenance of Plant	5,965,189
	Planning and Policy Making	1,522,230
	General Instructional Support Services	7,254,855
	TOTAL INDIRECT SUPPORT COSTS 6	14,742,274
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5+6) = TOTAL COSTS	52,893,530
SUPPORT COSTS ALLOCATION RATES		
Indirect Support Costs Allocation Rate =	Total Indirect Supports Costs (6)	38.64%
	Total Instructional Activity Costs and Direct Support Costs (5)	
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4)	30.88%
	Total Instructional Activity Costs (3)	
Total Support Cost Allocation		69.53%

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.1**

(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001-2002
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(03) Name of College San Bernardino Valley College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, **STOP**, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of. 38.64%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 318,843	\$ 123,201	\$ 442,044
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ 1,156.00	\$ 447	\$ 1,603
(07) Cost of providing current fiscal year health services at the 1986/87 level	\$ 317,687	\$ 122,754	\$ 440,441
[Line (05) - line (06)]			

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	155	7,598		\$ -		\$ -	\$ -
2. Per spring semester	267	8,071		\$ -		\$ -	\$ -
3. Per summer session	55	4,135		\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

(09) Total health fee income that has been collected [Line (8.1g) + (8.2g) +(8.6g)] \$ 133,625

(10) Sub-total [Line (07) - line (09)] \$ 306,816

Cost Reduction

(11) Less: Offsetting Savings, if applicable \$ -

(12) Less: Other Reimbursements, if applicable \$ 6,289

(13) Total Amount Claimed [Line (10) - (line (11) + line (12))] \$ 300,527

MANDATED COSTS	HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.2
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(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2001-2002
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(03) Name of College Crafton Hills College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 38.64%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 227,121	\$ 87,760	\$ 314,881
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ 693.00	\$ 268	\$ 961
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 226,428	\$ 87,492	\$ 313,920

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester	701	3,037		\$ -		\$ -	\$ -
2. Per spring semester	672	3,511		\$ -		\$ -	\$ -
3. Per summer session	21	1,371		\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

(09) Total health fee income that has been collected [Line (8.1g) + (8.2g) +(8.6g)]
\$ 97,497

(10) Sub-total [Line (07) - line (09)]
\$ 216,423

Cost Reduction

(11) Less: Offsetting Savings, if applicable
 7100 \$ -
\$ 7,100

(13) Total Amount Claimed [Line (10) - (line (11) + line (12))]
\$ 209,323

San Bernardino Community College District
Mandated Costs - HFE Total Expenses
11/18/2002

SIX TEN & ASSOC.
2002 NOV 21 PM 1:38

	CHC	SBVC	District
Total Expenses Amounts per General Ledger	190,919.49	275,424.87	466,344.36
Add: Prior Year Expenses			
	241.66	-	241.66
<i>Student Insurance</i> →	<u>35,959.50</u>	<u>43,418.50</u>	<u>79,378.00</u>
	<u>227,120.65</u>	<u>318,843.37</u>	<u>545,964.02</u>
Income Offsets Received During 2001-2002			
Other Local Revenues	5,628.50	4,499.38	10,127.88
Hepatitis Immunization Fee	<u>1,471.00</u>	<u>1,789.66</u>	<u>3,260.66</u>
	<u>7,099.50</u>	<u>6,289.04</u>	<u>13,388.54</u>

**San Bernardino Community College District
HFE Claim - 2001-2002**

Summary of Health Fee Exclusions

that were not performed in base year 1986/87
and are now being performed in 2001-2002.

	San Bernardino Valley College		Crafton Hills College	
	<u>Number</u>	<u>Cost</u>	<u>Number</u>	<u>Cost</u>
1. Immunizations (diphtheria/tetanus, measles, rubella, etc. 30 injections at 8.28 each	20	165.60	10	82.80
2. Outside Lab expenses (actual costs) \$6.50 x 80 tests	60	390.00	20	130.00
3. Pap Smear expense (actual costs) \$12.00 per test x 90 tests	50	600.00	40	480.00
Total Costs to be excluded for 2001-2002		<u>1155.60</u>		<u>692.80</u>

SBNV

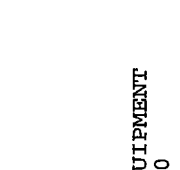
Fund: 01 GENERAL FUND Site: 01 SAN BERNARDINO VALLEY COLLEGE

ACCOUNT CLASSIFICATION Fu Ls Si Prog Subj Object Type	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	ENCUMBERED	PENDED/ ENCUMBERED	UNENCUMBERED BALANCE	%
8681.00 STATE MANDATED COST								
01-14-01-8210-0000-8681.00-0000	130,000.00	245,608.16	245,608.16	100.0	0.00	0.00	115,608.16-	.0
TOTAL: 8681.00	130,000.00	245,608.16	245,608.16	100.0	0.00	0.00	115,608.16-	.0
8876.00 HEALTH SERVICES								
01-00-01-8210-0310-8876.00-0000	127,797.00	133,624.50	133,624.50	100.0	0.00	0.00	5,827.50-	.0
TOTAL: 8876.00	127,797.00	133,624.50	133,624.50	100.0	0.00	0.00	5,827.50-	.0
8890.00 OTHER LOCAL REVENUES								
01-38-01-8210-0000-8890.00-0000	2,200.00	4,499.38	4,499.38	100.0	0.00	0.00	2,299.38-	.0
TOTAL: 8890.00	2,200.00	4,499.38	4,499.38	100.0	0.00	0.00	2,299.38-	.0
8896.00 HEPATITIS								
01-38-01-8210-0000-8896.00-0000	1,500.00	1,789.66	1,789.66	100.0	0.00	0.00	289.66-	.0
TOTAL: 8896.00	1,500.00	1,789.66	1,789.66	100.0	0.00	0.00	289.66-	.0
TOTAL: 8000	261,497.00	385,521.70	385,521.70	100.0	0.00	0.00	124,024.70-	.0
1282.00 CERT COORDINATORS								
01-14-01-8210-0000-1282.00-6440	2,640.00	2,640.00	2,640.00	100.0	0.00	0.00	0.00	.0
TOTAL: 1282.00	2,640.00	2,640.00	2,640.00	100.0	0.00	0.00	0.00	.0
1283.00 CERT NON-MGT. NON-TEACH								
01-14-01-8210-0000-1283.00-6440	84,718.00	89,220.00	89,220.00	100.0	0.00	0.00	4,502.00-	.0
TOTAL: 1283.00	84,718.00	89,220.00	89,220.00	100.0	0.00	0.00	4,502.00-	.0
1480.00 NONINSTRUCTION HOURLY								
01-14-01-8210-0000-1480.00-6440	0.00	32,629.73	32,629.73	100.0	0.00	0.00	32,629.73-	.0
01-00-01-8210-0310-1480.00-6440	55,000.00	59,002.75	59,002.75	100.0	0.00	0.00	4,002.75-	.0
TOTAL: 1480.00	55,000.00	91,632.48	91,632.48	100.0	0.00	0.00	36,632.48-	.0
1481.00 SUBSTITUTE-NON INSTRUCTION								
01-00-01-8210-0310-1481.00-6440	4,500.00	0.00	0.00	.0	0.00	0.00	4,500.00	100.0
TOTAL: 1481.00	4,500.00	0.00	0.00	.0	0.00	0.00	4,500.00	100.0
TOTAL: 1000	146,858.00	183,492.48	183,492.48	100.0	0.00	0.00	36,634.48-	.0
2181.00 CLASS UNIT MEMBER NONINSTRUCTI								
01-00-01-8210-0310-2181.00-6440	32,390.00	34,050.00	34,050.00	100.0	0.00	0.00	1,660.00-	.0
TOTAL: 2181.00	32,390.00	34,050.00	34,050.00	100.0	0.00	0.00	1,660.00-	.0
2384.00 CLASS EMPLOYEE-CONSULTANT								
01-00-01-8210-0310-2384.00-6440	4,950.00	4,440.00	4,440.00	89.6	0.00	0.00	510.00	10.3
TOTAL: 2384.00	4,950.00	4,440.00	4,440.00	89.6	0.00	0.00	510.00	10.3

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	ENCUMBERED	PENDED/ENCUMBERED	UNENCUMBERED BALANCE
2385.00 HR SUBSTITUTE, ADDITIONAL COST							
01-00-01-8210-0310-2385.00-6440	400.00	745.16	745.16	100.0	0.00	0.00	345.16-
TOTAL: 2385.00	400.00	745.16	745.16	100.0	0.00	0.00	345.16-
TOTAL: 2000	37,740.00	39,235.16	39,235.16	100.0	0.00	0.00	1,495.16-
3180.00 STRS OTHER ACADEMIC-N.I-OTHERS							
01-14-01-8210-0000-3180.00-6440	7,207.00	7,528.94	7,528.94	100.0	0.00	0.00	321.94-
01-00-01-8210-0310-3180.00-6440	0.00	3,985.12	3,985.12	100.0	0.00	0.00	3,985.12-
TOTAL: 3180.00	7,207.00	11,514.06	11,514.06	100.0	0.00	0.00	4,307.06-
3328.00 OASDI CLASS/I.A.-NON-INST OTH							
01-00-01-8210-0310-3328.00-6440	2,008.00	2,111.10	2,111.10	100.0	0.00	0.00	103.10-
TOTAL: 3328.00	2,008.00	2,111.10	2,111.10	100.0	0.00	0.00	103.10-
3346.00 MEDICARE NON-INSTRUCTIONAL							
01-00-01-8210-0310-3346.00-6440	1,410.00	1,897.54	1,897.54	100.0	0.00	0.00	487.54-
TOTAL: 3346.00	1,410.00	1,897.54	1,897.54	100.0	0.00	0.00	487.54-
3360.00 PARS-NON-INSTRUCTIONAL							
01-00-01-8210-0310-3360.00-6440	843.00	316.45	316.45	37.5	0.00	0.00	526.55
TOTAL: 3360.00	843.00	316.45	316.45	37.5	0.00	0.00	526.55
3421.00 DENTAL CLASS/I.A. NON-INSTRUCT							
01-00-01-8210-0310-3421.00-6440	653.00	652.56	652.56	99.9	0.00	0.00	0.44
TOTAL: 3421.00	653.00	652.56	652.56	99.9	0.00	0.00	0.44
3423.00 KAISER-CLASS/I.A. NON-INSTRUCT							
01-00-01-8210-0310-3423.00-6440	5,240.00	5,240.28	5,240.28	100.0	0.00	0.00	0.28-
TOTAL: 3423.00	5,240.00	5,240.28	5,240.28	100.0	0.00	0.00	0.28-
3433.00 HEALTH NET-OTHER ACADEM-NONINS							
01-14-01-8210-0000-3433.00-6440	5,029.00	5,029.08	5,029.08	100.0	0.00	0.00	0.08-
TOTAL: 3433.00	5,029.00	5,029.08	5,029.08	100.0	0.00	0.00	0.08-
3434.00 DENTAL-OTHER ACADEM-NON-INSTRU							
01-14-01-8210-0000-3434.00-6440	653.00	652.56	652.56	99.9	0.00	0.00	0.44
TOTAL: 3434.00	653.00	652.56	652.56	99.9	0.00	0.00	0.44
3528.00 SUI CLASS/I.A. NON-INSTR OTHER							
01-00-01-8210-0310-3528.00-6440	49.00	51.00	51.00	100.0	0.00	0.00	2.00-
TOTAL: 3528.00	49.00	51.00	51.00	100.0	0.00	0.00	2.00-

ACCOUNT CLASSIFICATION Fu Ls Si Prog Subj Object Type	WORKING BUDGET	EXPENDED/RECEIVED		%	PENDED/ENCUMBERED		UNENCUMBERED BALANCE
		CURRENT	YEAR TO DATE		ENCUMBERED		
3538.00 SUI OTHER ACADEMIC-N.I. OTHERS	114.00	118.72	118.72	100.0	0.00	0.00	4.72-
01-14-01-8210-0000-3538.00-6440	77.00	119.09	119.09	100.0	0.00	0.00	42.09-
01-00-01-8210-0310-3538.00-6440	191.00	237.81	237.81	100.0	0.00	0.00	46.81-
TOTAL: 3538.00							
3628.00 W/C CLASS/I.A.-NON-INSTR-OTHER	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	0.00
01-00-01-8210-0310-3628.00-6440	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	0.00
TOTAL: 3628.00							
3638.00 W/C OTHER ACADEMIC-N.I. -OTHER	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	0.00
01-14-01-8210-0000-3638.00-6440	1,020.00	1,020.00	1,020.00	100.0	0.00	0.00	0.00
TOTAL: 3638.00							
3928.00 LIFE-CLASS/I.A. NON-INSTR-OTHER	68.00	75.60	75.60	100.0	0.00	0.00	7.60-
01-00-01-8210-0310-3928.00-6440	68.00	75.60	75.60	100.0	0.00	0.00	7.60-
TOTAL: 3928.00							
3938.00 LIFE-OTHER ACADEMIC N.I. OTHER	76.00	75.60	75.60	99.4	0.00	0.00	0.40
01-14-01-8210-0000-3938.00-6440	76.00	75.60	75.60	99.4	0.00	0.00	0.40
TOTAL: 3938.00							
3983.00 HHRC-CLASS/I.A.-NON-INS-OTHERS	21.00	20.76	20.76	98.8	0.00	0.00	0.24
01-00-01-8210-0310-3983.00-6440	21.00	20.76	20.76	98.8	0.00	0.00	0.24
TOTAL: 3983.00							
3985.00 HHRC-OTHER ACADEMIC-N.I.-OTHER	21.00	20.76	20.76	98.8	0.00	0.00	0.24
01-14-01-8210-0000-3985.00-6440	21.00	20.76	20.76	98.8	0.00	0.00	0.24
TOTAL: 3985.00							
TOTAL: 3000	25,509.00	29,935.16	29,935.16	100.0	0.00	0.00	4,426.16-
4200.00 BOOK, MAGAZINE&PERIOD-DIST. USE	150.00	0.00	0.00	.0	0.00	0.00	150.00
01-00-01-8210-0310-4200.00-6440	150.00	0.00	0.00	.0	0.00	0.00	150.00
TOTAL: 4200.00							
4210.00 MAGAZINES & SUBSCRIPTIONS	28.00	28.00	28.00	100.0	0.00	0.00	0.00
01-00-01-8210-0310-4210.00-6440	28.00	28.00	28.00	100.0	0.00	0.00	0.00
TOTAL: 4210.00							
4400.00 MEDIA AND SOFTWARE-DISTRCT USE	150.00	0.00	0.00	.0	0.00	0.00	150.00
01-00-01-8210-0310-4400.00-6440	150.00	0.00	0.00	.0	0.00	0.00	150.00
TOTAL: 4400.00							

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED CURRENT YEAR TO DATE	%	PENDED/ENCUMBERED	UNENCUMBERED BALANCE
4500.00 NONINSTRUCTIONAL SUPPLIES					
01-00-01-8210-0000-4500.00-6440	3,000.00	2,341.50	78.0	0.00	658.50
01-00-01-8210-0310-4500.00-6440	2,971.00	2,992.12	100.0	0.00	21.12
TOTAL: 4500.00	5,971.00	5,333.62	89.3	0.00	637.38
4700.00 FOOD SUPPLIES					
01-00-01-8210-0310-4700.00-6440	25.00	0.00	.0	0.00	25.00
TOTAL: 4700.00	25.00	0.00	.0	0.00	25.00
TOTAL: 4000	6,324.00	5,361.62	84.7	0.00	962.38
5113.00 INDEPENDENT CONTRACTORS					
01-00-01-8210-0310-5113.00-6440	13,705.00	15,000.00	100.0	0.00	1,295.00
TOTAL: 5113.00	13,705.00	15,000.00	100.0	0.00	1,295.00
5120.00 OTHER CONTRACTS/OUTSIDE SERVIC					
01-00-01-8210-0000-5120.00-6440	660.00	523.48	79.3	0.00	136.52
01-00-01-8210-0310-5120.00-6440	1,367.00	1,334.70	97.6	0.00	32.30
TOTAL: 5120.00	2,027.00	1,858.18	91.6	0.00	168.82
5210.00 PERSONAL MILEAGE					
01-00-01-8210-0310-5210.00-6440	425.00	377.27	88.7	0.00	47.73
TOTAL: 5210.00	425.00	377.27	88.7	0.00	47.73
5300.00 POST/DUES/MEMBERSHIPS-DIST.USE					
01-00-01-8210-0310-5300.00-6440	147.00	0.00	.0	0.00	147.00
TOTAL: 5300.00	147.00	0.00	.0	0.00	147.00
5310.00 DUES AND MEMBERSHIP					
01-00-01-8210-0310-5310.00-6440	50.00	50.00	100.0	0.00	0.00
TOTAL: 5310.00	50.00	50.00	100.0	0.00	0.00
5640.00 REPAIRS					
01-00-01-8210-0310-5640.00-6440	150.00	115.00	76.6	0.00	35.00
TOTAL: 5640.00	150.00	115.00	76.6	0.00	35.00
TOTAL: 5000	16,504.00	17,400.45	100.0	0.00	896.45
TOTAL: 1000-5999	232,935.00	275,424.87	100.0	0.00	42,489.87
6400.00 ADDITIONAL/IMPROVED EQUIPMENT					
01-00-01-8210-0000-6400.00-6440	1,340.00	0.00	.0	0.00	1,340.00
TOTAL: 6400.00	1,340.00	0.00	.0	0.00	1,340.00
TOTAL: 6000	1,340.00	0.00	.0	0.00	1,340.00



Fund: 01 GENERAL FUND Site: 01 SAN BERNARDINO VALLEY COLLEG

ACCOUNT CLASSIFICATION		WORKING BUDGET	EXPENDED/RECEIVED CURRENT	YEAR TO DATE	%	ENCUMBERED	PENDED/ENCUMBERED	UNENCUMBERED BALANCE	%
Fu Ls Si Prog Subp Object Type		234,275.00	275,424.87	275,424.87	100.0	0.00		41,149.87	.0
TOTAL: 1000-6999									

SAN BERNARDINO COUNTY SCHOOLS COMPUTER CONSORTIUM
BUDGET SUMMARY REPORT
07/01/2001 TO 06/30/2002

Site: 02 CRAFTON HILLS COLLEGE

Fund: 01 GENERAL FUND

ACCOUNT CLASSIFICATION Fund Subj Object Type	WORKING BUDGET	EXPENDED/RECEIVED CURRENT	% ENCUMBERED	PENDED/ ENCUMBERED	UNENCUMBERED BALANCE	%
8681.00 STATE MANDATED COST	91,737.00	170,928.84	100.0	0.00	79,191.84-	.0
01-02-8210-0000-8681.00-0000	91,737.00	170,928.84	100.0	0.00	79,191.84-	.0
TOTAL: 8681.00						
8876.00 HEALTH SERVICES	91,130.00	97,497.00	100.0	0.00	6,367.00-	.0
01-00-02-8210-0310-8876.00-0000	91,130.00	97,497.00	100.0	0.00	6,367.00-	.0
TOTAL: 8876.00						
8890.00 OTHER LOCAL REVENUES	4,600.00	5,628.50	100.0	0.00	1,028.50-	.0
01-38-02-8210-0000-8890.00-0000	4,600.00	5,628.50	100.0	0.00	1,028.50-	.0
TOTAL: 8890.00						
8896.00 HEPATITIS	1,100.00	1,471.00	100.0	0.00	371.00-	.0
01-38-02-8210-0000-8896.00-0000	1,100.00	1,471.00	100.0	0.00	371.00-	.0
TOTAL: 8896.00						
TOTAL: 8000	188,567.00	275,525.34	100.0	0.00	86,958.34-	.0
883.00 CERT NON-MCFT. NON-TEACH	74,483.00	78,396.00	100.0	0.00	3,913.00-	.0
01-00-02-8210-0310-1283.00-6440	74,483.00	78,396.00	100.0	0.00	3,913.00-	.0
TOTAL: 1283.00						
1480.00 NONINSTRUCTION HOURLY	39,200.00	39,200.00	100.0	0.00	0.00	.0
01-14-02-8210-0000-1480.00-6440	0.00	383.09	100.0	0.00	383.09-	.0
01-00-02-8210-0310-1480.00-6440	39,200.00	39,583.09	100.0	0.00	383.09-	.0
TOTAL: 1480.00						
1481.00 SUBSTITUTE-NON INSTRUCTION	1,000.00	255.77	25.5	0.00	744.23	74.4
01-14-02-8210-0000-1481.00-6440	1,000.00	255.77	25.5	0.00	744.23	74.4
TOTAL: 1481.00						
TOTAL: 1000	114,683.00	118,234.86	100.0	0.00	3,551.86-	.0
2181.00 CLASS UNIT MEMBER NONINSTRUCTI	21,156.00	21,289.84	100.0	0.00	133.84-	.0
01-14-02-8210-0000-2181.00-6440	0.00	814.42	100.0	0.00	814.42-	.0
01-00-02-8210-0310-2181.00-6440	21,156.00	22,104.26	100.0	0.00	948.26-	.0
TOTAL: 2181.00						
2386.00 SUBSTITUTE, NO ADD. COST	6,000.00	4,519.04	75.3	0.00	1,480.96	24.6
01-14-02-8210-0000-2386.00-6440	6,000.00	4,519.04	75.3	0.00	1,480.96	24.6
TOTAL: 2386.00						
TOTAL: 2000	27,156.00	26,623.30	98.0	0.00	532.70	1.9

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63110.
Health Svcs
San Bernardino Community Col

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Fund: 01 GENERAL FUND Site: 02 CRAFTON HILLS COLLEGE

ACCOUNT CLASSIFICATION Fu Ls Si Prog Subp Object Type	WORKING BUDGET	EXPENDED/RECEIVED		PENDING/ ENCUMBERED	UNENCUMBERED BALANCE
		CURRENT	YEAR TO DATE		
3180.00 STRS OTHER ACADEMIC-N.I.-OTHERS	0.00	2,214.01	2,214.01	100.0	2,214.01-
01-14-02-8210-0000-3180.00-6440	6,145.00	6,467.66	6,467.66	100.0	322.66-
01-00-02-8210-0310-3180.00-6440	6,145.00	8,681.67	8,681.67	100.0	2,536.67-
TOTAL: 3180.00					
3328.00 OASDI CLASS/I.A.-NON-INST OTHE	3,294.00	1,275.90	1,275.90	38.7	2,018.10
01-14-02-8210-0000-3328.00-6440	3,294.00	1,275.90	1,275.90	38.7	2,018.10
TOTAL: 3328.00					61.2
3346.00 MEDICARE NON-INSTRUCTIONAL	850.00	941.57	941.57	100.0	91.57-
01-14-02-8210-0000-3346.00-6440	850.00	941.57	941.57	100.0	91.57-
TOTAL: 3346.00					.0
3360.00 PARS-NON-INSTRUCTIONAL	439.00	118.93	118.93	27.0	320.07
01-14-02-8210-0000-3360.00-6440	439.00	118.93	118.93	27.0	320.07
TOTAL: 3360.00					72.9
3421.00 DENTAL CLASS/I.A. NON-INSTRUCT	653.00	489.42	489.42	74.9	163.58
01-14-02-8210-0000-3421.00-6440	653.00	489.42	489.42	74.9	163.58
TOTAL: 3421.00					25.0
3424.00 HEALTH NET-CLASS/I.A. NON-INST	5,029.00	3,771.81	3,771.81	75.0	1,257.19
01-14-02-8210-0000-3424.00-6440	5,029.00	3,771.81	3,771.81	75.0	1,257.19
TOTAL: 3424.00					24.9
3431.00 HLJNET-POS-OTHER ACADEM-NONINS	5,315.00	6,551.40	6,551.40	100.0	1,236.40-
01-00-02-8210-0310-3431.00-6440	5,315.00	6,551.40	6,551.40	100.0	1,236.40-
TOTAL: 3431.00					.0
3434.00 DENTAL-OTHER ACADEM-NON-INSTRU	653.00	652.56	652.56	99.9	0.44
01-00-02-8210-0310-3434.00-6440	653.00	652.56	652.56	99.9	0.44
TOTAL: 3434.00					.0
3528.00 SUI CLASS/I.A. NON-INSTR OTHER	36.00	35.23	35.23	97.8	0.77
01-14-02-8210-0000-3528.00-6440	36.00	35.23	35.23	97.8	0.77
TOTAL: 3528.00					2.1
3538.00 SUI OTHER ACADEMIC-N.I. OTHERS	40.00	51.75	51.75	100.0	11.75-
01-14-02-8210-0000-3538.00-6440	97.00	100.81	100.81	100.0	3.81-
01-00-02-8210-0310-3538.00-6440	137.00	152.56	152.56	100.0	15.56-
TOTAL: 3538.00					.0
3628.00 W/C CLASS/I.A.-NON-INSTR-OTHER	1,020.00	765.00	765.00	75.0	255.00
01-14-02-8210-0000-3628.00-6440	1,020.00	765.00	765.00	75.0	255.00
TOTAL: 3628.00					25.0

Fund: 01 GENERAL FUND Site: 02 CRAFTON HILLS COLLEGE

ACCOUNT CLASSIFICATION Fu Ls Si Prog Subp Object Type	WORKING BUDGET	EXPENDED/RECEIVED		PENDING/ENCUMBERED	UNENCUMBERED BALANCE	%
		CURRENT	YEAR TO DATE			
3638.00 W/C OTHER ACADEMIC-N.I. -OTHER	1,020.00	1,020.00	1,020.00	0.00	0.00	0.00
TOTAL: 3638.00	1,020.00	1,020.00	1,020.00	0.00	0.00	0.00
3928.00 LIFE-CLASS/I.A. NON-INST-OTHER	68.00	56.70	56.70	0.00	11.30	16.0
TOTAL: 3928.00	68.00	56.70	56.70	0.00	11.30	16.0
3938.00 LIFE-OTHER ACADEMIC N.I. OTHER	76.00	75.60	75.60	0.00	0.40	.5
TOTAL: 3938.00	76.00	75.60	75.60	0.00	0.40	.5
3983.00 HRC-CLASS/I.A.-NON-INS-OTHERS	21.00	15.57	15.57	0.00	5.43	25.8
TOTAL: 3983.00	21.00	15.57	15.57	0.00	5.43	25.8
3985.00 HRC-OTHER ACADEMIC-N.I.-OTHER	21.00	20.76	20.76	0.00	0.24	1.1
TOTAL: 3985.00	21.00	20.76	20.76	0.00	0.24	1.1
TOTAL: 3000	24,777.00	24,624.68	24,624.68	0.00	152.32	.6
4200.00 BOOK,MAGAZINE&PERIOD-DIST.USE	17.09	0.00	0.00	0.00	17.09	100.0
TOTAL: 4200.00	17.09	0.00	0.00	0.00	17.09	100.0
4210.00 MAGAZINES & SUBSCRIPTIONS	13.50	13.50	13.50	0.00	0.00	0.0
01-38-02-8210-0000-4210.00-6440	124.00	66.80	66.80	0.00	57.20	46.1
01-00-02-8210-0310-4210.00-6440	137.50	80.30	80.30	0.00	57.20	41.6
TOTAL: 4210.00	137.50	80.30	80.30	0.00	57.20	41.6
4220.00 REFERENCE BOOKS	49.64	49.64	49.64	0.00	0.00	0.0
01-38-02-8210-0000-4220.00-6440	1,075.85	1,048.54	1,048.54	0.00	27.31	2.5
01-00-02-8210-0310-4220.00-6440	1,125.49	1,098.18	1,098.18	0.00	27.31	2.4
TOTAL: 4220.00	1,125.49	1,098.18	1,098.18	0.00	27.31	2.4
4400.00 MEDIA AND SOFTWARE-DISTRCT USE	11.28	0.00	0.00	0.00	11.28	100.0
TOTAL: 4400.00	11.28	0.00	0.00	0.00	11.28	100.0
4440.00 MEDIA	47.00	47.30	47.30	0.00	0.30	.0
01-38-02-8210-0000-4440.00-6440	263.93	250.28	250.28	0.00	13.65	5.1
01-00-02-8210-0310-4440.00-6440	310.93	297.58	297.58	0.00	13.35	4.2
TOTAL: 4440.00	310.93	297.58	297.58	0.00	13.35	4.2

Fund: 01 GENERAL FUND Site: 02 CRAFTON HILLS COLLEGE

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/CURRENT	EXPENDED/RECEIVED YEAR TO DATE	%	ENCUMBERED	PENDED/ENCUMBERED	UNENCUMBERED BALANCE	%
4500.00 NONINSTRUCTIONAL SUPPLIES								
01-14-02-8210-0000-4500.00-6440	2,876.96	2,638.19	2,638.19	91.7	0.00	0.00	238.77	8.2
01-38-02-8210-0000-4500.00-6440	3,550.24	3,789.61	3,789.61	100.0	0.00	0.00	239.37	.0
01-00-02-8210-0310-4500.00-6440	470.85	545.25	545.26	100.0	0.00	0.00	74.41	.0
TOTAL: 4500.00	6,898.05	6,973.05	6,973.06	100.0	0.00	0.00	75.01	.0
TOTAL: 4000	8,500.34	8,449.12	8,449.12	99.3	0.00	0.00	51.22	.0
5113.00 INDEPENDENT CONTRACTORS								
01-00-02-8210-0310-5113.00-6440	500.00	500.00	500.00	100.0	0.00	0.00	0.00	.0
TOTAL: 5113.00	500.00	500.00	500.00	100.0	0.00	0.00	0.00	.0
5200.00 TRAVEL & CONFERENCE EXPENSES								
01-38-02-8210-0000-5200.00-6440	358.02	358.02	358.02	100.0	0.00	0.00	0.00	.0
TOTAL: 5200.00	358.02	358.02	358.02	100.0	0.00	0.00	0.00	.0
5310.00 DUES AND MEMBERSHIP								
01-38-02-8210-0000-5310.00-6440	35.37	35.37	35.37	100.0	0.00	0.00	0.00	.0
01-00-02-8210-0310-5310.00-6440	409.00	409.00	409.00	100.0	0.00	0.00	0.00	.0
TOTAL: 5310.00	444.37	444.37	444.37	100.0	0.00	0.00	0.00	.0
5536.00 HAZARDOUS MATERIALS								
01-38-02-8210-0000-5536.00-6440	432.00	432.00	432.00	100.0	0.00	0.00	0.00	.0
TOTAL: 5536.00	432.00	432.00	432.00	100.0	0.00	0.00	0.00	.0
5540.00 TELEPHONE								
01-00-02-8210-0310-5540.00-6570	253.00	0.00	0.00	.0	0.00	0.00	253.00	100.0
TOTAL: 5540.00	253.00	0.00	0.00	.0	0.00	0.00	253.00	100.0
5640.00 REPAIRS								
01-38-02-8210-0000-5640.00-6440	183.95	183.95	183.95	100.0	0.00	0.00	0.00	.0
TOTAL: 5640.00	183.95	183.95	183.95	100.0	0.00	0.00	0.00	.0
5809.00 OTHER EXPENSES & FEES								
01-38-02-8210-0000-5809.00-6440	150.00	170.00	170.00	100.0	0.00	0.00	20.00	.0
01-00-02-8210-0310-5809.00-6440	195.00	194.82	194.82	99.9	0.00	0.00	0.18	.0
TOTAL: 5809.00	345.00	364.82	364.82	100.0	0.00	0.00	19.82	.0
TOTAL: 5000	2,516.34	2,283.16	2,283.16	90.7	0.00	0.00	233.18	9.2
TOTAL: 1000-5999	177,632.68	180,215.12	180,215.12	100.0	0.00	0.00	2,582.44	.0
6400.00 ADDITIONAL/IMPROVED EQUIPMENT								
01-14-02-8210-0000-6400.00-6440	2,042.33	1,952.36	1,952.36	95.5	0.00	0.00	89.97	4.4
01-38-02-8210-0000-6400.00-6440	880.28	754.82	754.82	85.7	0.00	0.00	125.46	14.2

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED YEAR TO DATE	ENCUMBERED	PENDED/ENCUMBERED	UNENCUMBERED BALANCE	%
TOTAL: 6400.00	2,922.61	2,707.18	92.6	0.00	215.43	7.3
6410.00 ADDL EQUIP-\$1,000 OR MORE	8,011.71	7,997.19	99.8	0.00	14.52	.1
01-14-02-8210-0000-6410.00-6440	8,011.71	7,997.19	99.8	0.00	14.52	.1
TOTAL: 6410.00	10,934.32	10,704.37	97.8	0.00	229.95	2.1
TOTAL: 6000	188,567.00	190,919.49	100.0	0.00	2,352.49	.0
TOTAL: 1000-6999						

ACCOUNT CLASSIFICATION	WORKING BUDGET	EXPENDED/RECEIVED YEAR TO DATE	%	PENDED/ENCUMBERED	UNENCUMBERED BALANCE	%
Fu Ls Si Prog Subp Object Type						
4500.00 NONINSTRUCTIONAL SUPPLIES	411.00	241.66	58.7	0.00	169.34	41.2
01-14-25-8210-0000-4500.00-6440	411.00	241.66	58.7	0.00	169.34	41.2
TOTAL: 4500.00						
TOTAL: 4000						
5809.00 OTHER EXPENSES & FEES	0.00	0.00	.0	0.00	0.00	.0
01-14-25-8210-0000-5809.00-0000	0.00	0.00	.0	0.00	0.00	.0
TOTAL: 5809.00						
TOTAL: 5000						
TOTAL: 1000-5999	411.00	241.66	58.7	0.00	169.34	41.2

	MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL	FORM HFE-2.1
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(01) Claimant San Bernardino Community College District	Fiscal Year 2001-2002
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
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Accident Reports	X	X
Appointments		
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services	X	X
Outside Labs, (X-ray, etc.,)		X
Psychologist, full services		
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports		X
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service		X
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list	X	X
Examinations, minor illnesses		
Recheck Minor Injury	X	X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse	X	X

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
(01) Claimant San Bernardino Community College District		Fiscal Year 2001-2002	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning		X	X
Stop Smoking		X	X
Library, Videos and Cassettes		X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
Diphtheria/Tetanus			X
Measles/Rubella			X
Influenza		X	X
Information		X	X
Insurance			
On Campus Accident		X	X
Voluntary		X	X
Insurance Inquiry/Claim Administration		X	X
Laboratory Tests Done			
Inquiry/Interpretation		X	X
Pap Smears			X
Physical Examinations			
Employees			
Students			
Athletes			
Medications			
Antacids		X	X
Antidiarrheal		X	X
Aspirin, Tylenol, etc.,		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X
Ear Drops		X	X
Toothache, oil cloves		X	X
Stingkill		X	X
Midol, Menstrual Cramps		X	X
Other, list--> Ibuprofen			
Parking Cards/Elevator Keys			
Tokens			
Return Card/Key			
Parking Inquiry			
Elevator Passes			
Temporary Handicapped Parking Permits			

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
(01) Claimant San Bernardino Community College District		Fiscal Year 2001-2002	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies			
Private Medical Doctor		X	X
Health Department		X	X
Clinic		X	X
Dental		X	X
Counseling Centers		X	X
Crisis Centers		X	X
Transitional Living Facilities, battered/homeless women		X	X
Family Planning Facilities		X	X
Other Health Agencies			
Tests			
Blood Pressure		X	X
Hearing		X	X
Tuberculosis			
Reading		X	X
Information		X	X
Vision		X	X
Glucometer		X	X
Urinalysis		X	X
Hemoglobin		X	
EKG			
Strep A Testing		X	X
PG Testing		X	X
Monospot		X	X
Hemacult			X
Others, list			
Miscellaneous			
Absence Excuses/PE Waiver		X	X
Allergy Injections		X	X
Band-aids		X	X
Booklets/Pamphlets		X	X
Dressing Change		X	X
Rest		X	X
Suture Removal		X	X
Temperature		X	X
Weigh		X	X
Information		X	X
Report/Form		X	X
Wart Removal			X
Others, list			
Committees			
Safety		X	X
Environmental		X	X
Disaster Planning		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X

State of California

CLAIM FOR PAYMENT
 Pursuant to Government Code Section 17561
HEALTH FEE ELIMINATION

For State Controller Use only
 (19) Program Number 00029
 (20) Date File ___/___/___
 (21) LRS Input ___/___/___



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Claimant Identification Number:

506150

(02) Mailing Address:

Claimant Name

San Bernardino Community College District

County of Location

San Bernardino

Street Address

114 S. Del Rosa Drive

City

San Bernardino

State

CA

Zip Code

92408

Reimbursement Claim Data

Type of Claim	Estimated Claim	Reimbursement Claim	
(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(22) HFE - 1.0, (04)(b)	\$ 620,619
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(23)	
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(24)	
Fiscal Year of Cost	(06) 2003-2004	(12) 2002-2003	(25)
Total Claimed Amount	(07) \$ 620,000	(13) \$ 620,619	(26)
Less: 10% Late Penalty, but not to exceed \$1000	(14) \$	(14)	(27)
Less: Estimate Claim Payment Received	(15) \$	(15)	(28)
Net Claimed Amount	(16) \$	(16) \$ 620,619	(29)
Due from State	(08) \$ 620,000	(17) \$ 620,619	(30)
Due to State	(18) \$	(18)	(31)

(38) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer

Date

Robert Temple

1-5-05

Type or Print Name

Vice Chancellor, Fiscal Services

Title

(39) Name of Contact Person or Claim

Telephone Number (858) 514-8605

SixTen and Associates

E-Mail Address kbpsixten@aol.com

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.0**

(01) Claimant:	(02) Type of Claim:		Fiscal Year
Claimant Name	Reimbursement <input checked="" type="checkbox"/>		
San Bernardino Community College District	Estimated <input type="checkbox"/>		2002-2003

(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1. San Bernardino Valley College	\$ 320,529.00
2. Crafton Hills College	\$ 300,089.76
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
	\$ -
(04) Total Amount Claimed	\$ 620,619

[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.1**

(01) Claimant: San Bernardino Community College District	(02) Type of Claim: Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
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(03) Name of College San Bernardino Valley College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 40.14%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 332,549	\$ 133,485	\$ 466,034
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87		\$ -	
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 332,549	\$ 133,485	\$ 466,034

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester				\$ -		\$ -	\$ -
2. Per spring semester				\$ -		\$ -	\$ -
3. Per summer session				\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -

(09) Total health fee that could have been collected [Line (8.1g) + (8.2g) +(8.6g)] align="right">\$ 138,625

(10) Sub-total [Line (07) - line (09)] align="right">\$ 327,309

Cost Reduction	
(11) Less: Offsetting Savings, if applicable	\$ -
(12) Less: Other Reimbursements, if applicable	\$ 6,780
(13) Total Amount Claimed [Line (10) - (line (11) + line (12))]	\$ 320,529

**MANDATED COSTS
HEALTH FEE ELIMINATION
CLAIM SUMMARY**

**FORM
HFE-1.2**

(01) Claimant: San Bernardino Community College District	(02) Type of Claim:	Fiscal Year
	Reimbursement <input checked="" type="checkbox"/>	2002-2003
	Estimated <input type="checkbox"/>	

(03) Name of College: Crafton Hills College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost of: 40.14%	Total
(05) Cost of Health Services for the Fiscal year of Claim	\$ 289,688	\$ 116,281	\$ 405,969
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87	\$ -	\$ -	\$ -
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]	\$ 289,688	\$ 116,281	\$ 405,969

(08) Complete Columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester				\$ -		\$ -	\$ -
2. Per spring semester				\$ -		\$ -	\$ -
3. Per summer session				\$ -		\$ -	\$ -
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]						\$ 96,185
(10) Sub-total	[Line (07) - line (09)]						\$ 309,784
Cost Reduction							
(11) Less: Offsetting Savings, if applicable							\$ -
7100							\$ 9,694
(13) Total Amount Claimed	[Line (10) - (line (11) + line (12))]						\$ 300,090

**SAN BERNARDINO COMMUNITY COLLEGE DISTRICT
CALCULATION OF INDIRECT COST RATE,
FISCAL YEAR
2001-2002**

For 02-03 claims

REFERENCE (CCRS 311)	DESCRIPTION	2001-2002
INSTRUCTIONAL ACTIVITY		
	Instructional Costs	
	Instructional Salaries and Benefits	24,168,434
	Instructional Operating Expenses	1,504,582
	Instructional Support Instructional Salaries and Benefits	373,853
	Auxiliary Operations Instructional Salaries and Benefits	8,666
	TOTAL INSTRUCTIONAL COSTS 1	26,055,535
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	3,331,636
	Instructional Admin. Salaries and Benefits	1,800,483
	Instructional Admin. Operating Expenses	233,352
	Auxiliary Classes Non-Inst. Salaries and Benefits	80,544
	Auxiliary Classes Operating Expenses	45,852
	TOTAL NON-INSTRUCTIONAL COSTS 2	5,491,867
	TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)	31,547,402
DIRECT SUPPORT ACTIVITY		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	1,468,019
	Instructional Support Services Operating Expenses	208,720
	Admissions and Records	1,282,793
	Counselling and Guidance	2,411,255
	Other Student Services	4,539,054
	TOTAL DIRECT SUPPORT COSTS 4	9,909,841
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)	41,457,243
	Indirect Support Costs	
	Operation and Maintenance of Plant	7,046,384
	Planning and Policy Making	1,880,271
	General Instructional Support Services	7,715,397
	TOTAL INDIRECT SUPPORT COSTS 6	16,642,052
	TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS	58,099,295
SUPPORT COSTS ALLOCATION RATES		
Indirect Support Costs Allocation Rate =	Total Indirect Support Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	40.14%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	31.41%
Total Support Cost Allocation		71.56%

MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL		FORM HFE-2.1	
Claimant San Bernardino Community College District		Fiscal Year 2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning		X	X
Stop Smoking		X	X
Library, Videos and Cassettes		X	X
First Aid, Major Emergencies		X	X
First Aid, Minor Emergencies		X	X
First Aid Kits, Filled		X	X
Immunizations			
Diphtheria/Tetanus			X
Measles/Rubella			X
Influenza		X	X
Information		X	X
Insurance			
On Campus Accident		X	X
Voluntary		X	X
Insurance Inquiry/Claim Administration		X	X
Laboratory Tests Done			
Inquiry/Interpretation		X	X
Pap Smears			X
Physical Examinations			
Employees			
Students			
Athletes			
Medications			
Antacids		X	X
Antidiarrheal		X	X
Aspirin, Tylenol, etc.,		X	X
Skin Rash Preparations		X	X
Eye Drops		X	X
Ear Drops		X	X
Toothache, oil cloves		X	X
Stingkill		X	X
Midol, Menstrual Cramps		X	X
Other, list--> Ibuprofen			
Parking Cards/Elevator Keys			
Tokens			
Return Card/Key			
Parking Inquiry			
Elevator Passes			
Temporary Handicapped Parking Permits			

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

Claimant

Fiscal Year

San Bernardino Community College District

2002-2003

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.

(a) FY 1986/87	(b) FY of Claim
----------------------	-----------------------

Referrals to Outside Agencies

- Private Medical Doctor
- Health Department
- Clinic
- Dental
- Counseling Centers
- Crisis Centers
- Transitional Living Facilities, battered/homeless women
- Family Planning Facilities
- Other Health Agencies

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Tests

- Blood Pressure
- Hearing
- Tuberculosis Reading Information
- Vision
- Glucometer
- Urinalysis
- Hemoglobin
- EKG
- Strep A Testing
- PG Testing
- Monospot
- Hemacult
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Miscellaneous

- Absence Excuses/PE Waiver
- Allergy Injections
- Bandaids
- Booklets/Pamphlets
- Dressing Change
- Rest
- Suture Removal
- Temperature
- Weigh
- Information
- Report/Form
- Wart Removal
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Committees

- Safety
- Environmental
- Disaster Planning
- Skin Rash Preparations
- Eye Drops

X	X
X	X
X	X
X	X
X	X

COMMISSION ON STATE MANDATES

980 NINTH STREET, SUITE 300
SACRAMENTO, CA 95814
PHONE: (916) 323-3562
FAX: (916) 445-0278
E-mail: csminfo@csm.ca.gov



September 20, 2005

Mr. Keith B. Petersen
SixTen and Associates
5252 Balboa Avenue, Suite 807
San Diego, CA 92117

Ms. Ginny Brummels
Division of Accounting and Reporting
State Controller's Office
3301 C Street, Suite 501
Sacramento, CA 95816

Re: **Incorrect Reduction Claim**
Health Fee Elimination, 05-4206-I-08
San Bernardino Community College District, Claimant
Education Code Section 76355
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118
Fiscal Years 2001-2002 and 2002-2003

Dear Mr. Petersen and Ms. Brummels:

On September 15, 2005, the San Bernardino Community College District filed an incorrect reduction claim (IRC) with the Commission on State Mandates (Commission) based on the *Health Fee Elimination* program for fiscal years 2001-2002 and 2002-2003. Commission staff determined that the IRC filing is complete.

Government Code section 17551, subdivision (b), requires the Commission to hear and decide upon claims filed by local agencies and school districts that the State Controller's Office (SCO) has incorrectly reduced payments to the local agencies or school districts.

SCO Review and Response. Please file the SCO response and supporting documentation regarding this claim within 90 days of the date of this letter. Please include an explanation of the reason(s) for the reductions and the computation of reimbursements. All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based on the declarant's personal knowledge, information or belief. The Commission's regulations also require that the responses (opposition or recommendation) filed with the Commission be simultaneously served on the claimants and their designated representatives, and accompanied by a proof of service. (Cal. Code Regs., tit. 2, § 1185.01.)

The failure of the SCO to respond within this 90-day timeline shall not cause the Commission to delay consideration of this IRC.

Claimant's Rebuttal. Upon receipt of the SCO response, the claimant and interested parties may file rebuttals. The rebuttals are due 30 days from the service date of the response.

Prehearing Conference. A prehearing conference will be scheduled if requested.

Public Hearing and Staff Analysis. The public hearing on this claim will be scheduled after the record closes. A staff analysis will be issued on the IRC at least eight weeks prior to the public hearing.

Dismissal of Incorrect Reduction Claims. Under section 1188.31 of the Commission's regulations, IRCs may be dismissed if postponed or placed on inactive status by the claimant for more than one year. Prior to dismissing a claim, the Commission will provide 60 days notice and opportunity for the claimant to be heard on the proposed dismissal.

Please contact Tina Poole at (916) 323-8220 if you have any questions.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy Patton".

NANCY PATTON
Assistant Executive Director

Enclosure: Incorrect Reduction Claim Filing - (SCO only)

J:\mandates\IRC\2005\4206-I-08\complete\tr

SixTen and Associates Mandate Reimbursement Services

KEITH B. PETERSEN, MPA, JD, President
E-Mail: Kbpsixten@aol.com

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645

Sacramento
3841 North Freeway Blvd., Suite 170
Sacramento, CA 95834
Telephone: (916) 565-6104
Fax: (916) 564-6103

July 13, 2009



Paula Higashi, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

RE: Health Fee Elimination, 05-4206-I-04
San Mateo County Community College District
Fiscal Years: 1999-00, 2000-01, and 2001-02
Incorrect Reduction Claim

Dear Ms. Higashi:

This letter is in rebuttal to the State Controller's Office response dated April 24, 2008, to the incorrect reduction claim of San Mateo County Community College District (District) submitted on August 25, 2005.

Part I. Mr. Silva's Transmittal Letter

Mr. Silva's transmittal letter, dated April 24, 2008, contains factual and legal allegations regarding the District's incorrect reduction claim. However, it was not signed under the penalty of perjury. The conclusions and assertions contained in the letter should be disregarded by the Commission due to this lack of certification.

A. CONTROLLER'S AUDIT AUTHORITY

The District does not dispute the Controller's authority to audit claims for mandated costs and to reduce those costs that are excessive or unreasonable. This authority is expressly contained in Government Code Section 17561. Government Code Section 17564 identifies the minimum amount of costs required to file a claim and the manner of claiming costs to be reimbursed. Thus, it is unclear to the District why Mr. Silva's

letter, at footnote one, cites Section 17564 in support of the Controller's authority to audit mandated costs. Similarly, the Statement of Decision in the incorrect reduction claim of San Diego Unified School District, cited at footnote two, is superfluous because it simply restates the statutory authority without elaboration. The District is unable to respond to these two citations without further elaboration from the Controller as to their intended relevance, since none is readily apparent.

B. BURDEN OF PROOF

Mr. Silva's letter erroneously asserts that the burden of proof is upon the District to establish that the Controller's adjustments were incorrect. The letter's reliance on Evidence Code Section 500, at footnote four, is completely misplaced because that Section is not applicable to administrative hearings, such as those conducted by the Commission.

California Code of Regulations Section 1187.5(a) states expressly that Commission "hearings will not be conducted according to technical rules relating to evidence and witnesses." The evidentiary standard for matters before the Commission, stated in that Section, is "[a]ny relevant non-repetitive evidence . . . [that] is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs." Further, Evidence Code Section 300 specifies that the Evidence Code is applicable only to actions before the California courts. There is no statute or regulation that makes the Evidence Code applicable to proceedings before the Commission, and therefore the Controller cannot rely on Section 500 to shift the burden of proof onto the District.

The Statement of Decision in the incorrect reduction claim of San Diego Unified School District, that is cited at footnote three of Mr. Silva's letter relied on *Honeywell, Inc. v. State Board of Equalization* (1982) 128 Cal.App.3d 739, 744 for the proposition that the Claimant had the burden of proof in showing that it did not experience offsetting savings. The decision was supported by "common sense" in that the burden of proof should rest with the party having the power to create, maintain, and provide the evidence.

In this incorrect reduction claim, the issue is not the District's original reimbursement claims, but the Controller's methods for determining adjustments. The Controller is the party with the power to create, maintain, and provide evidence regarding its auditing methods and procedures, as well as the specific facts relied upon for its audit findings. Thus, by Mr. Silva's own reasoning, the burden is upon the Controller to demonstrate that the auditors' methods were in compliance with applicable law.

Finally, the Controller must meet the burden of going forward. "Until the agency has met its burden of going forward with the evidence necessary to sustain a finding, the [party requesting review] has no duty to rebut the allegations or otherwise respond." (*Daniels*

v. Department of Motor Vehicles (1983) 33 Cal.3d 532, 536). Therefore, the Controller must first provide evidence as to the propriety of its audit findings because it bears the burden of going forward and because it is the party with the power to create, maintain, and provide this evidence.

C. BENEFIT RATE

The actual benefit costs reported by the District in their annual claims is an alternative to the average rate calculated by the auditors. The District addressed this issue in its incorrect reduction claim: “[t]he Controller has not indicated why it was necessary to calculate an average benefit rate when the District reported actual benefit costs in its general ledger, that is, why an average rate is better than actual benefit costs.” Mr. Silva’s letter asserts that the District did not provide documentation to support the actual benefit costs; therefore, the average rate was calculated. However, it does not explain how this average, derived from the same general ledger reports, is more accurate or supported than the actual costs. Additionally, no evidence is offered to support the assertion that the District’s Chief Accountant concurred with the calculation of an average benefit rate. The District provided actual benefit costs. Mr. Silva’s letter does not adequately explain why an average benefit rate was applied instead.

D. AUTHORIZED HEALTH SERVICES FEES

The District did not “confuse” health services fees that were authorized and those that were collected, as claimed in Mr. Silva’s letter. Further, his statement of the parameters and guidelines is out of context and misleading. The authorized health services fees are to be included in “reimbursement for this mandate received from any source” as stated in the parameters and guidelines. The District complied with Generally Accepted Accounting Principles (GAAP) and the parameters and guidelines when it properly reported, as offsetting revenue, health service fees that were received.

Although the parameters and guidelines clearly state that claimants must report revenue that is received, Mr. Silva’s letter asserts that the amount authorized is relevant due to “mandate law in general, and specific case law on point”, citing, at footnote five, *Connell v. Santa Margarita Water District*. The District cannot properly respond to “mandate law in general” because it is completely unsupported, and references no particular statute, regulation, or court decision as its basis. The reliance on *Connell* is misplaced because the Court in that case determined only that approval of the test claim in question was in violation of Government Code Section 17556(d), which prohibits approval of a test claim when there are offsetting savings sufficient to fully fund it. The Court makes absolutely no finding regarding offsetting revenue in the parameters and guidelines or the reimbursement process.

E. INDIRECT COST RATE

According to Mr. Silva's letter, the indirect costs disallowed in the audit were those amounts the District applied its federally approved indirect cost rate to that were not used to calculate the rate. Mr. Silva's letter does not supply a cost accounting rationale or legal basis for the proposition asserted. The application of an indirect cost rate is not limited to the data used in its creation. General cost accounting principles allow indirect cost rates to be formulated based on a number of bases so long as the source of the rate is representative of the distribution base.

F. STATUTE OF LIMITATIONS

Mr. Silva's letter asserts that "the audit of the fiscal year 1999-00 was proper, even under the 1996 version of Section 17558.5." However, this conclusion is based on the assumption that the audit initiation date is somehow relevant to the period of time that a claim is "subject to audit." Mr. Silva's letter provides no support for this assumption, and, as discussed more thoroughly below, it is not supported by the plain language of Government Code Section 17558.5.

The letter asserts that the applicable version of the statute of limitations was that version which was imposed by the amendment, effective January 1, 2003, to Section 17558.5. However, the court case cited in footnote six of Mr. Silva's letter is inapplicable to the time limitation placed on the audit of mandate claims because, as discussed more thoroughly below, this time limitation is not a true statute of limitations. Thus, it is not subject to the case law concerning a true statute of limitations.

Part II. State Controller's Office Analysis and Response to the Incorrect Reduction Claim by San Mateo Community College District (Spano Response)

RE: I. SCO REBUTTAL TO STATEMENT OF DISPUTE - CLARIFICATION OF REIMBURSABLE ACTIVITIES, CLAIM CRITERIA, AND DOCUMENTATION REQUIREMENTS

Mr. Spano's response (Tab 2; p. 4) asserts that the September 2002 Controller claiming instructions, by its "clarification" of applicable law and standards, determines the method to calculate indirect costs. However, this version of the claiming instructions was issued *after* all of the fiscal years that are the subject of this incorrect reduction claim. It is unclear to the District why the Controller did not include a copy of the claiming instructions that were actually in effect during at least one of the fiscal years in question in its response. But, since the claiming instructions are only guidelines and not a statement of the applicable law, they should have no effect on the determination of this incorrect reduction claim, regardless of the version cited.

RE: II. THE DISTRICT CLAIMED OVERSTATED SALARIES, BENEFITS, AND RELATED INDIRECT COSTS

The Controller asserts (Tab 2; p. 4) that the District overstated employee salaries and benefits by \$610,217 for the audit period, with related indirect costs of \$183,038.

Disallowed Employees

According to Mr. Spano's response (Tab 2; p. 5), "[t]he audit report clearly states the basis for the unallowable costs." However, if the audit report were as clear as the Controller believes it to be, there would be no need to reference emails and schedules exchanged (Tab 5) during the course of the audit to determine what comprises the \$530,342 in unallowable costs. The fact that the Controller "attempted to work with the district" concerning the adjustments further illustrates that there was an evolving understanding of the exact adjustments the Controller intended to make. As the final and binding document of the audit, the audit report must detail exactly what adjustments are being made. Simply listing a lump sum with the description of "unallowable costs" gives the District no basis to determine if the adjustments are in fact proper.

Mr. Spano's response (Tab 2; p. 5) asserts that "the district was not able to support the mandate-related portion of costs claimed for full-time faculty during any of the years audited" However, the District provided detailed information that supported the claimed salary and benefit costs for several faculty members, at least two of which were full-time. That response was sent by way of letter on August 31, 2004 at the auditor's request. The District identified a list of employees in its incorrect reduction claim for whom all salary costs were disallowed by the audit. Since Mr. Spano's response does not address this list, the District is proceeding on the assumption that it is accurate. Ernest Rodriguez and Dee Howard were both among those whose salary costs were entirely disallowed. The District's letter of August 31, 2004, clearly distinguishes between claimed costs, which related to the mandate, and those costs that were not claimed and did not relate to the mandate. Therefore, Mr. Spano's conclusion that the District failed entirely to support its claimed costs is false.

"Audited" Benefit Rate

Auditors calculated an average benefit rate, to be applied to all employees irrespective of their actual benefit rate, for each fiscal year that was the subject of the audit. Mr. Spano's response (Tab 2; p. 6) asserts that average rates were calculated because, according to the District's Chief Accountant, collecting the data necessary to determine the actual benefit rate would have "taken the district a long time" and, therefore, the Chief Accountant agreed to the calculation of an average rate.

First, this unsupported allegation should not be permitted because it does not comply with the Commission's regulations. Title 2, California Code of Regulations, Section 1185.1(b) governs the manner in which the Controller may reply to a claimant's incorrect reduction claim. According to that Section:

If the oppositions or recommendations regarding an incorrect reduction claim involve more than the discussion of statutes, regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations shall be supported by documentary evidence and shall be submitted with the response.

Citing a District employee as having said that the necessary records collection would have taken too long, implying then that the calculation of average rates was necessary, was an assertion or representation of fact. Since Mr. Spano's response was not accompanied by documentation to support such an assertion or representation, Section 1185.1(b) requires that this portion of the response be disregarded. Notwithstanding, Mr. Spano's response has yet to address why it was necessary to calculate an average benefit rate when the District reported actual benefit costs.

Second, average benefit rates are not proper in this case because they cannot be representative of the actual benefit costs. The auditors only calculated one rate for each fiscal year. That rate was then applied to all employees involved in the mandate program. Employees have different total salaries and benefits, and some benefit costs are linked to salary level while others are a flat rate. To apply an average to all employees is to disregard the difference between each employee, and reaches an inaccurate and unrepresentative total benefit cost. The Controller has offered no reason, which complies with the Commission's regulations, for calculating average benefit rates. Average benefit rates do not accurately reflect benefit costs. Therefore, the audit adjustment is unsupported and should be disregarded.

Source Documentation

The final audit report concluded that \$530,342 of the unallowable costs attributed to salaries and benefits and related indirect costs were, at least in part, a result of the District failing to provide adequate supporting documentation. The District's response to the draft audit report, dated November 15, 2004, and the incorrect reduction claim both reiterate the fact that the documentation provided to support salaries and benefits costs were in accordance with the requirements of the parameters and guidelines.

Subsection (B)(1) of Section VI. of the parameters and guidelines identify what information is required in order to claim employee salaries and benefits costs. According to that subsection, a claimant is required to:

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits.

During the audit process the District responded to requests for supplemental documentation to support hours claimed. According to Mr. Spano's response (Tab 2; p. 7), "[t]he district did not provide any additional source documentation or worksheets to refute" the audit finding that the District did not supply adequate source documentation. This conclusion is false, and ignores weeks of correspondence between auditors and the District, as evidenced by the August 31, 2004 letter from the District to the Controller, where additional documentation was produced at the auditors' request.

In support of the conclusion that the District's documentation was inadequate, Mr. Spano's response (Tab 2; p. 7) makes three specific assertions, the first being that the District did not provide documentation to "show that the costs claimed for full-time faculty accurately reflected the actual mandate-related time spent" The aforementioned letter of August 31, 2004 is evidence that this assertion is erroneous. The letter specifically addresses two full-time faculty members and provides payroll registers in support of the costs claimed. The District is unable to respond to the second and third assertions made in Mr. Spano's response because they only reference "various other employees" without specifically identifying disallowed individuals or an identifiable group of persons for whom costs were disallowed. Without specific and accurate evidence of the District failing to provide adequate source documentation, the conclusions in Mr. Spano's response are entirely unsupported and should be disregarded.

Unreasonable or Excessive

The Controller (Tab 2; p. 8) asserts:

Government Code Section 17561(d)(2) allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, *Government Code* Section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." (Emphasis in original.)

Section 12410 is found in the part of the Government Code that provides a general description of the duties of the Controller. It is not specific to the audit of mandate reimbursement claims. The only applicable audit standard for mandate reimbursement claims is found in Government Code Section 17561(d)(2). The fact that Section 17561(d)(2) specifies its own audit standard (excessive or unreasonable) implies that

the general Controller audit standard (correctness, legality, and sufficient provisions of law) does not apply here. Therefore, the Controller may only reduce a mandate reimbursement claim if it specifically finds that the amounts claimed are unreasonable or excessive under Section 17561(d)(2).

Further, the Controller has not asserted or demonstrated that, if Section 12410 was the applicable standard, the audit adjustments were made in accordance with this standard. The District's claim was correct, in that it reported the actual costs incurred. There is also no allegation in the audit report that the claim was in any way illegal. Finally, the phrase "sufficient provisions of law for payment" refers to the requirement that there be adequate appropriations prior to the disbursement of any funds. There is no indication that any funds were disbursed without sufficient appropriations. Thus, even if the standards of Section 12410 were applicable to mandate reimbursement audits, the Controller has failed to put forth any evidence that these standards are not met or even relevant. There is no indication that the Controller is actually relying on the audit standards set forth in Section 12410 for the adjustments to the District's reimbursement claims. Mr. Spano's response (Tab 2; p. 8) claims that it did indeed determine that the District's costs were excessive, as required by Section 17561(d)(2), because the claimed costs were not "proper" since they were not supported by adequate source documentation. The audit report and Mr. Spano's response simply state a conclusion that the unallowable costs are excessive, without demonstrating that they are.

RE: III. THE DISTRICT CLAIMED UNALLOWABLE OTHER OUTGOING EXPENSES

Mr. Spano's response (Tab 2, p. 8) states that "(d)uring the audit, we reviewed these expenses, which were recorded within the district's expenditure account #7310." However, the response does not state why these costs are not mandate-related, excessive, or unreasonable.

RE: III. [*sic*] THE DISTRICT OVERSTATED ITS INDIRECT COSTS

The Controller determined that \$112,243 in indirect costs were unallowable for the audit period because the District "did not apply the rate to the same base that was used in developing the rate" The indirect cost rate is a *ratio* stating the percentage of indirect costs incurred that are chargeable to a particular program. It does not apply only to the specific costs used to develop it. The Controller's response does not indicate that the federal indirect cost rate or its application to direct cost centers is unreasonable.

RE: IV. UNDERSTATED AUTHORIZED HEALTH FEE REVENUES CLAIMED

The Controller determined that revenue offsets were understated by \$70,603 for the audit period. This adjustment is due to the fact that the District offset costs based on

health fee services collected rather than the amount of fees the District was authorized to collect pursuant to Education Code Section 76355(a). Education Code Section 76355 gives the governing board the discretion to determine if any fee should be charged. The District is not required to charge a health fee, and must only claim offsetting revenue it actually experiences.

The Controller continues to rely on Government Code Section 17556(d), as amended by Statutes of 1989, Chapter 589, while neglecting its context and omitting a crucial clause. Section 17556(d) does specify that the Commission on State Mandates shall not find costs mandated by the state if the local agency has the authority to levy fees, but only if those fees are "*sufficient to pay for the mandated program.*" (Emphasis added). Section 17556 pertains specifically to the Commission's determination on a test claim, and does not concern the development of parameters and guidelines or the claiming process. The Commission has already found state-mandated costs for this program, and the Controller cannot substitute its judgment for that of the Commission through the audit process.

The two court cases Mr. Spano's response (Tab 2; p. 15) relies upon (*County of Fresno v. California* (1991) 53 Cal.3d 482 and *Connell v. Santa Margarita* (1997) 59 Cal.App.4th 382) are similarly misplaced. Both cases concern the approval of a test claim by the Commission. They do not address the issue of offsetting revenue in the reimbursement stages, only whether there is fee authority *sufficient to fully fund* the mandate that would prevent the Commission from approving the test claim.

In *County of Fresno*, the Commission had specifically found that the fee authority was sufficient to fully fund the test claim activities and denied the test claim. The court simply agreed to uphold this determination because Government Code Section 17556(d) was consistent with the California Constitution. The Commission has approved the Health Fee Elimination mandate, and therefore found that the fee authority is not sufficient to fully fund the mandate. Thus, *County of Fresno* is not applicable because it concerns the activity of approving or denying a test claim and has no bearing on the annual claim reimbursement process.

Similarly, although a test claim had been approved and parameters and guidelines were adopted, the court in *Connell* focused its determination on whether the initial approval of the test claim had been proper. It did not evaluate the parameters and guidelines or the reimbursement process because it found that the initial approval of the test claim had been in violation of Section 17556(d).

Mr. Spano's response (Tab 2; p. 15) notes that health service fees were included in the parameters and guidelines as a possible source of offsetting savings, and then concludes that fees authorized by Education Code Section 76355 *must* be deducted because "[t]o the extent districts have the authority to charge a fee, they are not

required to incur a cost.” The parameters and guidelines actually state:

Any offsetting savings that the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of [student fees] as authorized by Education Code Section 72246(a)¹.

In order for a district to “experience” these “offsetting savings” the district must actually have collected these fees. Note that the student health fees are named as a potential source of the reimbursement *received* in the previous sentence. The use of the term “any offsetting savings” further illustrates the permissive nature of the fees. Student fees actually collected must be used to offset costs, but not student fees that could have been collected and were not. Thus, the Controller’s conclusion is based on an illogical interpretation of the parameters and guidelines.

Mr. Spano’s response (Tab 2; p. 15) asserts that it is “clear” that the Commission’s intent was for claimed costs to be reduced by fees authorized, rather than fees received as stated in the parameters and guidelines. It is true that the Department of Finance proposed, as part of the amendments that were adopted on May 25, 1989, that a sentence be added to the offsetting savings section expressly stating that if no health service fee was charged, the claimant would be required to deduct the amount authorized.

However, the Commission declined to add this requirement and adopted the parameters and guidelines without this language. The fact that the Commission staff and the California Community College Chancellor’s Office agreed with Department of Finance’s interpretation does not negate the fact that the Commission adopted parameters and guidelines that *did not* include the additional language. The Commission intends the language of the parameters and guidelines to be construed as written, and only those savings that are *experienced* are to be deducted.

The District complied with the parameters and guidelines when it did not report health service fee revenue it never received. As discussed, there is no basis in law for the Controller’s finding that the District was required to reduce its claimed costs by “authorized” health service fees. Therefore, the adjustments that result from this finding should be reversed.

¹ Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

RE: V. STATUTE OF LIMITATIONS FOR AUDIT

The District asserts that the FY 1999-00 and FY 2000-01 claims were beyond the statute of limitations for audit when the Controller completed its audit on January 7, 2005, by issuing the final audit report.

Applicable Statute of Limitations

The Controller's response (Tab 2; p. 18) claims that the FY 1999-00 and FY 2000-01 reimbursement claims were subject to the amended version of Government Code Section 17558.5 that went into effect on January 1, 2003, because they were still subject to audit on that date under the previous version of this section. The District contends that the two claims were subject only to the version of Section 17558.5 in effect at the time they were filed, and any subsequent amendment had no effect on the time limitation established for audit.

"The extension of the statutory period within which an action must be brought is generally held to be valid if made before the cause of action is barred." (*Evelyn, Inc. v. California Emp. Stab. Com.* (1957) 48 Cal.2d 588, 592). According to the court in *Evelyn*, "[t]his is on the theory that the legislation affects only the remedy and not a right." This theory is inapplicable to Section 17558.5 because the time limitation it contains is not a true statute of limitations since it does not concern "the statutory period within which an action must be brought."

Section 17558.5 is governed by the general principles of statutory construction, and not those principles specific to statutes of limitations, because it is merely a condition for the payment of a reimbursement claim and does not concern a court action. "Statutes of limitations are distinguished from procedural limits governing the time in which parties must do an act because they fix the time for commencing suit." (*Life Savings Bank v. Wilhelm* (2000) 84 Cal.App.4th 174, 177). The limitation in Section 17558.5 does not limit the time in which suit may be brought, or even govern any court action. Rather, it specifies the time in which the Controller may audit a reimbursement claim.

The time limitation for audit is a condition for payment of the claim. In other words, a reimbursement claim may be paid with the condition that it is subject to audit for a particular period of time. Section 17558.5 also acts to restrict the Controller's statutory authority to audit the disbursement of all state funds.

Since Section 17558.5 is merely a restriction on a statutory right to payment of a reimbursement claim, it is governed by the well-established rule that "legislation is deemed to operate prospectively only, unless a clear contrary intent appears." (*City of Long Beach v. Department of Industrial Relations* (2004) 34 Cal.4th 942, 953). There is no indication in the 2002 amendment to Section 17558.5 that it is to operate

retroactively on claims already filed. Therefore, the amendment had only prospective effect on claims filed after its effective date of January 1, 2003.

"Subject to Audit"

As the Controller correctly points out, the phrase "subject to" in Government Code Section 17558.5 places a claimant "under the power or authority of" the Controller in respect to audits. Therefore, once the claims were no longer subject to audit - December 31, 2003 for FY 1999-00, and December 31, 2004 for FY 2000-01 - the Controller's authority to audit came to an end, along with the authority to make adjustments based on this audit. If the Controller had failed to make any adjustments by issuing a final audit report, then the time limitation is not extended simply because the audit process had begun.

A key tenet of statutory interpretation is that "statutes must be given a reasonable and common sense construction . . . that will lead to a wise policy rather than to mischief or absurdity." (*Bush v. Bright* (1968) 264 Cal.App.2d 788, 792). If the Controller's interpretation was correct (i.e., so long as an audit was begun before the time limitation ran out then it could be completed at any later time) then there would be the absurd result that the Controller could issue a final audit report years or decades later and be entitled to the adjustments it contained.

The claimant would be in a state of limbo, not knowing whether the audit had been abandoned or the Controller's Office was simply taking its time. As the process currently stands, several months pass can pass between the exit conference, issuance of the draft audit report, and issuance of the final audit report. The Controller is able to abandon an audit at any point in the process, and there is no requirement that the claimant be notified of this. Thus, there is a very real possibility for this type of uncertainty to arise if the Controller's interpretation were correct.

Among the important purposes of statutes of limitations are protecting settled expectations, giving stability to transactions, and encouraging the prompt enforcement of substantive law. (*Marin Healthcare Dist. v. Sutter Health* (2002) 103 Cal.App.4th 861, 872). The Controller's interpretation of Section 17558.5 frustrates these important purposes by creating uncertainty and giving the Controller the ability to indefinitely delay the completion of an audit.

Therefore, the reasonable interpretation is that the reimbursement claim is only subject to any adjustments that are the result of an audit if the audit is completed before the time limitation for audit has run out. In this case, that would mean that the FY 1999-00 and FY 2000-01 claims were beyond the time limitation when the Controller completed the audit by issuing the final audit report on January 7, 2005, and any resulting adjustments are void.

Part III. Certification

By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this submission is true and complete to the best of my own knowledge or information or belief, and that the attached documents are true and correct copies of documents received from or sent by the state agency which originated the document.

Executed on July 13, 2009 at Sacramento, California, by



Keith B. Petersen, President
SixTen & Associates

Attachments:

- Exhibit "A" *Daniels v. Department of Motor Vehicles* (1983) 33 Cal.3d 532
- Exhibit "B" Letter from the District to the Controller, August 31, 2004
- Exhibit "C" *Evelyn, Inc. v. California Emp. Stab. Com.* (1957) 48 Cal.2d 588
- Exhibit "D" *Life Savings Bank v. Wilhelm* (2000) 84 Cal.App.4th 174
- Exhibit "E" *City of Long Beach v. Department of Industrial Relations* (2004) 34 Cal.4th 942
- Exhibit "F" *Bush v. Bright* (1968) 264 Cal.App.2d 788
- Exhibit "G" *Marin Healthcare Dist. v. Sutter Health* (2002) 103 Cal.App.4th 861

C: Kathy Blackwood, Chief Financial Officer
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

Jim Spano, Division of Audits
State Controller's Office
300 Capitol Mall, Suite 1850
Sacramento, CA 95814

1 **DECLARATION OF SERVICE**

2
3 Re: Incorrect Reduction Claim 05-4206-I-04
4 San Mateo County Community College District
5 Health Fee Elimination
6

7 I declare:

8
9 I am employed in the office of SixTen and Associates, which is the appointed
10 representative of the above named claimant. I am 18 years of age or older and not a
11 party to the entitled matter. My business address is 3841 North Freeway Blvd, Suite
12 170, Sacramento, CA 95834.
13

14 On the date indicated below, I served the attached letter dated July 13, 2009, to Paula
15 Higashi, Executive Director, Commission on State Mandates, to:

16
17 Paula Higashi, Executive Director
18 Commission on State Mandates
19 980 Ninth Street, Suite 300
20 Sacramento, CA 95814

Jim Spano, Division of Audits
State Controller's Office
300 Capitol Mall, Suite 1850
Sacramento, CA 95814

21
22 Kathy Blackwood, Chief Financial Officer
23 San Mateo County Community College District
24 3401 CSM Drive
25 San Mateo, CA 94402
26

27 **U.S. MAIL:** I am familiar with the business
28 practice at SixTen and Associates for the
29 collection and processing of
30 correspondence for mailing with the
31 United States Postal Service. In
32 accordance with that practice,
33 correspondence placed in the internal mail
34 collection system at SixTen and
35 Associates is deposited with the United
36 States Postal Service that same day in the
37 ordinary course of business.
38

FACSIMILE TRANSMISSION: On the
date below from facsimile machine
number (858) 514-8645, I personally
transmitted to the above-named person(s)
to the facsimile number(s) shown above,
pursuant to California Rules of Court
2003-2008. A true copy of the above-
described document(s) was(were)
transmitted by facsimile transmission and
the transmission was reported as
complete and without error.

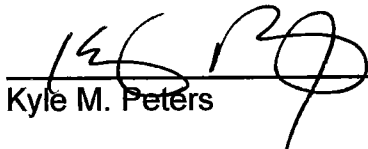
39 **OTHER SERVICE:** I caused such
40 envelope(s) to be delivered to the office of
41 the addressee(s) listed above by:

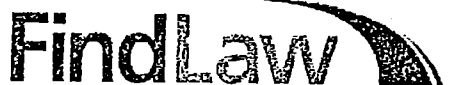
A copy of the transmission report issued
by the transmitting machine is attached to
this proof of service.

42 _____
43 (Describe)
44
45

PERSONAL SERVICE: By causing a true
copy of the above-described document(s)
to be hand delivered to the office(s) of the
addressee(s).

46 I declare under penalty of perjury under the laws of the State of California that the
47 foregoing is true and correct and that this declaration was executed on July 13, 2009, at
48 Sacramento, California.
49

50 
51 _____
Kyle M. Peters



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Do Another California Case Law Search
Cases Citing This Case

Daniels v. Department of Motor Vehicles (1983) 33 Cal.3d 532 , 189 Cal.Rptr. 512; 658 P.2d 1313

[L.A. No. 31586. Supreme Court of California. March 10, 1983.]

WILFRED ANTHONY DANIELS, Plaintiff and Appellant, v. DEPARTMENT OF MOTOR VEHICLES, Defendant and Respondent

(Opinion by Broussard, J., expressing the unanimous views of the court.) [33 Cal.3d 533]

COUNSEL

James Gaus for Plaintiff and Appellant.

George Deukmejian, Attorney General, and Thomas Scheerer, Deputy Attorney General, for Defendant and Respondent.

OPINION

ROUSSARD, J.

In this appeal we consider whether an accident report filed pursuant to Vehicle Code section 16000 fn. 1 is sufficient without additional evidence to support the suspension of a driver's license in a formal Department of Motor Vehicles (D.M.V.) hearing.

In May 1979, the D.M.V. received what is known as an SR 1 report fn. 2 completed and signed by Carlita Lynn Dorham. The report described an accident [33 Cal.3d 535] that allegedly occurred April 25, 1979, involving a vehicle owned and operated by Dorham and another vehicle owned and operated by licensee Daniels.

On October 10, 1979, the D.M.V. issued an order of suspension of Daniels' driver's license for his failure to file an accident report and proof of financial responsibility. Daniels requested a formal hearing pursuant to section 16075. At the hearing, the referee produced and received into evidence the SR 1 report. The attorney for Daniels objected to the report on the grounds that it contained hearsay and that it had not been authenticated. The objection was overruled on the theory that the report was admissible under section 14108, which provides that at formal hearings "... the department shall consider its official records and may receive sworn testimony"

Daniels was called as a witness by the referee, but on advice of counsel, refused to respond when asked whether he was involved in the accident. He asserted that testifying would tend to incriminate him in the commission of a crime.

The referee found that Daniels had been in an accident involving property damage in excess of \$350, and that he did not have insurance or other type of financial responsibility covering the accident in effect at the time that it occurred.

Following the recommendation of the referee, the D.M.V. issued its order of suspension January 28, 1980. Daniels' petition for writ of mandate was denied by the superior court. The Court of Appeal reversed.

The events underlying the companion case of *Himelspach v. Department of Motor Vehicles* (1983) post, at page 542 [189 Cal.Rptr. 518, 658 P.2d 1319], are procedurally similar except that Himelspach did not personally attend the formal hearing. However, she was represented by counsel who, coincidentally, is the same attorney who represents Daniels. The Court of Appeal affirmed the superior court's denial of a petition for writ of mandate. We granted a hearing to resolve the conflicting decisions of the Courts of Appeal.

The California Financial Responsibility Law (Veh. Code, § 16000 et seq.) requires drivers of motor vehicles to be self-insured, to have insurance, or to be otherwise financially responsible for damages caused by accidents. A driver involved in an accident causing property damage over \$500 (formerly \$350) or death or personal injury must report such accident to the D.M.V. on an approved SR 1 report form. Failure to report an accident covered by section 16000 results in a notice of intent to suspend. The notice advises the driver or owner of his or her right to a formal or an informal hearing on the matter. (See §§ 14100 et seq. and 16075.) Those sections provide the procedural parameters [33 Cal.3d 536] for the hearing. Those procedural matters not covered by the Vehicle Code are governed by the Administrative Procedure Act (Gov. Code, § 11500 et seq.; see Veh. Code, § 14112). The question in issue here is whether the procedure whereby the D.M.V. bases its order suspending a license solely on the SR 1 report is authorized by statute and complies with the dictates of due process. For the reasons that follow, we conclude that, when the licensee requests a hearing, the use of the SR 1 report as the sole basis for suspension of a license under the Financial Responsibility Law is not authorized by statute. Because we so conclude, we do not decide whether the procedure of basing suspensions solely on the SR 1 report violates due process.

[1] When an administrative agency initiates an action to suspend or revoke a license, the burden of proving the facts necessary to support the action rests with the agency making the allegation. Until the agency has met its burden of going forward with the evidence necessary to sustain a finding, the licensee has no duty to rebut the allegations or otherwise respond. *La Prade v. Dept. of Water & Power* (1945) 27 Cal.2d 47, 51 [162 P.2d 13]; *Parker v. City of Fountain Valley* (1981) 127 Cal.App.3d 99, 113 [179 Cal.Rptr. 351]; *Martin v. State Personnel Bd.* (1972) 26 Cal.App.3d 573 [103 Cal.Rptr. 306]. [2] The mere fact that the licensee has the right to subpoena witnesses (§ 14104.5) does not relieve the D.M.V. of meeting its burden of producing competent evidence supporting a suspension. Thus, in this case, the licensee had no duty to testify or otherwise rebut the allegations at the hearing until the D.M.V. made a prima facie showing by competent evidence that the licensee was involved in an accident that required the filing of an SR 1 report.

[3] It is well recognized that the private interest at stake in this case -- the right to retain a driver's license absent competent proof of a violation of the law -- is a substantial one. (*Burkhart v. Department of Motor Vehicles* (1981) 124 Cal.App.3d 99, 108 [177 Cal.Rptr. 175]; see *Dixon v. Love* (1977) 431 U.S. 105 [52 L.Ed.2d 172, 97 S.Ct. 1723].) Nevertheless, the D.M.V. contends that the societal interest in having an expeditious and inexpensive hearing outweighs the interest of the licensee. Whatever the weight given to the interest in an expeditious hearing, it is not so great as to allow the deprivation of a property interest absent a showing by substantial competent evidence of facts supporting a suspension.

On this point, the United States Supreme Court has noted that the "assurance of a desirable flexibility in administrative procedure does not go so far as to justify orders without a basis in evidence having rational probative force. Mere uncorroborated hearsay or rumor does not constitute substantial evidence." (*Edison Co. v. Labor Board* (1938) 305 U.S. 197, 230 [83 L.Ed. 126, 140, 59 S.Ct. 206].) This court has also taken the position that "[t]here must be substantial evidence to support such a board's ruling, and hearsay, unless [33 Cal.3d 537] specially permitted by statute, is not competent evidence to that end. [Citations.]" (*Walker v. City of San Gabriel* (1942) 20 Cal.2d 879, 881 [129 P.2d 349, 142 A.L.R. 1383].) Thus, the suspension in this case is invalid unless it can be said that the evidence produced at the hearing was legally sufficient to support the findings.

[4] In this regard, two theories are advanced by the D.M.V. to support the use of the SR 1 report as the sole basis for findings justifying a suspension. First, it is argued that the evidence falls within a statutory exception to the hearsay rule. Second, even if the report is hearsay that would be inadmissible over objection in a civil action, it is specially permitted by statute in suspension hearings.

"Hearsay evidence" is evidence of a statement that was made other than by a witness while testifying at the hearing and that is offered to prove the truth of the matter stated." (Evid. Code, § 1200, subd. (a).) Unless otherwise provided by law, hearsay evidence is inadmissible. (Evid. Code, § 1200, subd. (b).) There is no dispute that the SR 1 report constitutes hearsay and that it would be inadmissible in a civil action unless it meets the requirements of a recognized exception to the hearsay rule. The D.M.V. asserts that the report falls within the business record exception provided by Evidence Code section 1271. That statute makes admissible evidence of a writing made as a record of an event when (a) the writing was made in the regular course of business; (b) the writing was made at or near the time of the act, condition or event, (c) the custodian or other qualified witness testifies to its identity and the mode of its preparation, and (d) the source of information and method and time of preparation were such as to indicate its trustworthiness.

Two of the four requirements of Evidence Code section 1271 are met in this case. The report was made shortly after the accident, and the fact that the report is made under penalty of perjury and pursuant to a legal duty tends to indicate its trustworthiness. However, the D.M.V. as custodian, upon receipt of the form, is in no position to testify to its identity and the mode of its preparation. Most significant, though, is the fact that the report is not made in the regular course of business.

The D.M.V. argues that the report is made in the regular course of business because it is required by law (§ 16000) and "it is the regular course of business for the Department of Motor Vehicles to receive such reports." This argument, however, misconstrues the nature of the first requirement of the business records exception. Although it may be the regular course of business for the D.M.V. to receive the report, it undoubtedly is not in the regular course of business for the citizen author to make to make such a report. And, it is this aspect of the report that bears on the trustworthiness factor contemplated by this [33 Cal.3d 538] exception to the hearsay rule. Thus, we conclude that the SR 1 report does not meet the requirements of the business record exception to the hearsay rule.

The D.M.V. argues, however, that even if the report is hearsay that would be inadmissible in a civil proceeding, the SR 1 is an official record of the D.M.V. and that its admission in the suspension hearing is specially provided by statute.

The D.M.V. contends that the specific authority for use of the SR 1 report in a suspension hearing is found in the sections of the Vehicle Code dealing with the procedure to be followed in formal and informal hearings. In particular, the D.M.V. contends that the matter of admission of the SR 1 report is "covered" by section 14108, which provides in pertinent part that at formal hearings "... the department shall consider its official records and may receive sworn testimony" Section 14112, provides that "[a]ll matters in a formal hearing not covered by this chapter shall be governed, as far as applicable, by the provisions of the Government Code relating to administrative hearings"

If the matter is not "covered" by the Vehicle Code, the D.M.V. appears to concede that the issue is governed by Government Code section 11513, which provides in relevant part that "[h]earsay evidence may be used for the purpose of supplementing or explaining other evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions."

The question thus becomes whether the language "shall consider its official records" is a clear legislative authorization to allow use of the report as the sole basis to support a license suspension. We conclude that section 14108, while allowing consideration of the official records of the D.M.V., does not provide authority for allowing the SR 1 to form the sole basis for a license suspension. fn. 3

The legislative mandate of Government Code section 11513 against sole reliance on hearsay evidence is emphatic; the language of section 14108 fails to express a clear legislative intent to supersede section 11513. fn. 4 Unlike statutes [33 Cal.3d 539] that clearly authorize exceptions to the hearsay rule, fn. 5 section 14108 does not reflect any factors providing the necessary competency, reliability, and trustworthiness that would transform the SR 1 report into legally sufficient evidence. That the report is made an "official record" of the D.M.V. does not suffice to create a greater degree of competency, reliability or trustworthiness in the preparation of the report. Particularly in this case, the form, as filed, lacks the requisite assurance of reliability that must be demanded before it will support a finding. In this case, for example, there is no claim of bodily injury. The section of the form providing for a "Cost Estimate by a Garageman" is incomplete. The estimate by the author is of \$400 damage, but there is no mention of any expert opinion or other basis for concluding that there was in fact that amount of damage. The amount of property damage is crucial because no duty arises to prepare the report or otherwise rebut the claim of facts authorizing suspension unless, in the absence of bodily injury, the amount of damages exceeds the statutory trigger point.

The D.M.V. contends that the rationale of *Burkhart v. Department of Motor Vehicles*, supra, 124 Cal.App.3d 99, supports reliance solely on the SR 1 report. In *Burkhart* the court held that the police officer's written statement admitted in a license suspension hearing under the implied consent law (§ 13353) [33 Cal.3d 540] was sufficient in itself to support a finding of failure to complete a chemical test, and that the procedure did not violate due process. *Burkhart* was arrested for driving under the influence of alcohol. (§ 23102, subd. (a).) On the same date the arresting officer executed a sworn statement under section 13353 to the effect that *Burkhart* had refused to take any chemical test as required by that section. Upon notice of intent to suspend his license, *Burkhart* requested a hearing pursuant to section 14107. The hearing was postponed twice because of the failure of the arresting officer to appear, and finally an informal hearing was held without the presence of the officer. At the hearing, the referee introduced the officer's sworn statement over objection of *Burkhart's* counsel. *Burkhart* and his wife contested several portions of the officer's statement; nevertheless, the referee found against *Burkhart*. The superior court held that the officer's statement was not sufficient prima facie evidence of any matter as to which there is conflicting evidence. In holding to the contrary, the Court of Appeal recognized that due process required a balancing test of the various interests involved, but concluded that the presence of the officer would not substantially enhance the reliability

of the hearing process, and the governmental interest and fiscal and administrative burdens involved outweighed requiring the state to produce the officer at the hearing.

In reaching that conclusion, Burkhart relied on Fankhauser v. Orr (1968) 268 Cal.App.2d 418 [74 Cal.Rptr. 61]. The Fankhauser court held that the report of the officer in an implied consent hearing was hearsay but that it was made admissible by section 14108. However, Fankhauser was a case where the licensee testified at the hearing, and his testimony supported the officer's written statement regarding probable cause to stop him and did not controvert the other averments of the officer's sworn statement. (268 Cal.App.2d at p. 423.) In addition, Burkhart specifically recognized but refused to follow contrary authority that declined to elevate the officer's written statement to the status of prima facie evidence if objected to or in conflict with other evidence. (See August v. Department of Motor Vehicles (1968) 264 Cal.App.2d 52 [70 Cal.Rptr. 172]; Fallis v. Department of Motor Vehicles (1968) 264 Cal.App.2d 373 [70 Cal.Rptr. 595].)

The court in August found that there was no dispute as to the existence of the facts upon which the D.M.V. suspended August's license under section 13353, and that August had failed to object to the introduction of the officer's report or request cross-examination of the officer at the informal hearing. Nevertheless, the court suggested that due process required providing the right to cross-examination when the licensee requests a hearing and contests the evidence presented by the agency. (264 Cal.App.2d at p. 60.) A stronger case for the right to cross-examine exists where, as here, the suspension is based on the uncorroborated report of a citizen who by chance happens to be involved in an accident. [33 Cal.3d 541]

Assuming, arguendo, the viability of the conclusion of Burkhart in the implied consent context, that case does not necessarily dispose of the question in this case. The result in Burkhart could be justified under the theory that the report filed by an officer under section 13353 would qualify under Evidence Code section 1271 as a business record or under Evidence Code section 1280 as an official record. Unlike the driver involved in an automobile accident, the statement under section 13353 is made by the officer in the regular course of his or her "business." In addition, the officer's report is a writing "made by and within the scope of duty of a public employee," and meets the other criteria of Evidence Code section 1280, and would thus qualify under that statutory exception to the hearsay rule as well. Whether these distinctions justify sole reliance on the officer's report in an implied consent hearing we need not now decide.

The SR 1 report filed in this case does not in itself reflect the competency, reliability, and trustworthiness necessary to permit use of the report as the sole basis for a finding supporting a license suspension. In view of the importance of the right affected and the lack of legislative authorization allowing sole reliance on the SR 1 report, we hold that, when the licensee requests a hearing, the SR 1 report is in itself insufficient to establish a prima facie showing of the facts supporting the suspension of a driver's license.

The judgment of the trial court is reversed and the cause is remanded to the trial court with directions to grant Daniels' petition and issue a peremptory writ commanding the D.M.V. to set aside its order of suspension and proceed in accordance with the views expressed herein.

Bird, C. J., Mosk, J., Richardson, J., Kaus, J., Reynoso, J., and Dalsimer, J., concurred.

FN 1. All statutory references are to the Vehicle Code unless otherwise noted. At the time of the accident, section 16000 provided: "The driver of a motor vehicle which is in any manner involved in an accident originating from the operation of a motor vehicle on any street or highway which accident has resulted in damage to the property of any one person in excess of three hundred fifty dollars (\$350) or in bodily injury or in the death of any person shall within 15 days after the accident, report the accident on a form approved by the department to the office of the department of Sacramento, subject to the provisions of this chapter. A report shall not be required in the event that the motor vehicle involved in the accident was owned or leased by or under the direction of the United States, this state, or any political subdivision of this state or municipality thereof." Since the accident, the minimum monetary amount has been increased to \$500.

FN 2. The report required to be filed by section 16000 is designated by the D.M.V. as an SR 1 report, and for convenience shall be referred to as such in this opinion.

FN 3. The mere admissibility of evidence does not necessarily confer the status of "sufficiency" to support a finding absent other competent evidence. "Admissibility is not the equivalent of evaluation; the former makes certain concessions in the interest of full and complete discovery while the latter, in the interest of fairness, withholds legal sanction to evidence found not to be trustworthy. Unlike the common practice in judicial proceedings, the fact that evidence may be admissible does not herefore guarantee the sufficiency of such evidence to sustain a finding." (Collins, Hearsay and the Administrative Process: A Review and Reconsideration of the State of the Law of Certain Evidentiary Procedures Applicable in California Administrative Proceedings (1976) 8 Sw.U.L.Rev. 577, 591 (hereafter cited as Hearsay and the Administrative Process).)

FN 4. Other statutory schemes authorizing admission of hearsay evidence in administrative hearings do so unequivocally. For example, the statutes governing procedure in a workers' compensation hearing quite specifically authorize the admission and sufficiency of certain evidence. Labor Code section 5703 provides: "The appeals board may receive evidence either at or subsequent to a hearing, and use as proof of any fact in dispute, the following matters, in addition to sworn testimony presented in open hearing:

"(a) Reports of attending or examining physicians.

"(b) Reports of special investigators appointed by the appeals board or a referee to investigate and report upon any scientific or medical question.

"(c) Reports of employers, containing copies of timesheets, book accounts, reports, and other records properly authenticated.

"(d) Properly authenticated copies of hospital records of the case of the injured employee.

"(e) All publications of the Division of Industrial Accidents.

"(f) All official publications of state and United States governments.

"(g) Excerpts from expert testimony received by the appeals board upon similar issues of scientific fact in other cases and the prior decisions of the appeals board upon such issues." (*Italics added.*)

Labor Code section 5708 provides: "All hearings and investigations before the appeals board or a referee are governed by this division and by the rules of practice and procedures adopted by the appeals board. In the conduct thereof they shall not be bound by the common law or statutory rules of evidence and procedure, but may make inquiry in the manner, through oral testimony and records, which is best calculated to ascertain the substantial rights of the parties and carry out justly the spirit and provisions of this division. All oral testimony, objections, and rulings shall be taken down in shorthand by a competent phonographic reporter." (*Italics added.*)

Labor Code section 5709 provides: "No informality in any proceeding or in the manner of taking testimony shall invalidate any order, decision, award, or rule made and filed as specified in this division. No order, decision, award, or rule shall be invalidated because of the admission into the record, and use as proof of any fact in dispute, of any evidence not admissible under the common law or statutory rules of evidence and procedure." (*Italics added.*) Even in this context, however, the "use" of hearsay evidence does not necessarily sanction sole reliance on uncorroborated hearsay. (See *Hearsay and the Administrative Process*, *supra*, fn. 132 at p. 603.)

FN 5. See, for example, Evidence Code section 1271 (business records); Evidence Code section 1280 (official records); Evidence Code section 1220 (admissions of a party); Evidence Code section 1240 (spontaneous statements).

[Return to Top](#)

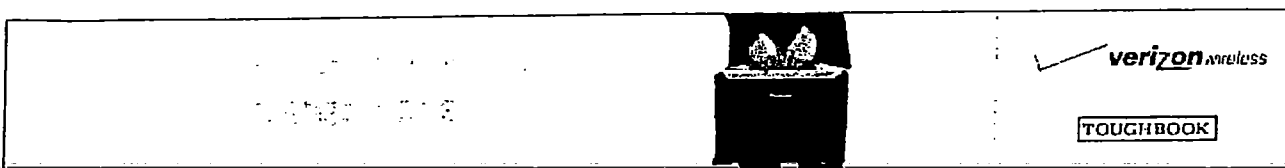
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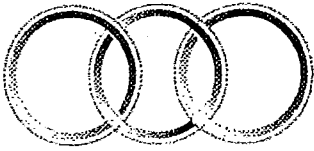
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Cañada College, Redwood City
 College of San Mateo, San Mateo
 Skyline College, San Bruno

**SAN MATEO COUNTY
 COMMUNITY COLLEGE DISTRICT**

Associate Chancellor

August 31, 2004

Jim Venneman, CPA
 Audit Manager
 Division of Audits
 State Controller's Office
 P.O. Box 942850
 300 Capitol Mall, Ste. 518
 Sacramento, CA 95814

Re: San Mateo Community College District, Health Fees Mandated Cost Audit

Dear Mr. Venneman:

Below is an explanation for the distribution and claiming of salaries & benefits for Gloria D'Ambra, Dee Howard, Ernest Rodriguez and Donna Elliott. I have also attached copies of some of the payroll and personnel data. You should already have the attachments, but I have circled the pertinent items. Please let me know if you have any further questions.

Both Dee Howard and Ernest Rodriguez are full-time faculty assigned to Health Services. Their regular pay was claimed as part of the mandated cost claim. In addition to their regular assignments, both of these faculty worked during the summer and/or during the school year in overload assignments. These assignments can be readily seen on the payroll registers provided by looking at the account code structure of the payments charged:

Dee Howard September 2001

				Claimed	Not Claimed
10004	4340	1251	643000	\$4318.47	
General Fund	CSM	Counselor Salary-Reg	Health Services		
10004	4340	1451	631000		\$997.18
General Fund	CSM	Counselor Salary-Overload	Counseling Services		
31002	4340	1451	646000		655.68
DSPS	CSM	Counselor Salary-Overload	Handicapped Student Services		
10004	4340	1451	631000		382.48
General Fund	CSM	Counselor Salary-Overload	Counseling Services		
		Total September 2001 pay		\$4318.47	\$2035.34


If you look at the payroll registers for all three years, the reason that varying percentages of pay was charged to the claim becomes apparent. For Ernest Rodriguez, in March, 2002, he took on a teaching assignment which is reflected in the account code 10003-3413-1110-201000 (General Fund-Cañada-Teaching Faculty-Psychology). This was not charged to the claim.

A similar analysis of Gloria D'Ambra shows that for 1999-2000, she had some overtime pay that was charged to 31031-4339-2341-649001 (CalWORKS-CSM-Classified Overtime-Student Personnel Services Programs & Services). That pay was not charged to the claim.

For Donna Elliott, the coding to program 543000 instead of 643000 appears to be the result of a poor quality typewriter ribbon. The attached assignment clearly shows health services fee, but, as you can see, the quality of the ribbon was poor and the program code appears to be 543000. This error was corrected on the personnel action form dated January 10, 2001. All of Donna Elliott's salary should have been charged to 643000 and should have been claimed on the mandated cost claim.

I hope this helps.

Sincerely,



Kathy Blackwood
Chief Financial Officer
San Mateo Community College District

Cc: Jim Keller
Greg Wedner

CONTRACT: ACTUAL: HIRE: PCT: BASE RET CD: XXX FED: S14 STATE: S13 0 ADD'L-FED: 0.00 ST: 0.00
 R C R F S U W ANNIV: RET START: RET WITHDRAW: ADDL RET: 0.00 UNION:
 TYP C C A M D N PLN H ACCOUNT CODE COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE W-COMP RETRO
 WH E 01/19916 1 2237.17 2237.17 2237.17 2237.17

PRC PRTPY DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET PAY WITHHOLD CHECK #
 CRT 4 07-31-01 0.00 0.00 0.00 0.00 0.00 0.00 0.00 5.00 2,232.17 2,237.17- D98145
 CONTRACT: ACTUAL: HIRE: PCT: BASE RET CD: XXX FED: S14 STATE: S13 0 ADD'L-FED: 0.00 ST: 0.00
 R C R F S U W ANNIV: RET START: RET WITHDRAW: ADDL RET: 0.00 UNION:
 TYP C C A M D N PLN H ACCOUNT CODE COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE W-COMP RETRO
 WH E 01/19916 1 2237.16 2237.16 2237.16 2237.16

PRC PRTPY DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET PAY WITHHOLD CHECK #
 CRT 4 08-31-01 0.00 0.00 0.00 0.00 0.00 0.00 0.00 5.00 2,232.16 2,237.16- D13729
 CONTRACT: ACTUAL: HIRE: PCT: BASE RET CD: XXX FED: S14 STATE: S13 0 ADD'L-FED: 422.00 ST: 117.00
 R C R F S U W ANNIV: RET START: RET WITHDRAW: ADDL RET: 0.00 UNION: AF2
 TYP C C A M D N PLN H ACCOUNT CODE COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE W-COMP RETRO
 REG 1 3 N 2 N Y 114 E 01/10004/4340/1251/643000 3 6477.700 4318.47 -claimed 4318.47 345.48
 VAR 1 3 N 2 N Y 149 A 01/10004/4340/1451/631000 4 54.640 997.18 18.25 79.78
 VAR 1 3 N 2 N Y 149 A 03/31002/4340/1451/646000 4 54.640 655.68 12.00 52.45
 SUPER X N 2 N Y 149 A 01/10004/4340/1451/631000 4 54.640 382.48 7.00

PRC PRTPY DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET PAY WITHHOLD CHECK #
 CRT 1 09-28-01 6,353.81 2,070.00 422.00 249.00 89.23 0.00 477.71 268.21 2,560.28 217.38 D22130
 CONTRACT: ACTUAL: HIRE: PCT: BASE RET CD: XXX FED: S14 STATE: S13 0 ADD'L-FED: 422.00 ST: 117.00
 R C R F S U W ANNIV: RET START: RET WITHDRAW: ADDL RET: 0.00 UNION: AF2
 TYP C C A M D N PLN H ACCOUNT CODE COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE W-COMP RETRO
 REG 1 3 N 2 N Y 114 E 01/10004/4340/1251/643000 3 6477.700 4318.47 4318.47 345.48

PRC PRTPY DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET PAY WITHHOLD CHECK #
 CRT 1 10-31-01 4,318.47 2,070.00 422.00 117.00 59.72 0.00 345.48 260.24 826.65 217.38 D28792
 CONTRACT: ACTUAL: HIRE: PCT: BASE RET CD: XXX FED: S14 STATE: S13 0 ADD'L-FED: 422.00 ST: 117.00
 R C R F S U W ANNIV: RET START: RET WITHDRAW: ADDL RET: 0.00 UNION: AF2
 TYP C C A M D N PLN H ACCOUNT CODE COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE W-COMP RETRO
 REG 1 3 N 2 N Y 114 E 01/10004/4340/1251/643000 3 6477.700 4318.47 4318.47 345.48

} Overload assignments } not claimed

652

RODRIGUEZ, ERNEST
 SSN: XXX-XX-6787
 CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW:
 R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

FOR THE PERIOD: 07-30-01 THRU 06-30-02
 ADD'L-FED: 0.00 ST: 0.00
 ADDL RET: 0.00 UNION: AF1
 UNITS RETIRE W-COMP RETRO
 602.69 0.00 0.00

PRC PRTP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE TOT GRS ADJUST TOT GRS
 CRT 1 02-28-02 7,533.60 0.00 863.99 371.68 0.00 0.00 0.00 602.69 1,714.50 3,980.74 0.00 996967
 CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW:
 R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100 *teaching assignment*
 REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

VOL DEBS NET PAY WITHHOLD CHECK #
 1,714.50 3,980.74 0.00 996967
 ADD'L-FED: 0.00 ST: 0.00
 ADDL RET: 0.00 UNION: AF1
 UNITS RETIRE W-COMP RETRO
 602.69 361.61 241.08

PRC PRTP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE TOT GRS ADJUST TOT GRS
 CRT 1 03-28-02 7,533.60 0.00 863.99 371.68 0.00 0.00 0.00 602.69 1,714.50 3,980.74 0.00 109332
 CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW:
 R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100
 REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

VOL DEBS NET PAY WITHHOLD CHECK #
 1,714.50 3,980.74 0.00 109332
 ADD'L-FED: 0.00 ST: 0.00
 ADDL RET: 0.00 UNION: AF1
 UNITS RETIRE W-COMP RETRO
 602.69 361.61 241.08

PRC PRTP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE TOT GRS ADJUST TOT GRS
 CRT 1 04-30-02 7,533.60 0.00 863.99 371.68 0.00 0.00 0.00 602.69 1,714.50 3,980.74 0.00 121123
 CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW:
 R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100
 REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

VOL DEBS NET PAY WITHHOLD CHECK #
 1,714.50 3,980.74 0.00 121123
 ADD'L-FED: 0.00 ST: 0.00
 ADDL RET: 0.00 UNION: AF1
 UNITS RETIRE W-COMP RETRO
 602.69 361.61 241.08

PRC PRTP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE TOT GRS ADJUST TOT GRS
 CRT 1 05-31-02 7,533.60 0.00 863.99 371.68 0.00 0.00 0.00 602.69 1,714.50 3,980.74 0.00 134621
 CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW:
 R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100
 REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

VOL DEBS NET PAY WITHHOLD CHECK #
 1,714.50 3,980.74 0.00 134621
 ADD'L-FED: 0.00 ST: 0.00
 ADDL RET: 0.00 UNION: AF1
 UNITS RETIRE W-COMP RETRO
 602.69 361.61 241.08

REPO

FORM

EMPLOYEE EARNINGS

FOR THE PERIOD:

SAN MATEO CO COMMUNITY COLLEGE DISTRICT

D'AMBRA, GLORIA M SSN: XXX-XX-0713

ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RET WITHDRAW: ADDL RET:

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000

COMP 1 PAY RATE 2702.33 GROSS 2702.33 ADJUST *Claimed* 0.00 TOT GRS 2702.33 UNITS 179.83
FICA MEDICARE 39.18 RETIRE 179.83 VOL DEDS 0.00 NET P 1,997.
PCT: 0.00
FED TAX 279.82 STATE TAX 38.60
TSA/DFC 0.00
GROSS 2,702.33
DATE SEQ 08-31-99
ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RET WITHDRAW: ADDL RET:

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000

COMP 1 PAY RATE 2702.33 GROSS 2702.33 ADJUST *Claimed* 0.00 TOT GRS 2702.33 UNITS 179.83
FICA MEDICARE 39.18 RETIRE 179.83 VOL DEDS 30.50 NET P 1,966.
PCT: 0.00
FED TAX 279.82 STATE TAX 38.60
TSA/DFC 0.00
GROSS 2,702.33
DATE SEQ 09-30-99
ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RET WITHDRAW: ADDL RET:

654

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000

COMP 1 PAY RATE 2702.33 GROSS 2702.33 ADJUST *Claimed* 0.00 TOT GRS 2702.33 UNITS 179.83
FICA MEDICARE 39.18 RETIRE 179.83 VOL DEDS 30.50 NET P 2,131.
PCT: 0.00
FED TAX 313.49 STATE TAX 47.57
TSA/DFC 0.00
GROSS 2,926.88
DATE SEQ 10-29-99
ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RET WITHDRAW: ADDL RET:

Overtime, differed 4 grant

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000

COMP 1 PAY RATE 2702.33 GROSS 2702.33 ADJUST 0.00 TOT GRS 2702.33 UNITS 179.83
FICA MEDICARE 42.44 RETIRE 179.83 VOL DEDS 30.50 NET P 2,131.
PCT: 0.00
FED TAX 313.49 STATE TAX 47.57
TSA/DFC 0.00
GROSS 2,926.88
DATE SEQ 10-29-99
ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RET WITHDRAW: ADDL RET:

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000

COMP 4 PAY RATE 24.950 GROSS 199.60 ADJUST *not claimed* 0.00 TOT GRS 199.60 UNITS 8.00
FICA MEDICARE 42.08 RETIRE 179.83 VOL DEDS 30.50 NET P 2,113.
PCT: 0.00
FED TAX 309.75 STATE TAX 46.57
TSA/DFC 0.00
GROSS 2,901.93
DATE SEQ 11-30-99
ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RET WITHDRAW: ADDL RET:

SSN: XXX-XX-0713

EMPLOYEE EARNINGS

DATE:

REPO:

FOR THE PERIOD:

CONTRACT: ACTUAL:

DAYS: HIRE: 07-01-83 ANNIV: PCT:

BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED RET START: 01-08-89 RET WITHDRAW: ADDL RET:

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000

COMP 1 PAY RATE 2783.50 GROSS 2783.50 ADJUST TOT GRS 2783.50 UNITS RETIRE 185.52

OT X X N 1 N Y 319 B 03/31031/4339/2341/649001

4 25.700 205.60 not claimed 205.60 8.00

PRC PRTYP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 12-17-99 2,989.10 0.00 322.83 50.06 185.32 43.34 0.00 185.52 30.50 2,171.

CONTRACT: ACTUAL:

DAYS: HIRE: 07-01-83 ANNIV: PCT:

BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED RET START: 01-08-89 RET WITHDRAW: ADDL RET:

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000

COMP 1 PAY RATE 2783.50 GROSS 2783.50 ADJUST TOT GRS 2783.50 UNITS RETIRE 185.52

RET 1 1 N 1 N Y 313 B 03/39030/4339/2130/643000

1 2783.500 324.28 } not claimed 324.28 22.70

RET X X N 1 N Y 319 B 03/31031/4339/2341/649001

4 25.700 12.72 12.72

651

PRC PRTYP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 01-31-00 3,120.50 0.00 341.86 53.45 193.47 45.25 0.00 208.22 30.50 2,247.

CONTRACT: ACTUAL:

DAYS: HIRE: 07-01-83 ANNIV: PCT:

BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED RET START: 01-08-89 RET WITHDRAW: ADDL RET:

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000

COMP 1 PAY RATE 2783.50 GROSS 2783.50 ADJUST TOT GRS 2783.50 UNITS RETIRE 185.52

PRC PRTYP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 02-29-00 2,783.50 0.00 291.31 39.97 172.58 40.36 0.00 185.52 30.50 2,023.

CLASSIFIED PERSONNEL ACTION FORM

PART I: This Section to be completed for all Personnel Actions:

X SKYLINE ___ CSM ___ CAÑADA ___ CHANC OFC

Today's Date: 3-5-2000

564-58-5062
Social Security Number

Elliott, Donna
Last Name, First Name, MI

Office Assistant II

2333

Admissions & Records

Position/Suffix

Position Title

Organization #

Organization Title

PART II: Check below and complete the appropriate information pertaining to:

X NEW EMPLOYMENT ___ REASSIGNMENT ___ RE-EMPLOYMENT ___ TRANSFER ___ LABOR DISTRIBUTION
___ OTHER CHANGE (Reason:)

Classified
Salary Schedule

18
Range

1
Step

48
Percent of Full-Time

March 23, 2000
Effective Date

Shiela Claxton

Name of Previous Incumbent (if applicable)

List Months NOT Worked if less than 12 months/year

	Start Time	Lunch/Dinner	End Time	Total Hours	(List Working Hours if other than Monday thru Friday, 8:00 a.m. to 4:30 p.m.)
Monday	9:00	to	1:00	4.0	
Tuesday	9:00	to	1:00	4.0	
Wednesday	9:00	to	1:00	4.0	
Thursday	9:00	to	1:00	4.0	
Friday	10:00	to	12:00	2.00	
Saturday		to			
Sunday		to			

Fund	Orgn	Acct	Prog	Pct	Grant/Funding Source (if applicable)	Grant Expir Date
39030	2333	2130	543000	100	Health Services Fee	N/A

TOTAL Must Total 100%

PART III: Check below and complete the appropriate information pertaining to:

___ RESIGNATION ___ RETIREMENT ___ TERMINATION - DISMISSAL ___ TERMINATION - LAYOFF

Last Working Day: Last Paid Day:

PART IV: Check below and complete the appropriate information pertaining to Leaves (over 30 days requires Board approval):

___ LONG-TERM ILLNESS (Work-Related? ___) ___ PREGNANCY DISABILITY ___ PERSONAL BUSINESS

DETAIL - Replaced Name: Position # / Title:
Absence Due To: #Days on Detail Assignment:
Detail Dates:
___ OTHER (Explain:)

PART V:

Name (print)

Signature

Date

Immediate Supervisor

Dennis Arreola

[Signature]

3-8-2000

Org. Administrator

Rosemary Ybarra Garcia

[Signature]

3-8-00

Vice-President

Eloisa Briones

[Signature]

3-8-00

Operations Office

Dr. Frances White

[Signature]

3-18-00

Chief Executive Officer

Forward the original of this form to the Chancellor's Office of Personnel Services. Please call Personnel Services at extension 8555 for information concerning deadline dates for Board Reports, Payroll processing, and other required follow-up procedures.

CLASSIFIED PERSONNEL ACTION FORM

PART I: This Section to be completed for all Personnel Actions:

X SKYLINE CSM CAÑADA CHANC OFC

Today's Date: January 10, 2001

564-58-5062

Elliott, Donna

Social Security Number

Last Name, First Name, MI

20 0182 00

Position/Suffix

Office Assistant II

2333 Organization #

Admissions & Records Organization Title

PART II: Check below and complete the appropriate information pertaining to:

NEW EMPLOYMENT REASSIGNMENT X RE-EMPLOYMENT TRANSFER LABOR DISTRIBUTION OTHER CHANGE (Reason):

Classified Salary Schedule

18 Range

2 Step

100% Percent of Full-Time

January 25, 2001 Effective Date

None

Name of Previous Incumbent (if applicable):

List Months NOT Worked if less than 12 months/year

Table with columns: Day, Start Time, Lunch/Dinner, End Time, Total Hours. Rows for Monday through Sunday.

(List Working Hours if other than Monday thru Friday, 8:00 a.m. to 4:30 p.m.)

Table with columns: Fund, Organ, Acct, Prog, Pot, Grant/Funding Source, Grant Expir Date. Includes values like 59030, 2333, 2130, 54300, 100, Health Services Fee, N/A.

PART III: Check below and complete the appropriate information pertaining to:

RESIGNATION RETIREMENT TERMINATION - DISMISSAL TERMINATION - LAYOFF

Last Working Day: Last Paid Day:

PART IV: Check below and complete the appropriate information pertaining to Leaves (over 30 days requires Board approval):

LONG-TERM ILLNESS (Work-Related?) PREGNANCY DISABILITY PERSONAL BUSINESS

DETAIL - Replaced Name: Position # / Title: Absence Due To: #Days on Detail Assignment: Detail Dates: OTHER (Explain):

PART V:

Table with columns: Name (print), Signature, Date. Rows for Immediate Supervisor (Dennis Arreola), Org. Administrator, Vice-President (Rosemary Ybarra Garcia), Operations Office (Eloisa Briones), Chief Executive Officer (Dr. Frances White).

Forward the original of this form to the Chancellor's Office of Personnel Services. Please call Personnel Services at extension 6555 for information concerning deadline dates for Board Reports, Payroll processing, and other required follow-up procedures.

Handwritten initials and date 3/7/01

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Evelyn, Inc., v. California Emp. Stab. Com. , 48 Cal.2d 588

[Sac. No. 6673. In Bank. May 24, 1957.]

EVELYN, INCORPORATED (a Corporation) et al., Appellants, v. CALIFORNIA EMPLOYMENT STABILIZATION COMMISSION et al., Respondents.

COUNSEL

Homer E. Geis and Robert A. Waring for Appellants.

Edmund G. Brown, Attorney General, Irving H. Perluss, Assistant Attorney General, and William L. Shaw, Deputy Attorney General, for Respondents.

OPINION

SHENK, J.

This is an appeal by the plaintiffs from a judgment for the defendants in an action to recover unemployment insurance taxes paid under protest.

The plaintiff corporation, Evelyn, Incorporated, was organized in 1939 and the plaintiffs Evelyn Morris and Ernest Goveia became the sole stockholders. Thereafter, and during [48 Cal.2d 590] the years involved, 1942 through 1945, they conducted a dry cleaning business. They were elected as officers of the corporation and operated and managed the business by mutual consent, but the usual corporate meetings were not held, nor were the usual corporate records maintained. However, the corporate franchise tax and both state and federal corporate income taxes were paid each year. No salaries or dividends were officially declared, but the stockholders withdrew profits on an agreed basis and advanced personal funds when necessary to maintain the business. Both business and personal bills were paid from the business income. A payroll account was kept but the names of neither Ernest Goveia nor Evelyn Morris appeared thereon. However, in filing federal income withholdings and social security returns, the corporation made payments in behalf of Mr. Goveia and Mrs. Morris as if they were employees.

Prior to 1946 the corporation made no state unemployment insurance tax returns, but beginning that year returns were made in which Mr. Goveia and Mrs. Morris were named as employees. In 1950 a deficiency assessment was imposed by the defendant California Employment Stabilization Commission for unemployment insurance contributions for the years 1942 through 1945. During the entire period involved an employer must have had a minimum of four employees in order to be subject to the provisions of the Unemployment Insurance Law. (Unemployment Insurance Act, § 9, as amended Stats. 1937, ch. 740, § 1, p. 2055; Stats. 1945, ch. 545, § 1, p. 1082, ch. 942, § 1, p. 1776.) Unless Mr. Goveia and Mrs. Morris are to be considered as employees during that period the corporation did not have four employees and the assessment was improperly levied.

[1] The trial court found that "each of Goveia and Morris received compensation from the corporation for their services; that such compensation received by Goveia and Morris from the corporation is wages. ..." This finding is supported by substantial evidence and the court properly concluded that the compensation received constituted "wages with reference to the provisions of the Unemployment Insurance Act and subject to tax or contribution under the said Act." To hold now as a matter of law that Mr. Goveia and Mrs. Morris were not employees would be to disregard the corporate entity to suit the convenience and purpose of the stockholders. [2] Certainly they should not be permitted to assert the employer-employee

relationship in seeking benefits conferred by law, including coverage under the federal social security program [48 Cal.2d 591] and at the same time to deny the existence of such a relationship in order to avoid obligations imposed by other laws. (See *Higgins v. Smith*, 308 U.S. 473, 477 [60 S.Ct. 355, 84 L.Ed. 406]; *California Emp. Com. v. Butte County etc. Assn.*, 25 Cal.2d 624, 636- 637 [154 P.2d 892].)

The plaintiffs next contend that the assessment or at least a portion thereof was barred by the statute of limitations. As stated, the tax was assessed in 1950 for taxes due for the years 1942 through 1945. The law in effect prior to September 15, 1945, provided for an assessment against employer units which had failed to make the required returns, but limited such assessments as follows: "... provided, that in the absence of an intent to evade the provisions of this act such assessment must be made and notification given to the employer as hereinafter provided within three years from the date on which the contribution liability included in the assessment became due." (Gen. Laws, Act 8780d, § 45.5; Stats., 1943, p. 3054.) In 1945 section 45.5 was amended, effective September 15, 1945, to provide in subparagraph (f) as follows: "Except in the case of failure without good cause to file a return, fraud or intent to evade this act or the authorized rules and regulations, every notice of assessment shall be made within three years. ..." (Stats. 1945, p. 1097.)

As no intent to evade was put in issue it appears that under the 1943 Act a three year statute of limitation would have been in effect. [3] But under the 1945 Act there is no limitation on assessments for those delinquencies due, among other things, to a "failure without good cause to file a return." In the present case the trial court expressly found that there was no good cause why the plaintiff corporation failed to file a return. The plaintiffs contend that good cause exists for their failure and they refer to decisions which define "good cause" as to applications such as here not involved. The record in this case reveals no set of circumstances which would justify a finding of good cause for failure to file the returns. A bona fide but mistaken belief that the law does not require a particular course of conduct does not constitute good cause for a failure to comply therewith.

From the foregoing it is apparent that if the 1943 Act is applicable to any portion of the period in question, the assessment cannot be enforced as to that portion. But if the 1945 Act is applicable to all or any portion of the period, that portion of the assessment to which the act applies can and should be enforced. [48 Cal.2d 592]

Under the provisions of the acts both before and after September 15, 1945, the contributions required from an employer subject to the tax became due on the first day of the calendar month following the close of each calendar quarter. (Stats. 1943, p. 3037; Stats. 1945, p. 1095.) It is clear, therefore, that the contribution becoming due on the first day of October, 1945, for the third calendar quarter in 1945, and the contribution becoming due on the first day of January, 1946, for the fourth calendar quarter of 1945, were subject to the 1945 act and the assessment was properly levied as to those contributions.

The theory by which the defendants seek to make the 1945 act applicable to the remainder of the assessment is that before any action is barred by the statute the Legislature has the power to extend the period prescribed therein. [4] The extension of the statutory period within which an action must be brought is generally held to be valid if made before the cause of action is barred. (*Weldon v. Rogers*, 151 Cal. 432 [90 P. 1062].) The party claiming to be adversely affected is deemed to suffer no injury where he was under an obligation to pay before the period was lengthened. This is on the theory that the legislation affects only the remedy and not a right. (*Mudd v. McColgan*, 30 Cal.2d 463 [183 P.2d 10]; *Davis & McMillan v. Industrial Acc. Com.* 198 Cal. 631 [246 P. 1046, 46 A.L.R. 1095]; 31 Cal.Jur.2d 434.) An enlargement of the limitation period by the Legislature has been held to be proper in cases where the period had not run against a corporation for additional franchise taxes (*Edison Calif. Stores, Inc. v. McColgan*, 30 Cal.2d 472 [183 P.2d 16]), against an individual for personal income taxes (*Mudd v. McColgan*, supra, 30 Cal.2d 463), and against a judgment debtor (*Weldon v. Rogers*, supra, 151 Cal. 432). [5] It has been held that unless the statute expressly provides to the contrary any such enlargement applies to matters pending but not already barred. (*Mudd v. McColgan*, supra, 30 Cal.2d 463.)

The foregoing statement of the law is not disputed by the plaintiffs. They contend, however, that the change was more than a mere extension of the period of time in which an assessment might be levied; that the change required that the corporation be able to establish that it had good cause for not filing a return; that while it might have been able to show good cause had it been required to do so during the period in question it could not conveniently do so at the time of the assessment and after the events which gave rise to the obligation; that the change therefore constituted the creation of new [48 Cal.2d 593] obligations and the imposition of new duties, the exaction of new penalties not specifically provided for in the new legislation and the impairment of vested rights which they might assert in an action for the recovery of the assessment.

It should be borne in mind that the obligation which the commission sought to enforce was not one which arose out of the 1945 Act in altering the applicable statute of limitations, but rather one which arose out of provisions of the Unemployment Insurance Act existing at the time the corporation failed to comply therewith. [6] And where, as here, the Legislature properly could have extended the period of limitations as to all obligations surviving on September 15, 1945, certainly it could have imposed a less onerous burden on those obligations by providing a means of escape to those who had good cause

for their failure to comply with existing law. The plaintiffs cannot be heard to complain that because they now can make no showing of good cause they have thus been deprived of vested rights which would enable them to successfully maintain this action. They were never possessed of rights, vested or otherwise, which were entitled to the protection asserted by the plaintiffs. Furthermore, no showing is made by them as to the manner in which the corporation's failure to comply with the law might have been justified at the time the obligations were incurred, or why such a showing became an added burden by lapse of time.

The plaintiffs seek to establish the impropriety of the assessment for the first two calendar quarters of 1942 for an additional reason. They contend that the contributions for those quarters became due on the first days of April and July of that year. (See Stats. 1943, p. 3037.) It may be assumed that in such a case the three year period of limitations would have run prior to the effective date of the 1945 Act on September 15 of that year and the collection of the amounts due would have been barred. [7] The commission contends, however, that the contributions for those two calendar quarters did not become due until after the 15th day of September, 1942, and that the obligations still survived at the time the period was extended on the 15th day of September, 1945. This contention is based on provisions of the law which define employers subject to the Unemployment Insurance Act, and it is claimed that the plaintiff corporation did not become subject to the act until the 20th of September, 1942, for all prior contributions otherwise due for the year 1942. [48 Cal.2d 594]

Section 9 of the Unemployment Insurance Act as it read prior to September 15, 1945, provided that "Employer" means: (a) Any employing unit, which for some portion of a day, ... in each of twenty different weeks, whether or not such weeks are or were consecutive, has within the current calendar year or had within the preceding calendar year in employment four or more individuals, irrespective of whether the same individuals are or were employed in each such day. ..." (Stats. 1937, p. 2055.) It appears from the record that the plaintiff corporation completed its 20th week of qualifying employment on September 20, 1942. There is nothing to indicate that prior to that time the corporation was an employer subject to the tax. Accordingly, it could not have incurred any tax liability prior to that time, and on the first days of the months following the first two calendar quarters in 1942 no tax could have become due and payable on which the statute might have run. The plaintiffs claim that the corporation was qualified from the beginning of the year 1942 because of its employment record in the prior calendar year. But there is no evidence to show the corporation's employment record in 1941, and the plaintiffs were required to make such a showing if reliance were to be placed thereon as controlling.

It is contended by the plaintiffs that the provision relied on by the commission is one dealing only with the definition of "employer" and has no bearing on the question of when a contribution becomes due and payable. The contention may not be sustained. Obviously a contribution cannot become due and payable from a corporation before it qualifies as an employer. A construction in accord with this view was incorporated by the Employment Commission in its rule 37.6, wherein it was provided: "An employing unit upon becoming a subject employer during any calendar year shall file with the Commission within fifteen days thereafter, quarterly contributions and earnings reports for each completed quarter in that calendar year.

"Contributions for these quarters are due at the end of the quarter in which the employer became subject. ..." (Rules and Regulations on the California Unemployment Insurance Act, Rule 37.6 [1940].) The Employment Commission was expressly authorized to "adopt, amend or rescind regulations for the administration of this act. ..." (Stats. 1939, p. 3007.) The foregoing rule would appear to be within the power thus granted.

In recognition of the weight which may be accorded administrative [48 Cal.2d 595] interpretations and practices, as well as the plain meaning of the statutory language itself, it must be concluded that contributions from the plaintiff corporation for the first two calendar quarters of 1942 did not become due and payable until after the 20th of September, 1942; that the three-year period of the statute of limitations had not expired on the 15th day of September, 1945, as to those contributions, and that the period was properly extended as to contributions for those quarters as well as all other quarters involved in the assessment.

The judgment is affirmed.

Gibson, C.J., Carter, J., Traynor, J., Schauer, J., Spence, J., and McComb, J., concurred.

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Life Savings Bank v. Wilhelm (2000) 84 Cal.App.4th 174 , 100 Cal.Rptr.2d 657

[No. E025950. Fourth Dist., Div. Two. Oct. 13, 2000.]

LIFE SAVINGS BANK, Plaintiff and Appellant, v. TOM F. WILHELM et al., Defendants and Respondents.

(Superior Court of Riverside County, No. 91285, Lawrence W. Fry, Judge.)

(Opinion by Ramirez, P. J., with McKinster and Gaut, JJ., concurring.)

COUNSEL

Hemar & Rousso and Kenneth G. Lau for Plaintiff and Appellant.

Law Offices of Thurman W. Arnold III, Thurman W. Arnold III; and Timothy L. Ewanyshyn for Defendants and Respondents. [84 Cal.App.4th 175]

OPINION

RAMIREZ, P. J.-

Plaintiff Life Savings Bank (Life) appeals from an order of the trial court denying its request for relief from mistake, inadvertence [84 Cal.App.4th 176] and/or excusable neglect under Code of Civil Procedure section 473. fn. 1 Life missed the filing deadline provided in section 726, subdivision (b), for its application for a hearing to determine the fair value of real property after a foreclosure sale in order to obtain a money judgment for the deficiency. Concurrently with filing its late application, Life filed a motion under section 473 for relief from its tardy filing. The trial court held that section 726, subdivision (b)'s three-month period for filing an application for a fair value hearing is essentially a statute of limitations and therefore relief under section 473 was not available. The trial court refused to hear Life's section 473 motion for relief on its merits and, finding it moot, declined to hear the application for a fair value hearing. Life appeals, claiming that the trial court erred in refusing to hear its motion for relief under section 473 on its merits, because section 726, subdivision (b) is merely a procedural time line and does not act as a statute of limitations.

Facts and Procedural History

On November 25, 1992, Life entered into two promissory notes with defendants Tom F. Wilhelm and Teresa A. Felix Wilhelm (the Wilhelms), whereby Life agreed to loan them a total of \$184,000. Each loan was secured by a deed of trust on a separate parcel of improved real property. The Wilhelms defaulted on their notes and Life filed an action for judicial foreclosure on September 6, 1996. On December 16, 1997, the parties entered into a stipulation for entry of judgment of judicial foreclosure. The trial court entered judgment based upon the stipulation the same day. Both the stipulation and the judgment indicate that the Wilhelms agree that they are personally liable for the payment of the amounts secured by the deeds of trust and that a deficiency judgment may be ordered against them.

On July 14, 1998, Life filed a writ of sale for the real property. Then, on April 8, 1999, the sheriff's sale took place. Life was the highest bidder and obtained the properties for a total of \$170,000. On July 19, 1999, Life concurrently filed a motion to allow it to have a hearing on its tardy application for a fair value hearing, as well as the application for the fair value hearing itself. As indicated above, the trial court found that because section 726, subdivision (b) imposed a statute of limitations,

Life could not seek relief under section 473. The trial court therefore declined to rule on the merits of the section 473 motion and declined to rule on the application for a fair value hearing. This appeal followed.

Discussion

[1a] Section 473 allows a court, in its discretion, to relieve a party from "a judgment, dismissal, order, or other proceeding taken against him or her [84 Cal.App.4th 177] through his or her mistake, inadvertence, surprise, or excusable neglect." (*Id.*, subd. (b).) However, section 473 does not provide relief from such errors that result in the running of the applicable statute of limitations. (*Carlson v. Department of Fish & Game* (1998) 68 Cal.App.4th 1268, 1279 [80 Cal.Rptr.2d 601]; *Castro v. Sacramento County Fire Protection Dist.* (1996) 47 Cal.App.4th 927, 929, 934 [55 Cal.Rptr.2d 193].)

Section 726, subdivision (b) provides, in part, that "[i]n the event that a deficiency is not waived or prohibited and it is decreed that any defendant is personally liable for the debt, then upon application of the plaintiff filed at any time within three months of the date of the foreclosure sale and after a hearing thereon at which the court shall take evidence and at which hearing either party may present evidence as to the fair value of the real property or estate for years therein sold as of the date of sale, the court shall render a money judgment against the defendant or defendants for the amount by which the amount of the indebtedness with interest and costs of levy and sale and of action exceeds the fair value of the real property or estate for years therein sold as of the date of sale." It is undisputed that Life did not file its application for a fair value hearing until July 19, 1999, some 11 days after the expiration of the three-month period allowed by section 726. The sole issue on appeal is whether the three-month period acts as a statute of limitations such that no relief can be had under section 473 for mistake, inadvertence or excusable neglect. This being a pure question of law, we review the trial court's decision de novo. (*California Teachers Assn. v. San Diego Community College Dist.* (1981) 28 Cal.3d 692, 699 [170 Cal.Rptr. 817, 621 P.2d 856]; *Diamond Benefits Life Ins. Co. v. Troll* (1998) 66 Cal.App.4th 1, 5 [77 Cal.Rptr.2d 581].)

[2] A statute of limitation prescribes the time period beyond which suit may not be brought. (*Utah Property & Casualty Ins. etc. Assn. v. United Services Auto. Assn.* (1991) 230 Cal.App.3d 1010, 1025 [281 Cal.Rptr. 917].) Statutes of limitations are distinguished from procedural limits governing the time in which parties must do an act because they fix the time for commencing suit. (3 Witkin, Cal. Procedure (4th ed. 1996) Actions, § 418, p. 527.) [1b] The question we must consider, therefore, is whether section 726, subdivision (b) fixes the time in which a party may bring an action. Our reading of the plain language of the statute causes us to conclude that it does. A party who is entitled to seek a deficiency judgment must file an application within three months of the foreclosure sale or no money judgment for a deficiency can be obtained. (§ 726, subd. (b).)

In reaching our conclusion we are supported by cases that have interpreted section 580a as constituting a statute of limitations. (See, e.g., *Citrus State Bank v. McKendrick* (1989) 215 Cal.App.3d 941, 943 [263 Cal.Rptr. 781]; *California Bank v. Stimson* (1949) 89 Cal.App.2d 552 [201 P.2d 39]; *Ware v. Heller* (1944) 63 Cal.App.2d 817, 823-825 [148 P.2d 410].) As does section 726, subdivision (b), which applies to judicial foreclosures, section 580a provides that in the case of nonjudicial foreclosures, a creditor seeking a money judgment for a deficiency must bring an action seeking a deficiency judgment within three months of the sale of the security. (See *Citrus State Bank v. McKendrick*, *supra*, 215 Cal.App.3d at p. 945 [§§ 580a and 726 both limit the time in which to seek a deficiency judgment to three months after foreclosure sale] and *Coppola v. Superior Court* (1989) 211 Cal.App.3d 848, 863, fn. 8 [259 Cal.Rptr. 811] [time bar in § 580a for nonjudicial foreclosure has its equivalent for judicial foreclosure in § 726, subd. (b)].) Further, the fact that the policies behind the two sections, and indeed the entire statutory scheme regarding the foreclosure of mortgages, are the same, bolsters the conclusion that they should be interpreted in a similar fashion. Essentially they both seek to lighten the burden of trust debtors and to prevent excessive recoveries by secured creditors. (*Kirkpatrick v. Westamerica Bank* (1998) 65 Cal.App.4th 982, 986-987 [76 Cal.Rptr.2d 876]; *Citrus State Bank v. McKendrick*, *supra*, 215 Cal.App.3d at p. 947; *Roseleaf Corp. v. Chierighino* (1963) 59 Cal.2d 35, 40 [27 Cal.Rptr. 873, 378 P.2d 97]; *California Bank v. Stimson*, *supra*, "89 Cal.App.2d at pp. 554-555.)

Thus, we conclude that section 726, subdivision (b) provides a three-month statute of limitations in which a party seeking a deficiency judgment must file an application for a fair value hearing and a determination of the amount of the deficiency. The trial court did not err in holding that Life was not entitled to seek relief under section 473 for its failure to meet the three-month deadline.

Life argues that section 726, subdivision (b) cannot be construed as a statute of limitations because a judgment in a judicial foreclosure is a multipart judgment comprised of both the judgment for the sale of the security and the judgment for the deficiency. Therefore, the three-month period is merely "intended to provide administrative convenience and expediency to the process of completing an already pending judicial foreclosure action" (Italics omitted.) Life argues that this distinguishes section 726, subdivision (b) from section 580a, because the latter applies to the initial court action, while the former applies when an action for foreclosure has already been initiated. We disagree.

Rather than comprising separate "judgments" to a single action, we hold that, for purposes of the statutes of limitations that apply to them, a judgment for judicial foreclosure, which includes a determination that a party has the [84 Cal.App.4th 179] right to seek a deficiency, and the deficiency judgment itself are the product of separate actions. Indeed, contrary to Life's argument, a deficiency judgment is not a necessary part of an action for judicial foreclosure. (See, e.g., *Ware v. Heller*, *supra*, 63 Cal.App.2d at p. 823 [while action to recover deficiency is founded on instrument secured by a deed of trust, action to recover deficiency may not be maintained until after security is exhausted].) A deficiency judgment need only be sought if the proceeds of the judicial foreclosure are insufficient to cover the secured obligation. Logically then, an action seeking a deficiency is separate from an action seeking the sale of security through judicial foreclosure.

Life cites *Korea Exchange Bank v. Yang* (1988) 200 Cal.App.3d 1471 [246 Cal.Rptr. 619] in support of its claim that an action for a deficiency is not a separate action. While the court in that case did refer to the deficiency action as a "motion," and concluded that notice of the deficiency "motion" need not be given to debtors whose default was taken in the foreclosure action, it did not hold that the deficiency action was part of the judicial foreclosure action, nor did it hold that section 726, subdivision (b) was not a statute of limitations.

Life also cites *United California Bank v. Tijerina* (1972) 25 Cal.App.3d 963 [102 Cal.Rptr. 234], wherein the court referred to actions under section 726 as two-stage proceedings. In that case, a debtor failed to disclose the existence of additional security in the foreclosure action and the creditors obtained a judgment indicating they were entitled to seek a deficiency judgment. The court held that the debtor was precluded from asserting the defense of failure to exhaust all security first in the deficiency action because the issues of waiver and the creditor's right to seek a deficiency had already been adjudicated in the foreclosure action. (*Id.* at pp. 968-969.) Again however, that court did not hold that the action for the deficiency judgment was part of the foreclosure action and did not consider, and thus reached no conclusion on whether section 726, subdivision (b) acts as a statute of limitations on obtaining a deficiency judgment.

Life also argues that the fact that the trial court retains jurisdiction during the period authorized for a redemption under section 729.010 et seq. necessarily requires us to find that the three-month limit was not meant to be a statute of limitations. We are not persuaded. The debtor's right to redeem is a right related to the foreclosure sale and is entirely separate from the creditor's right to obtain a deficiency judgment. Life has provided no authority, nor are we aware of any, for the proposition that the court cannot maintain jurisdiction over the former, yet lose jurisdiction over matters concerning the latter. [84 Cal.App.4th 180]

Life argues that section 726, subdivision (b) cannot be a statute of limitations because the court in *Florio v. Lau* (1998) 68 Cal.App.4th 637 [80 Cal.Rptr.2d 409] held that it was superseded by another conflicting statute. To the contrary, the court in *Florio* did not find the relevant statutes to be in conflict. Rather, it held that in cases involving mixed collateral of both personal and real property, the three-month limitation period in section 726, subdivision (b) does not apply at all. (68 Cal.App.4th at pp. 646-653.)

Finally, both Life and the Wilhelms advance several equitable points, which they argue support a finding in their favor. However, these equitable considerations do not apply in determining whether or not the three-month period in section 726, subdivision (b) is a statute of limitations. They would only apply if we determined that it was necessary to remand the case for a hearing on Life's motion for relief under section 473, and then would have to be determined by the trial court. Having determined that Life is not entitled to seek relief under section 473, there is no need for us to remand the case to the trial court, and no reason for us to consider the equitable arguments further.

Disposition

The trial court's order is affirmed. Defendants to recover their costs on appeal.

McKinster, J., and Gaut, J., concurred.

FN 1. All further statutory references are to the Code of Civil Procedure.

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City of Long Beach v. Department of Industrial Relations (2004)34 Cal.4th 942 , -- Cal.Rptr.3d --; -- P.3d --

[No. S118450. Dec. 20, 2004.]

CITY OF LONG BEACH, Plaintiff and Respondent, v. DEPARTMENT OF INDUSTRIAL RELATIONS, Defendant and Appellant.

(Superior Court of Los Angeles County, No. BS072516, David P. Yaffe, Judge.)

(The Court of Appeal, Second Dist., Div. Seven, No. B159333, 110 Cal.App.4th 636.)

(Opinion by Chin, J., with George, C. J., Baxter, J., Werdegar, J., Brown, J., and Moreno, J., concurring. Dissenting opinion by Kennard, J. (see p. 954).)

COUNSEL

John M. Rea, Chief Counsel, Vanessa L. Holton, Acting Chief Counsel, Steven A. McGinty, Assistant Chief Counsel, Sarah L. Cohen, Acting Assistant Chief Counsel, and Anthony Mischel, Staff Counsel, for Defendant and Appellant.

Althshuler, Berzon, Nussbaum, Rubin & Demain, Stephen P. Berzon, Scott A. Kronland, Dorothea K. Langsam and Victor M. Ortiz-de-Montellano for The State Building and Construction Trades Council of California, AFL-CIO as Amicus Curiae on behalf of Defendant and Appellant.

Cox, Castle & Nicholson, John S. Miller, Jr., and Dwayne P. McKenzie for Center for Contract Compliance as Amicus Curiae on behalf of Defendant and Appellant.

Weinberg, Roger & Rosenfeld, Sandra Rae Benson, Elynn Moscovitz and M. Suzanne Murphy for California Apprenticeship Coordinators Association, et al., as Amici Curiae on behalf of Defendant and Appellant.

Bill Lockyer, Attorney General, Manuel M. Medeiros, State Solicitor General, Andrea Lynn Hoch, Chief Assistant Attorney General, Louis R. Mauro, Assistant Attorney General, and Douglas J. Woods, Deputy Attorney General, as Amici Curiae on behalf of Defendant and Appellant.

Simpson, Garrity & Innes, Paul V. Simpson and Ronald A. Johnstone for Engineering & Utility Contractors Association as Amicus Curiae on behalf of Defendant and Appellant.

Robert E. Shannon, City Attorney, Daniel S. Murphy, Principal Deputy City Attorney, and Michelle Gardner, Deputy City Attorney, for Plaintiff and Respondent.

Rutan & Tucker, M. Katherine Jenson and Mark J. Austin for 44 California Cities and The League of California Cities as Amici Curiae on behalf of Plaintiff and Respondent.

Nick Cammarota for California Building Industry Association as Amicus Curiae on behalf of Plaintiff and Respondent.

Atkinson, Andelson, Loya, Ruud & Romo, Robert Fried, Thomas A. Lenz and Alice K. Conway for Associated Builders & Contractors of Southern California, Inc., as Amicus Curiae on behalf of Plaintiff and Respondent.

Case, Knowlson, Jordan & Wright, Michael F. Wright and Armen Tamzarian for M&H Realty Partners IV L.P. as Amicus Curiae on behalf of Plaintiff and Respondent.

Stanton, Kay & Watson and James P. Watson for Foundation for Fair Contracting as Amicus Curiae.

Davis, Cowell & Bowe, John J. Davis, Jr., and Andrew J. Kahn for Northern California Mechanical Contractors Association, Los Angeles Chapter National Electrical Contractors Association, Air Conditioning, Refrigeration and Mechanical Contractors Association of Southern California, California Plumbing and Mechanical Contractors Association, California Sheet Metal Contractors National Association and Associated Plumbing and Mechanical Contractors Association as Amici Curiae. [34 Cal.4th 946]

OPINION

CHIN, J.-

[1] In this case, we address the application of the state's prevailing wage law (PWL; see Lab. Code, § 1770 et seq.) fn. 1 to private construction of a \$ 10 million animal control facility in Long Beach (the City). The Society for the Prevention of Cruelty to Animals of Los Angeles (SPCA-LA) built the facility, but it was partly funded by a \$ 1.5 million grant from the City that was expressly limited to project development and other *preconstruction* expenses. Section 1771 requires that "workers employed on public works" be paid "not less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed"

When the present contract was executed in 1998, "public works" was defined as including "[c]onstruction, alteration, demolition, or repair work done under contract and *paid for in whole or in part out of public funds ...*" (§ 1720, subd. (a), italics added.) As we observe, *after* the agreement was executed, and *after* the City's grant money was used for preconstruction expenses, a 2000 amendment to section 1720, subdivision (a)(1), was adopted to include within the word "construction" such activities as "the design and preconstruction phases of construction," including "inspection and land surveying work," items the City partly funded in this case.

[2] We first consider whether the project here is indeed a "public work" within the meaning of section 1771 and former section 1720. We will conclude, contrary to the Court of Appeal, that under the law in effect when the contract at issue was executed, a project that *private* developers build solely with *private* funds on land leased from a public agency remains private. It does not become a *public* work subject to the PWL merely because the City had earlier contributed funds to the owner/lessee to assist in [34 Cal.4th 947] defraying such "preconstruction" costs or expenses as legal fees, insurance premiums, architectural design costs, and project management and surveying fees.

This conclusion completely disposes of this case. We leave open for consideration at another time important questions raised by the parties, including (1) whether, assuming the project indeed was a "public work" under section 1771, it should be deemed a "municipal affair" of a charter city and therefore exempt from PWL requirements, and (2) whether the PWL is a matter of such "statewide concern" that it would override a charter city's interests in conducting its municipal affairs. Resolution of these important issues is unnecessary and inappropriate here because the present project was not a public work subject to the PWL.

FACTS

The following uncontested facts are largely taken from the Court of Appeal opinion in this case. The Department of Industrial Relations (Department) appeals from a judgment granting a petition for writ of mandate filed by the City. The City had sought to overturn the Department's determination that an animal shelter project financed in part with City funds and built on City lands was subject to the PWL.

In 1998, the City entered into an agreement with SPCA-LA, under which the City agreed to contribute \$ 1.5 million to assist in the development and preconstruction phases of a facility within City limits that would serve as an animal shelter and SPCA-LA's administrative headquarters. It would also provide kennels and office space for the City's animal control department. The agreement required the City's funds to be placed in a segregated account and used only for expenses related to project development, such as SPCA-LA's "investigation and analysis" of the property on which the shelter was to be built, "permit, application, filing and other fees and charges," and "design and related preconstruction costs." SPCA-LA was specifically precluded from using any of the City's funds "to pay overhead, supervision, administrative or other such costs" of the organization.

The City owned the land on which the facility was to be built, but leased it to SPCA-LA for \$ 120 per year. The City in turn agreed to pay SPCA-LA \$ 60 a year as rent for the space occupied by its animal control department. The agreement further

provided it was "interdependent," with lease and lease-back agreements between the parties with respect to the City land on which the project would be built. The agreement further stated that "[i]f either the lease or lease-back is terminated then this agreement shall automatically terminate, without notice." Finally, the agreement provided "[i]f there is a [34 Cal.4th 948] claim relating to the payment of wages arising from the construction described herein," the City shall pay 95 percent of "all costs, expenses, penalties, payments of wages, interest, and other charges related to the claim, including attorneys' fees and court or administrative costs and expenses[.]"

The record shows a portion of the City's financial contribution was spent on such preconstruction expenses as architecture and design (\$ 318,333), project management (\$ 440,524), legal fees (\$ 16,645), surveying (\$ 14,500), and insurance (\$ 23,478). The City estimated that an additional \$ 152,000 in architectural, legal, development and insurance expenses would be required for completion. The dissent observes that some of these additional funds may have been spent after actual construction began. The dissent cites a letter from the City indicating that by the time construction began, some additional funds "had yet to be spent." (Dis. opn., *post*, at p. 958.) The record is unclear, however, if or when such funds were actually paid. But as we previously noted, the City's agreement with SPCA-LA required the City's funds to be used only for project development, design and related preconstruction costs, and the issue before us is whether the term "construction" includes such activities. Assuming some limited City funds were spent *during* construction, the record fails to demonstrate they were used *for* construction.

The project itself was completed in 2001 at a cost of approximately \$ 10 million. Evidence obtained from the SPCA-LA showed the project was intended to serve all of Los Angeles County and parts of Orange County. Animals from all these areas, not just from Long Beach, would be housed at the shelter. In addition, the facility would also house the SPCA-LA's headquarters.

[3] Section 1771 states in relevant part: "[N]ot less than the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed ... shall be paid to all workers employed on public works." In 1998, when the present contract was executed, "public works" was defined as "[c]onstruction, alteration, demolition, or repair work done under contract and paid for in whole or in part out of public funds" (§ 1720, subd. (a), italics added.) The term "construction" was undefined. As discussed below, a 2000 amendment to section 1720, subdivision (a), adopted several years after the City executed its contract with SPCA-LA and made its limited contribution, now includes within "construction" such activities as "the design and preconstruction phases of construction," including inspection and surveying.

Acting on an inquiry by a labor organization, the Department began an investigation to determine whether the project was a "public work" under former section 1720 and was therefore subject to the prevailing wage rates [34 Cal.4th 949] that section 1771 mandated. The City argued that the project was not a public work, but even if it was, the prevailing wage law did not apply because it was strictly a charter city's "municipal affair." The Department concluded the project was a public work and the city's status as a charter city did not exempt it from the PWL. This determination was affirmed on an administrative appeal. The City filed a petition for a writ of mandate under Code of Civil Procedure section 1085 challenging the Department's decision that the PWL applied to the shelter project. The trial court granted the writ, and the Department filed a timely appeal. The Court of Appeal reversed, concluding that (1) the project was a public work under former section 1720 and section 1771, (2) the project was not a municipal affair exempt from the PWL, and (3) even if the project was a municipal affair, the PWL was a matter of statewide concern, precluding exemption under the municipal affairs doctrine. Concluding the shelter project was not a public work as then defined, we will reverse the judgment of the Court of Appeal.

DISCUSSION

[4] Before proceeding with our analysis, we set out some established principles that will help guide our decision. In *Lusardi Construction Co. v. Aubry* (1992) 1 Cal.4th 976 [4 Cal. Rptr. 2d 837, 824 P.2d 643] (*Lusardi*), we spoke regarding the PWL's general intent and scope. We observed that "[t]he Legislature has declared that it is the public policy of California 'to vigorously enforce minimum labor standards in order to ensure employees are not required or permitted to work under substandard unlawful conditions, and to protect employers who comply with the law from those who attempt to gain competitive advantage at the expense of their workers by failing to comply with minimum labor standards.' [Citation.] [¶] The overall purpose of the prevailing wage law is to protect and benefit employees *on public works projects*. [Citation.]" (*Lusardi, supra*, 1 Cal.4th at p. 985, italics added.)

Lusardi continued by observing that "[t]his general objective subsumes within it a number of specific goals: to protect employees from substandard wages that might be paid if contractors could recruit labor from distant cheap-labor areas; to permit union contractors to compete with nonunion contractors; to benefit the public through the superior efficiency of well-paid employees; and to compensate nonpublic employees with higher wages for the absence of job security and employment benefits-enjoyed-by-public-employees. [Citations.]" (*Lusardi, supra*, 1 Cal.4th at p. 987.)

[5] In conducting our review, we must exercise our independent judgment in resolving whether the project at issue constituted a "public work" within the meaning of the PWL. (*McIntosh v. Aubry* (1993) 14 Cal.App.4th 1576, 1583-1584 [18 Cal. Rptr. 2d 680] (*McIntosh*)). We have acknowledged [34 Cal.4th 950] that the PWL was enacted to protect and benefit workers and the public and is to be liberally construed. (See *Lusardi, supra*, 1 Cal.4th at p. 985.) The law does, however, permit public agencies to form alliances with the private sector and allows them to enter into leases of public lands and to give financial incentives to encourage private, nonprofit construction projects that provide public services at low cost (see Gov. Code, § 26227; *McIntosh, supra*, 14 Cal.App.4th at p. 1587; *International Brotherhood of Electrical Workers v. Board of Harbor Commissioners* (1977) 68 Cal. App. 3d 556, 562 [137 Cal. Rptr. 372] [lease to private developer to construct oil and gas facilities and pay city-lessor royalties not "public work" under former section 1720]).

[6] "Courts will liberally construe prevailing wage statutes [citations], but they cannot interfere where the Legislature has demonstrated the ability to make its intent clear and chosen not to act [citation]." (*McIntosh, supra*, 14 Cal.4th at p. 1589.) Here, we must determine whether the City's contract with SPCA-LA truly involved "construction" that was paid for in part with public funds.

The City observes that its \$ 1.5 million donation to SPCA-LA was neither earmarked nor used for actual construction of the facility. The City's agreement with SPCA-LA specifically designated the contributed funds for preconstruction costs. Those funds were in fact spent on architectural design, project management, legal fees, surveying fees, and insurance coverage. The City contends that, when the agreement was executed in 1998, "construction" meant only the actual physical act of building the structure.

The City notes that only in 2000, several years *after* the agreement was signed and *after* the City had contributed its funds to the project, did the Legislature amend section 1720, subdivision (a), by adding a sentence stating: "For purposes of this paragraph, 'construction' includes work performed during the design and preconstruction phases of construction including, but not limited to, inspection and land surveying work." (Stats. 2000, ch. 881, § 1.) The City views the foregoing amendment as a prospective *change* in the law, not a simple restatement of existing law.

The Department, on the other hand, argues that the term "construction" would encompass the planning, design, and "pre-building" phases of a project, which would include architectural design, project management, and surveying. The City's financial contribution to the project paid for all these items. In the Department's view, the 2000 amendment to section 1720, subdivision (a), merely clarified existing law. As will appear, we think the City's argument makes more sense. [34 Cal.4th 951]

The Court of Appeal observed that the "[Department's] position is supported by the common meaning of the word 'construction' ..., " citing a dictionary that defines construction as "[t]he act or *process* of constructing." (American Heritage Dict. (2d college ed. 1982) p. 315, italics added; see also *Priest v. Housing Authority* (1969) 275 Cal. App. 2d 751, 756 [80 Cal. Rptr. 145] [construction ordinarily includes "the entire process" required in order to erect a structure, including basements, foundations, and utility connections].) But that definition begs the question whether the construction "process" includes the preconstruction activities involved here. Other dictionaries give the word a more literal interpretation.

[7] For example, Webster's Third New International Dictionary (2002), page 489, gives a primary definition of "construction" as "[t]he act of putting parts together to form a complete integrated object." 3 Oxford English Dictionary (2d ed. 1989), page 794, defines the word as "the action of framing, devising, or forming, by the putting together of parts; erection, building." Thus, contrary to the Court of Appeal's statement, dictionary definitions do not strongly support the Department's position.

The Court of Appeal also relied on the Department's own regulations and rulings interpreting and implementing the PWL. It noted that the Department has defined "construction" as including "[f]ield survey work traditionally covered by collective bargaining agreements," when such surveying is "integral to the specific public works project in the design, preconstruction, or construction phase." (Cal. Code Regs., tit. 8, § 16001, subd. (c).) The total project cost was approximately \$ 10 million. The record does not clearly show whether the minimal (\$ 14,500) surveying work paid for out of the City's donation met the "collective bargaining" and "integral work" elements of the Department regulation. Neither the Court of Appeal nor the briefs explore these aspects of the regulation.

[8] In any event, assuming that regulation applies here, although we give the Department's interpretation great weight (e.g., *People ex rel. Lungren v. Superior Court* (1996) 14 Cal.4th 294, 309 [58 Cal. Rptr. 2d 855, 926 P.2d 1042]), this court bears the ultimate responsibility for construing the statute. "When an administrative agency construes a statute in adopting a regulation or formulating a policy, the court will respect the agency interpretation as one of several interpretive tools that may be helpful. In the end, however, '[the court] must ... independently judge the text of the statute.'" (*Agnew v. State Bd. of*

Equalization (1999) 21 Cal.4th 310, 322 [87 Cal. Rptr. 2d 423, 981 P.2d 52], quoting *Yamaha Corp. of America v. State Board of Equalization* (1998) 19 Cal.4th 1, 7-8 [78 Cal. Rptr. 2d 1, 960 P.2d 1031].) [34 Cal.4th 952]

[9] The Court of Appeal also relied on the Attorney General's opinion citing the Department regulation with apparent approval. (70 Ops.Cal.Atty.Gen. 92, 93-94 (1987).) But the question whether that regulation comported with the PWL was not before the Attorney General, who was asked only whether the PWL applied to engineering firm employees whom the city hired to perform services that the city engineer ordinarily performed. That issue involved determining whether the work was "performed under contract" or "carried out by a public agency with its own forces." (§ 1771.) As the opinion recites, "The inquiry assumes that the work in question is a 'public work' within the meaning" of former section 1720 and section 1771. (70 Ops.Cal.Atty.Gen., *supra*, at p. 93.) Indeed, the Attorney General's conclusion was that the PWL applied to the engineering firm's employees "except with respect to such duties which do not qualify as a public work." (*Id.* at p. 98, italics added.) Thus, the opinion seems inconclusive for our purposes. In any event, as with the Department's own regulations, the Attorney General's opinions are entitled to "considerable weight," but are not binding on us. (E.g., *State of Cal. ex rel. State Lands Com. v. Superior Court* (1995) 11 Cal.4th 50, 71 [44 Cal. Rptr. 2d 399, 900 P.2d 648].)

As noted, the City relies in part on the 2000 postagreement amendment to section 1720, subdivision (a), defining "construction" to include work performed during the project's design and preconstruction phases. The City views the amendment as a change in existing law. It relies on an August 30, 2000, letter from the amendment's author, Senator John Burton, seeking to respond to interested parties' "concerns" regarding its operation. The letter recites that the amendment was "intended only to operate prospectively and therefore will only apply to contracts for public works entered into on and after the effective date of the legislation which will be January 1, 2001." (4 Sen. J. (1999-2000 Reg. Sess.) p. 6371.) The present contract was executed in 1998.

Although letters from individual legislators are usually given little weight unless they reflect the Legislature's *collective* intent (*Quelimane Co. v. Stewart Title Guaranty Co.* (1998) 19 Cal.4th 26, 45-46, fn. 9 [77 Cal. Rptr. 2d 709, 960 P.2d 513]; *Metropolitan Water Dist. v. Imperial Irrigation Dist.* (2000) 80 Cal.App.4th 1403, 1425-1426 [96 Cal. Rptr. 2d 314]), the Burton letter was presented, *prior* to the bill's enactment, to the full Senate, which carried his motion to print it in the Senate Daily Journal. Indeed, the letter is printed and included under the notes to section 1720 in West's Annotated Labor Code. (Historical and Statutory Notes, 44A West's Ann. Lab. Code (2003 ed.) foll. § 1720, p. 7.) Under these circumstances, we think the letter carries more weight as indicative of probable legislative intent. (See *Roberts v. City of Palmdale* (1993) 5 Cal.4th 363, 377-378 [20 Cal. Rptr. 2d 330, 853 P.2d 496]; *In re Marriage of Bouquet* (1976) 16 Cal.3d 583, 590-591 [128 Cal. Rptr. 427, 546 P.2d 1371].) [34 Cal.4th 953]

[10] Moreover, Senator Burton's remarks conform to the well-established rule that legislation is deemed to operate prospectively only, unless a clear contrary intent appears (e.g., *Myers v. Philip Morris Companies, Inc.* (2002) 28 Cal.4th 828, 840-841 [123 Cal. Rptr. 2d 40, 50 P.3d 751]; *Evangelatos v. Superior Court* (1988) 44 Cal.3d 1188, 1207-1209 [246 Cal. Rptr. 629, 753 P.2d 585], and cases cited). We find in the available legislative history no indication of an intent to apply the amendment retroactively.

The Department, on the other hand, relies on an Assembly Committee on Labor and Employment report indicating, "The bill [amending section 1720] codifies current Department practice by including inspectors and surveyors among those workers deemed to be employed upon public works and by insuring that workers entitled to prevailing wage during the construction phase of a public works project will get prevailing wage on the design and pre-construction phases of a project." (Assem. Com. on Labor and Employment, Rep. on Sen. Bill No. 1999 (1999-2000 Reg. Sess.) as amended Aug. 18, 2000, p. 3.) This language is inconclusive. Although it indicates the proposed legislation will now adopt the Department *practice* as to inspectors and surveyors, it fails to state that such adoption reflects *existing law* or should be applied retroactively to preexisting contracts. Moreover, the same Assembly Committee report notes that "in its current form, this bill also *expands* the definition of 'public works' to include architects, engineers, general contractors and others in their employ *who have not previously been subject to the prevailing wage laws.*" (*Ibid.*, italics added.) This language strongly indicates that the 2000 amendment was more than a simple restatement of existing law.

We also note that the Legislative Counsel's digest to the bill explains that it would "*revise* the definition of public works by providing that 'construction' includes work performed during the design and preconstruction phases of construction including, but not limited to, inspection and land surveying work." (Legis. Counsel's Dig., Sen. Bill No. 1999 (1999-2000 Reg. Sess.), Stats. 2000, ch. 881, italics added.) The Legislative Counsel also evidently believed that the revision might impose new costs on local government. (*Ibid.*)

[11] The City observes that the United States Secretary of Labor has defined "construction," for purposes of the *federal* prevailing wage law (40 U.S.C. §§ 3141-3148) as: "All types of work done on a particular building or work at the site thereof ... by laborers and mechanics employed by a construction contractor or construction subcontractor" (29 C.F.R. § 5.2(j)(1) (2004).) "Laborers and mechanics" generally include ~~673~~ workers whose duties are manual or physical in nature

(including those workers who use tools or who are performing the work of a trade), as distinguished [34 Cal.4th 954] from mental or managerial." (29 C.F.R. § 5.2(m) (2004).) This definition seemingly would not cover work done by surveyors, lawyers, project managers, or insurance underwriters, who function before actual construction activities commence.

We have found no case deciding whether surveyors' work constitutes "construction" under federal regulations. California's prevailing wage law is similar to the federal act and shares its purposes. (*Southern Cal. Lab. Management etc. Committee v. Aubry* (1997) 54 Cal.App.4th 873, 882 [63 Cal. Rptr. 2d 106].) Although the Legislature was free to adopt a broader definition of "construction" for projects that state law covers, certainly the fact that federal law generally confines its prevailing wage law to situations involving actual construction activity is entitled to some weight in construing the pre-2000 version of the statute.

The Court of Appeal concluded that the broader interpretation of "construction" in former section 1720, subdivision (a), is "most consistent" with the PWL's purpose, to protect employees and the public. But, of course, no one suggests that had SPCA-LA, a private charitable foundation, funded the entire project, the PWL, which applies only to projects constructed in whole or in part with *public funds*, would nonetheless cover it. Does it make a difference that SPCA-LA received City funds for designing, surveying and insuring, and otherwise managing the project at the preconstruction phase? For all the reasons discussed above, we conclude the project falls outside the PWL's scope. Our conclusion makes it unnecessary to reach the City's alternative contention that the present project was not "done under contract" within the PWL's meaning. (See § 1720, subd. (a).)

CONCLUSION

The PWL does not apply in this case because no publicly funded construction was involved. The judgment of the Court of Appeal is reversed.

George, C. J., Baxter, J., Werdegar, J., Brown, J., and Moreno, J., concurred.

DISSENTING OPINION:

KENNARD, J., Dissenting.--When a construction project is funded in whole or in part by a public entity, California law requires that the workers be paid the local prevailing wage. Here, a city and a charity entered into a contract for construction of a building, and agreed that the city would pay for certain expenses essential to the overall project but would not pay for erection of the building itself. The majority concludes the project was not a public work and therefore not subject to the prevailing wage. I disagree. [34 Cal.4th 955]

I

In 1998, the City of Long Beach (City) contracted with the Society for the Prevention of Cruelty to Animals, Los Angeles (SPCA-LA) for the latter to construct a building that was to contain an animal shelter as well as the SPCA-LA's headquarters and the City's animal control department. The City agreed to contribute \$ 1.5 million to the project (which ultimately cost approximately \$ 10 million) and to lease to the SPCA-LA, at a nominal fee, the six and one-half acres of land on which the facility was to be built.

In December 1999, just after ground was broken and the actual building had begun, a local newspaper reported on the project. This prompted a labor organization to ask the state Department of Industrial Relations (DIR) to investigate whether the project was a public work and therefore subject to the prevailing wage law. In response to the DIR's inquiry, the City explained in a letter written in September 2000 that the SPCA-LA had placed the City's \$ 1.5 million contribution in a segregated account; that roughly \$ 1 million was being used to pay the architects, project managers, lawyers, and surveyors, as well as the insurance costs; the rest would be used for advertising, fundraising, and "startup costs" such as furniture and equipment; and that none of the City's money would be used to pay for the building itself. The City asserted that because its financial contribution would not be used to pay for the building itself, the project was not a public work. The DIR, however, determined that the project was a public work and therefore subject to the prevailing wage law; that ruling was affirmed on administrative appeal. The City challenged that decision in a petition for writ of mandate in the superior court. The court granted the writ, and the DIR appealed. The Court of Appeal reversed the superior court, concluding that the project was a public work.

II

Labor Code section 1771 fn. 1 provides that "all workers employed on public works" costing more than \$ 1,000 must be paid "the general prevailing rate of per diem wages for work of a similar character in the locality in which the public work is performed" When the City and the SPCA-LA contracted to ~~674~~ the animal control facility in question, the version of section 1720, subdivision (a) (former section 1720(a)) then in effect defined "public works" in these words: "*Construction,*

alteration, demolition, or repair work done under contract and *paid for in whole or in part out of public funds ...*" (Stats. 1989, ch. 278, § 1, p. 1359, italics added.) At issue here is what the Legislature meant by the term "construction." That term, which has been in section 1720 since its enactment in 1937, is ambiguous. In a narrow sense it [34 Cal.4th 956] could mean --as the majority concludes--erection of the actual building only. In a broader sense it could mean--as the Court of Appeal concluded--the entire construction project, including the architectural, project management, insurance, surveying, and legal costs paid for by the City here. The parties furnish no legislative history bearing on the intent of the Legislature in 1937, when it used the word "construction" in former section 1720(a). But two principles of statutory interpretation provide guidance, as discussed below.

In construing an ambiguous statute, courts generally defer to the views of an agency charged with administering the statute. "While taking ultimate responsibility for the construction of a statute, we accord 'great weight and respect to the administrative construction' thereof. ... [¶] Deference to administrative interpretations always is 'situational' and depends on 'a complex of factors' ..., but where the agency has special expertise and its decision is carefully considered by senior agency officials, that decision is entitled to correspondingly greater weight" (*Sharon S. v. Superior Court* (2003) 31 Cal.4th 417, 436 [2 Cal. Rptr. 3d 699, 73 P.3d 554], citations & fn. omitted (*Sharon S.*); see also *Styne v. Stevens* (2001) 26 Cal.4th 42, 53 [109 Cal. Rptr. 2d 14, 26 P.3d 343]; *Yamaha Corp. of America v. State Bd. of Equalization* (1998) 19 Cal.4th 1, 11-15 [78 Cal. Rptr. 2d 1, 960 P.2d 1031].)

The Legislature has given the Director of the DIR "plenary authority to promulgate rules to enforce the Labor Code," including "the authority to make regulations governing coverage" under the prevailing wage law. (*Lusardi Construction Co. v. Aubry* (1992) 1 Cal.4th 976, 989 [4 Cal. Rptr. 2d 837, 824 P.2d 643].) When, as here, the meaning of a statutory term is ambiguous and there is no indication of the Legislature's intent regarding its meaning, this court should defer to the DIR's determination based on its "special expertise" (*Sharon S.*, *supra*, 31 Cal.4th at p. 436), so long as that determination was "carefully considered by senior agency officials" (*ibid.*) and is consistent with the DIR's previous decisions. (*Yamaha Corp. of America v. State Bd. of Equalization*, *supra*, 19 Cal.4th at p. 13 [courts should not defer to an administrative agency that has taken a "vacillating position" as to the meaning of the statute in question]).

Here, in a 13-page decision signed by DIR Director Stephen Smith, the DIR concluded that this project was a public work. The DIR's regulations have long stated that surveying work, which the City paid for here, comes within the definition of the term "construction" under former section 1720(a), whether or not it occurs before the actual building process begins, so long as it is "integral to" the project. (Cal. Code Regs., tit. 8, § 16001, subd. (c).) The City does not deny that the work performed by the architect and the project manager--also paid for by the City--was integral to the construction project here. Thus, the DIR's determination that the construction project in question [34 Cal.4th 957] is a public work was carefully considered by a senior agency official and is consistent with the agency's regulations. Therefore, that decision commands great deference.

Also lending support to my conclusion is California's long-standing policy that prevailing wage laws are to be liberally construed in favor of the worker. (*Walker v. County of Los Angeles* (1961) 55 Cal.2d 626, 634-635 [12 Cal. Rptr. 671, 361 P.2d 247]; *McIntosh v. Aubry* (1993) 14 Cal.App.4th 1576, 1589 [18 Cal. Rptr. 2d 680]; *Union of American Physicians v. Civil Service Com.* (1982) 129 Cal. App. 3d 392, 395 [181 Cal. Rptr. 93]; *Melendres v. City of Los Angeles* (1974) 40 Cal. App. 3d 718, 728 [115 Cal. Rptr. 409]; *Alameda County Employees' Assn. v. County of Alameda* (1973) 30 Cal. App. 3d 518, 531 [106 Cal. Rptr. 441].) When, as here, a term in the prevailing wage law can plausibly be construed in two ways, one broad and one narrow, and there is no evidence that the Legislature intended the term's narrow meaning, this court should adopt the term's broader meaning. The Legislature's objectives in enacting the prevailing wage law were these: "to protect employees from substandard wages that might be paid if contractors could recruit labor from distant cheap-labor areas; to permit union contractors to compete with nonunion contractors; to benefit the public through the superior efficiency of well-paid employees; and to compensate nonpublic employees with higher wages for the absence of job security and employment benefits enjoyed by public employees." (*Lusardi Construction Co. v. Aubry*, *supra*, 1 Cal.4th at p. 987.) These purposes will be implemented by applying the prevailing wage law to the project here.

For the reasons given above, the word "construction" in former section 1720(a) refers to work that, in the Court of Appeal's words, is "integrally connected to the actual building and without which the structure could not be built." That includes the costs of surveying, architectural design and supervision, and project management paid for by the City here.

III

The majority acknowledges the two rules of statutory interpretation I just discussed. As applied here, those rules require a broad reading of the word "construction" in former section 1720(a). Yet the majority construes the term narrowly, holding that it does not encompass the expenses paid for by the City here. The majority's reasons are unpersuasive.

The majority repeatedly characterizes as "preconstruction" costs the expenses the City paid for architectural design and supervision, project management, insurance, surveying, and legal services. (Maj. opn., *ante*, at pp. 946, 947, 950, 951, 954.)

To label these expenses as "preconstruction" is [34 Cal.4th 958] misleading. The term implies that all these expenses were incurred *before* the building of the facility began. But, as explained below, that view finds no support in the record.

True, the *surveying* expenses were most likely incurred at the outset of the project, as is customarily the case. But that is not true of the project's management and architectural costs. The SPCA-LA's contract with project manager Pacific Development Services said the latter's duties included "Construction Management of *all phases of construction of the Project.*" (Italics added.) And the SPCA-LA's contract with the architectural firm of Warren Freedendfeld & Associates provided that the firm would "be a representative of and shall advise and consult with the owner *during construction,*" would "visit the site at intervals appropriate to the stage of construction," would "keep the Owner informed of the progress and quality of the Work," and would attempt to "guard the Owner against defects and deficiencies in the Work" as it progressed. (Italics added.) Indeed, the City's September 2000 letter to the DIR (see p. 955, *ante*) when the building phase of the project was well under way, said that of the approximately \$ 540,000 of the City's contribution that was budgeted for project management, \$ 100,000 had yet to be spent; and that of the \$ 360,000 of the City's contribution that was budgeted for architectural fees, \$ 40,000 had yet to be spent. The City's letter also mentioned that smaller portions of the legal and insurance costs had yet to be paid. Thus, the contracts with the project manager and the architect, as well as the City's letter, demonstrate that the City did not pay merely for "preconstruction" costs but also for expenses incurred while the facility was being constructed.

The majority talks at length about an amendment to section 1720(a) that the Legislature enacted in 2000, stating that the term "construction," as used in that section, includes "the design and preconstruction phases of construction." After a thorough review of the legislative history pertaining to the 2000 amendment, the majority concludes that the Legislature did not intend the amendment to apply retroactively. Right. So what? Retroactivity of the 2000 amendment is not at issue here; therefore, the intent of the 2000 Legislature has no bearing here. What is at issue is the intent of the Legislature back in 1937, when it first used the word "construction" to define public works in former section 1720(a). It is the duty of this court, not the 2000 Legislature, to determine the 1937 Legislature's intent, and the views of the 2000 Legislature on the subject are not controlling. As this court said less than two months ago: "[T]he Legislature has no authority to interpret a statute. That is a judicial task. The Legislature may define the meaning of statutory language by a present legislative enactment which, subject to constitutional restraints, it may deem retroactive. But it has no legislative [34 Cal.4th 959] authority simply to say what it *did* mean." (*McClung v. Employment Development Department* (2004) 34 Cal.4th 467, 473 [20 Cal. Rptr. 3d 428, 99 P.3d 1015].)

IV

I would uphold the Court of Appeal's decision that the project here was a public work and thus subject to the prevailing wage law. The majority concludes to the contrary and sees no need to resolve the remaining two issues on which this court granted review: (1) whether the project is a "municipal affair" exempt from the prevailing wage law, and (2) whether the prevailing wage law is a matter of statewide concern that overrides the municipal affair exemption. These are difficult and important questions. I would retain the case to decide them.

FN 1. Further statutory references are to this code unless otherwise indicated.

FN 1. All further statutory citations are to the Labor Code.

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Bush v. Bright , 264 Cal.App.2d 788

[Civ. No. 24819. First Dist., Div. One. Aug. 8, 1968.]

ARTHUR CURTIS ANTRIM BUSH, Plaintiff and Respondent, v. TOM BRIGHT, as Director of the Department of Motor Vehicles, etc., et al., Defendants and Appellants.

COUNSEL

Thomas C. Lynch, Attorney General, and Victor D. Sonenberg, Deputy Attorney General, for Defendants and Appellants.

Berwyn A. Rice for Plaintiff and Respondent. [264 Cal.App.2d 790]

OPINION

ELKINGTON, J.

This appeal concerns the interpretation of Vehicle Code section 13353, enacted in 1966, relating to chemical tests of intoxicated automobile drivers.

The section applies to any lawfully arrested person whom a peace officer has reasonable cause to believe was driving a motor vehicle upon a highway while under the influence of intoxicating liquor. It provides that such person shall be deemed to have given his consent to a chemical test of his blood, breath or urine. He may choose the type of test to be given. It also provides that if such a person refuses the officer's request to submit to such a test it need not be given, but his driver's license shall be suspended for six months. provision is made that the person be told of the penalty which will result from his refusal.

[1] The purpose of section 13353 is to reduce the toll of death and injury resulting from the operation of motor vehicles on California highways by intoxicated persons. As said in *People v. Sudduth*, 65 Cal.2d 543, 546 [55 Cal.Rptr. 393, 421 P.2d 401], "In a day when excessive loss of life and property is caused by inebriated drivers, an imperative need exists for a fair, efficient, and accurate system of detection, enforcement and, hence, prevention."

The obvious reason for acquiescence in the refusal of such a test by a person who as a matter of law is "deemed to have given his consent" is to avoid the violence which would often attend forcible tests upon recalcitrant inebriates. With this exception, the chemical tests may be given to any person covered by the statute, even if he be "dead, unconscious, or otherwise in a condition rendering him incapable of refusal."

[2] Such tests do not violate one's right against self-incrimination (*Schmerber v. California*, 384 U.S. 757, 760-765 [16 L.Ed.2d 908, 913-916, 86 S.Ct. 1826]; *People v. Sudduth*, supra, 65 Cal.2d 543, 546-547; *United States v. Wade*, 388 U.S. 218, 221 [18 L.Ed.2d 1149, 1153, 87 S.Ct. 1926]), nor one's right to be free from unreasonable searches and seizures (*Schmerber v. California*, supra, pp. 766-772 [16 L.Ed.2d pp. 917-920]), nor one's right to counsel (*United States v. Wade*, supra; *People v. Sudduth*, supra, p. 546; see also *Gilbert v. California*, 388 U.S. 263 [18 L.Ed.2d 1178, 87 S.Ct. 1951]).

The record before us discloses facts which are essentially uncontradicted. Respondent Arthur Curtis Antrim Bush was seen by a police officer driving an automobile in an erratic manner. He was lawfully arrested for the offense of driving a motor

vehicle while under the influence of intoxicating liquor. [264 Cal.App.2d 791] Bush had been at a party earlier that evening where he admittedly had at least 12 drinks of Scotch over ice. The drinks were larger than one would get in a bar, "certainly" more than an ounce in each drink. He then went to another party where he was sure he did not decrease the amount of his drinking. It is clear that when he was arrested he was grossly intoxicated. However, on three occasions when requested to submit to a chemical test he responded by answering "No," or by shaking his head negatively. Accordingly, a test was not given him. He had been properly advised as to the consequences of such a refusal.

After a Motor Vehicle Department administrative hearing Bush's license was ordered revoked for six months. He then sought a writ of mandate (Code Civ. Proc., § 1094.5) in the superior court for the purpose of annulling the order. The superior court exercised its independent judgment on the administrative record. fn. 1

[3] The court's findings recite that at the time Bush "was requested to submit to said test [he] was incapable of refusing to so submit because of his extreme intoxication." It was concluded as a matter of law "The petitioner did not violate the provisions of Vehicle Code section 13353." From the ensuing judgment setting aside Bush's license suspension this appeal was taken.

Bush based his argument below, as he does here, on the following language of section 13353: "Any person who is dead, unconscious, or otherwise in a condition rendering him incapable of refusal shall be deemed not to have withdrawn his consent." He contends that this provision "is intended to provide the person arrested with certain inalienable rights" affording "a fundamental protection to the person whose reasoning power or intelligence has been so greatly impaired as to prevent him from making an intelligent choice or waiving the right afforded him." The Legislature, he says, "intended that a person be aware of his rights and be given an opportunity to make a reasonable choice or a waiver." Finally, he says, since he was too drunk to make an intelligent waiver of his rights, he was completely unaffected by the portion of the statute under which he could refuse the test, and by the penalty provision for its refusal. [264 Cal.App.2d 792]

The statute's provision that "Any person who is dead, unconscious, or otherwise in a condition rendering him incapable of refusal shall be deemed not to have withdrawn his consent" does not confer any "rights" upon an intoxicated driver. It simply allows the chemical test of a person who is dead, unconscious or otherwise unable to refuse--making it clear that even in such cases the earlier provision that the person shall be deemed to have given his consent shall nevertheless apply.

Bush otherwise misconstrues the purpose and meaning of the statute. It is firmly established that a drunken driver has no right to resist or refuse such a test (See *Schmerber v. California*, supra, 384 U.S. 757, 760-765 [16 L.Ed.2d 908, 913-916]; *People v. Sudduth*, supra, 65 Cal.2d 543, 546-547). It is simply because such a person has the physical power to make the test impractical, and dangerous to himself and those charged with administering it, that it is excused upon an indication of his unwillingness. Since Bush's claimed rights are nonexistent there can be no issue as to their waiver.

The construction placed upon the statute by the lower court and by Bush would lead to absurd consequences--the greater the degree of intoxication of an automobile driver, the lesser the degree of his accountability under the statute. It would invalidate section 13353 as to grossly intoxicated drivers and frustrate the purpose of the Legislature.

[4] "Statutes must be given a reasonable and common sense construction in accordance with the apparent purpose and intention of the lawmakers--one that is practical rather than technical, and that will lead to a wise policy rather than to mischief or absurdity." (45 Cal.Jur.2d 625-626.) [5] "[I]n construing a statute the courts may consider the consequences that might flow from a particular interpretation. They will construe the statute with a view to promoting rather than to defeating its general purpose and the policy behind it." (Id., p. 631.) [6] Remedial statutes such as section 13353 "must be liberally construed to effect their objects and suppress the mischief at which they are directed. They should not be given a strained construction that might impair their remedial effect." (Id., pp. 681-682.)

Bush seems to argue that it is unreasonable and unfair to hold a person, deprived of understanding by his voluntary intoxication, accountable under Vehicle Code section 13353. An accountability for the results of one's voluntary intoxication is by no means novel in our law. For example, it has long [264 Cal.App.2d 793] been the rule, as to crimes not involving specific intent or diminished capacity, that "No act committed by a person while in a state of voluntary intoxication is less criminal by reason of his having been in such condition." (Pen. Code, § 22.) Even if one be unconscious as a result of his voluntary intoxication he may nevertheless be held criminally responsible for an act committed while in that state. "The union or joint operation of act and intent or criminal negligence must exist in every crime, ... and is deemed to exist irrespective of unconsciousness arising from voluntary intoxication." (*People v. Conley*, 64 Cal.2d 310, 324 [49 Cal.Rptr. 815, 411 P.2d 911]; see also *People v. Alexander*, 182 Cal.App.2d 281, 291-292 [6 Cal.Rptr. 153]; *Witkin*, Cal. Crimes (1963) § 143, p. 136.)

It seems reasonable to us that an automobile driver should be held accountable for his act of refusing a test under section 13353 while in a state of voluntary intoxication. [7] We therefore hold that, if the requirements of section 13353 are otherwise met, regardless of the degree of his voluntary intoxication or lack of understanding resulting therefrom, when a driver of an automobile refuses or otherwise manifests an unwillingness to take the required test he is subject to the license suspension provisions of that section.

The judgment is reversed. The superior court, on appropriate findings, will enter judgment in favor of appellants.

Molinari, P. J., and Sims, J., concurred.

FN 1. The case was tried on the theory that the court was required to exercise its "independent judgment" on the record and that the "substantial evidence" rule did not apply. It is unnecessary in our resolution of this appeal to determine which was the applicable rule.

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Marin Healthcare Dist. v. Sutter Health (2002) 103 Cal.App.4th 861 , 127 Cal.Rptr.2d 113

[No. C034127. Third Dist. Nov. 14, 2002.]

MARIN HEALTHCARE DISTRICT, Plaintiff and Appellant, v. SUTTER HEALTH et al., Defendants and Respondents.

(Superior Court of Sacramento County, No. 97AS05803, John R. Lewis, Judge.)

(Opinion by Kolkey, J., with Blease, Acting P. J., and Raye, J., concurring.)

COUNSEL

Steeffel, Levitt & Weiss, Stephen S. Mayne and David T. Vanalek for Plaintiff and Appellant.

McDonough, Holland & Allen and Richard E. Brandt for Defendant and Respondent Sutter Health.

Keegin, Harrison, Schoppert & Smith, Jeffrey S. Schoppert and Wendy L. Wyse for Defendants and Respondents Marin General Hospital and Marin Community Health. [103 Cal.App.4th 866]

OPINION

KOLKEY, J.—

In this action, we must determine whether the judicially created doctrine enunciated in *Hoadley v. San Francisco* (1875) 50 Cal. 265 (*Hoadley*)-that the statute of limitations does not apply to actions by the state to recover property dedicated for public use against an adverse possessor-should be extended to bar the application of the statute of limitations to the state's action to void a lease of public-use property. Because the purpose of the *Hoadley* doctrine is to prevent public-use property that the state cannot directly alienate from being indirectly alienated through the passage of time-that is, through the statute of limitations-we conclude that the doctrine has no application to a lease of property which the state is authorized to make.

In this case, the plaintiff, Marin Healthcare District (the District), a political subdivision of the state, brought suit to recover possession of a publicly owned hospital and related assets that it had leased and transferred [103 Cal.App.4th 867] in 1985 to defendant Marin General Hospital (Marin General) fn. 1 pursuant to the terms of the Local Health Care District Law (Health & Saf. Code, § 32000 et seq.). The District's complaint alleges that the 1985 agreements are void because its chief executive and legal counsel had a financial interest in the agreements at the time of their execution, in violation of Government Code section 1090, which prohibits state employees from having any financial interest in any contract made by them or by any body of which they are members. fn. 2 But because the action was filed 12 years after the agreements were signed, the trial court concluded that the suit was time-barred.

The District contends here-as it did in the trial court-that under the California Supreme Court's decision in *Hoadley*, "a suit by a governmental entity to recover public-use property from a private party to whom it was illegally or invalidly transferred is never barred by any statute of limitations."

We conclude, to the contrary, that *Hoadley* stands for the more narrow rule that "property held by the state in trust for the people cannot be lost through adverse possession." (*People v. Shirokow* (1980) 26 Cal.3d 301, 311 [162 Cal.Rptr. 30, 605 P.2d 859].) Other cases have only extended the doctrine to prevent the statute of limitations from barring the recovery of public-use property that the state had no authority to alienate. (E.g., *Sixth District etc. Assoc. v. Wright* (1908) 154 Cal. 119, 129-130 [97 P. 144].) The doctrine has no application to the lease of property into which the state is authorized by law to enter (and which property the state will recover at the end of the lease term).

Extension of the *Hoadley* doctrine here would conflict with the Legislature's determination to apply statutes of limitations to actions brought by the state, including the type pleaded here. Specifically, ever since the first session of the California Legislature, "[t]he general legislative policy of California [has been] that the state shall be bound by its statute of limitations with respect to the bringing of actions for the enforcement of any and all such rights as may accrue to the state." (*People v. Osgood* (1930) 104 [103 Cal.App.4th 868] Cal.App. 133, 135 [285 P. 753].) While there are good policy reasons both for and against subjecting void leases of public property to the statute of limitations, we must defer to the Legislature's determination that the state, like other parties, is bound by the statute of limitations. We shall therefore affirm the judgment barring this 12-year-delayed suit from unsettling the balance of Marin General's lease term.

Factual and Procedural Background

The facts underlying this action are undisputed.

The District, a political subdivision of the State of California, is a local health care district organized and operating under the provisions of the Local Health Care District Law (Health & Saf. Code, § 32000 et seq.). The District owns an acute care hospital facility located in Marin County.

The statutory scheme governing local health care districts permits such districts to delegate pursuant to a lease of up to 30 years the responsibility of operating and maintaining a district-owned hospital (Health & Saf. Code, § 32126), and authorizes them to transfer the assets to a nonprofit corporation "to operate and maintain the assets" (Health & Saf. Code, § 32121, subd. (p)(1)). *fn.* 3. "The Legislature's stated reason for allowing such transfers [was] to permit local hospital districts 'to remain competitive in the ever changing health care environment ...' (Stats. 1985, ch. 382, § 5, p. 1556.)" (*Yoffe v. Marin Hospital Dist.* (1987) 193 Cal.App.3d 743, 746 [238 Cal.Rptr. 502].)

In or about November 1985, pursuant to those statutory provisions, the District leased the hospital's facilities and transferred certain of the District's assets used in the operation of the hospital, including cash, accounts receivable, and inventory, to defendant Marin General, a nonprofit public benefit corporation. The relevant agreements included a 30-year lease agreement and an agreement for transfer of assets (collectively, the 1985 contracts). Marin General has continuously operated the hospital facility since 1985.

At the time the 1985 contracts were entered, the District's chief executive officer was Henry J. Buhrmann. However, while Buhrmann was still employed as the District's chief executive officer, he became president and chief executive officer of Marin General and signed the 1985 contracts on [103 Cal.App.4th 869] behalf of *Marin General*. Two of the District's directors executed the contracts on the District's behalf. Moreover, the District's legal counsel, Quentin L. Cook, became legal counsel to Marin General before the 1985 contracts were executed. And when Marin General later combined to form another health care entity, Cook became chief executive officer of that entity.

In November 1997, nearly 12 years after the 1985 contracts were signed, the District filed the instant action against Marin General and the affiliated defendants, Marin Community Health and Sutter Health. (See *fn.* 1, *ante.*) The operative (first amended) complaint alleges that at the time the 1985 contracts were entered, Buhrmann's and Cook's simultaneous employment by Marin General and the District created a prohibited financial interest in those contracts within the meaning of Government Code section 1090. That statute prohibits state, county, district, and city officers or employees from being "financially interested in any contract made by them in their official capacity, or by any body or board of which they are members." (*Ibid.*) *fn.* 4 And because the 1985 contracts were purportedly made in violation of Government Code section 1090, the complaint alleges that the contracts are void under Government Code section 1092. *fn.* 5

The first and second causes of action of the complaint seek a declaration that the 1985 contracts are void by virtue of Buhrmann's or Cook's alleged financial interest in the contracts and that therefore the District is entitled to recover the assets transferred by the 1985 contracts. The District also seeks to impose a constructive trust on all hospital assets (the fifth cause of action), to conduct an accounting of the assets transferred under the 1985 contracts and their proceeds (the sixth cause of action), and to direct defendants to deliver the assets to the District (the seventh cause of action). *fn.* 6

any wrongdoing, and alleged that the causes of action based on the purported invalidity of the 1985 contracts (the first, second, fifth, sixth, and seventh causes of action) were barred by the applicable statutes of limitations. [103 Cal.App.4th 870]

Defendants then brought a motion for summary adjudication with respect to the first, second, fifth, sixth, and seventh causes of action on the grounds that they were barred by all applicable statutes of limitations. *fn. 7* In support of their motion, defendants argued that the gravamen of the District's complaint was a claim that the 1985 contracts were void in violation of Government Code section 1092. As such, they claimed that the suit was an action "other than for the recovery of real property" within the meaning of Code of Civil Procedure section 335 et seq. and was barred by the applicable statutes of limitations.

The District, in turn, moved for summary adjudication of, among other things, "defendants' affirmative defense of the statute of limitations." Relying on the common law principle adopted by the California Supreme Court in *Hoadley, supra*, 50 Cal. 265, the District argued, both in support of its motion and in opposition to defendants' motion, that under settled case law, "a suit by a governmental entity to recover public-use property from a private party to whom it was illegally or invalidly transferred is *never* barred by *any* statute of limitations."

The trial court rejected the District's purported application of *Hoadley* and granted defendants' motions. In its tentative decision, which was subsequently incorporated into the judgment, the trial court opined in part that the "contracts here are fundamentally different from those in the *Hoadley* line of cases. The 1985 lease and sale of assets were legitimate contracts. Violation of [Government Code] Section 1090 can result in them being declared void. This is not like the *Hoadley* line of cases where the orig[ini]al transactions had no legitimacy. Statutes of limitations do attach to claims seeking to have contracts declared void based on the nature of the claim asserted.... The issue here then is what limitations period applies to actions brought under [Government Code] Section 1090. *Schaefer v. Berinstein* [(1960) 180 Cal.App.2d 107 [4 Cal.Rptr. 236], disapproved on another point in *Jefferson v. J. E. French Co.* (1960) 54 Cal.2d 717, 719-720 [7 Cal.Rptr. 899, 355 P.2d 643]] is on point and stands for the proposition that the nature of the underlying right sued on will determine the applicable statute." (Italics added.)

The trial court then concluded that the appropriate statute of limitations for the District's claims concerning the validity of the 1985 contracts under Government Code section 1092 was the four-year catchall provision of [103 Cal.App.4th 871] Code of Civil Procedure section 343, and applying that statute, ruled that the District's claims were time-barred.

The parties thereafter settled the remaining claims in the complaint and stipulated to entry of judgment incorporating the trial court's ruling on the statute of limitations.

Discussion

I. Standard of Review

[1] "[F]rom commencement to conclusion, the party moving for summary judgment bears the burden of persuasion that there is no triable issue of material fact and that he is entitled to judgment as a matter of law. [Fn. omitted.]" (*Aguilar v. Atlantic Richfield Co.* (2001) 25 Cal.4th 826, 850 [107 Cal.Rptr.2d 841, 24 P.3d 493].) We review independently an order granting summary judgment or summary adjudication of issues. (*Id.* at p. 860; *Hernandez v. Modesto Portuguese Pentecost Assn.* (1995) 40 Cal.App.4th 1274, 1279 [48 Cal.Rptr.2d 229].)

[2] Although resolution of a statute of limitations defense normally poses a factual question reserved to the trier of fact, summary adjudication will nonetheless be proper "if the court can draw only one legitimate inference from uncontradicted evidence regarding the limitations question." (*City of San Diego v. U.S. Gypsum Co.* (1994) 30 Cal.App.4th 575, 582 [35 Cal.Rptr.2d 876]; *FNB Mortgage Corp. v. Pacific General Group* (1999) 76 Cal.App.4th 1116, 1126 [90 Cal.Rptr.2d 841].) This is such a case.

II. The Causes of Action are Subject to the Statute of Limitations

The gravamen of the District's claims is that the 1985 contracts are void as a matter of law because its chief executive officer and counsel each had a financial interest in the contracts in violation of Government Code section 1090. It is settled that "a contract in which a public officer is interested is *void*, not merely voidable. [Citations.]" (*Thomson v. Call* (1985) 38 Cal.3d 633, 646, *fn. 15* [214 Cal.Rptr. 139, 699 P.2d 316].)

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~~But the District refrained from filing suit for the first 12 years of its 30-year lease. It argues that "under the rule confirmed in [*Hoadley*], a conveyance of public-use property that was not valid and effective when it was made can be attacked, and the~~

property reclaimed by the public, regardless of how much time has passed."

[3] There are certainly good policy arguments both for and against applying a limitations period to an action to void a lease of public property. [103 Cal.App.4th 872] On the one hand, "[t]he purpose of statutes of limitations is to promote justice by preventing surprises through the revival of claims that have been allowed to slumber until evidence has been lost, memories have faded, and witnesses have disappeared." (*Cutujian v. Benedict Hills Estates Assn.* (1996) 41 Cal.App.4th 1379, 1387 [49 Cal.Rptr.2d 166], citing *Telegraphers v. Ry. Express Agency* (1944) 321 U.S. 342, 348-349 [64 S.Ct. 582, 586, 88 L.Ed. 788, 792]; accord, *Wood v. Elling Corp.* (1977) 20 Cal.3d 353, 362 [142 Cal.Rptr. 696, 572 P.2d 755].) Statutes of limitations also serve many other salutary purposes-some of which are relevant to this case-including protecting settled expectations; giving stability to transactions; promoting the value of diligence; encouraging the prompt enforcement of substantive law; avoiding the retrospective application of contemporary standards; and reducing the volume of litigation. (*Board of Regents v. Tomanio* (1980) 446 U.S. 478, 487 [100 S.Ct. 1790, 1796-1797, 64 L.Ed.2d 440, 449]; *Norgart v. Upjohn Co.* (1999) 21 Cal.4th 383, 395-396 [87 Cal.Rptr.2d 453, 981 P.2d 79]; *Gutierrez v. Mofid* (1985) 39 Cal.3d 892, 899 [218 Cal.Rptr. 313, 705 P.2d 886]; Ochoa & Wistrich, *The Puzzling Purposes of Statutes of Limitation* (1997) 28 Pacific L.J. 453.)

On the other hand, courts have noted that cases should be decided on their merits (see *Norgart v. Upjohn Co.*, *supra*, 21 Cal.4th at p. 396) and that "[t]he public is not to lose its rights through the negligence of its agents" in failing to bring suit promptly. (*Board of Education v. Martin* (1891) 92 Cal. 209, 218 [28 P. 799].)

However, as a court, we must defer to the Legislature's judgment on which of these two policies to adopt. As our Supreme Court stated in a somewhat similar circumstance, "[t]o establish any particular limitations period under any particular statute of limitations entails the striking of a balance between the two [policies]. To establish any such period under any such statute belongs to the Legislature alone [citation], subject only to constitutional constraints [citation]." (*Norgart v. Upjohn Co.*, *supra*, 21 Cal.4th at p. 396.)

As shown below, the Legislature has expressly addressed the application of statutes of limitations to actions brought by the state or its agencies.

A. The Application of Statutes of Limitations to a Public Entity

The parties agree that the District is a political subdivision of the state. We thus first turn to whether the Legislature intended to apply a statute of limitations to a suit by a state entity to void a contract in violation of Government Code section 1092. [103 Cal.App.4th 873]

"The rule quod nullum tempus occurrit regi-that the sovereign is exempt from the consequences of its laches, and from the operation of statutes of limitations-appears to be a vestigial survival of the prerogative of the Crown," but is nowadays premised on considerations of public policy. (*Guaranty Trust Co. v. U.S.* (1938) 304 U.S. 126, 132 [58 S.Ct. 785, 788, 82 L.Ed. 1224, 1227-1228].) "The true reason ... is to be found in the great public policy of preserving the public rights, revenues, and property from injury and loss, by the negligence of public officers." (*Ibid.*)

[4] Accordingly, "the implied immunity of the domestic 'sovereign,' state or national, has been universally deemed to be an exception to local statutes of limitations where the government, state or national, is not expressly included" (*Guaranty Trust Co. v. U.S.*, *supra*, 304 U.S. at p. 133 [58 S.Ct. at p. 789, 82 L.Ed. at p. 1228].)

This is the rule in California: The rights of the sovereign "are not barred by lapse of time unless by legislation the immunity is expressly waived." (*City of L. A. v. County of L. A.* (1937) 9 Cal.2d 624, 627 [72 P.2d 138, 113 A.L.R. 370].) fn. 8

But sections 315 and 345 of the Code of Civil Procedure fn. 9 expressly waive the state's legislative immunity by applying statutes of limitations to various types of actions by the state and its agencies. "That it is not the policy of this commonwealth not to be bound by any statute of limitations is made clear by certain enactments which date back to the first session of the state legislature. (Code Civ. Proc., [§§] 315, 317, 345.) ... 'The general legislative policy of California is that the state shall be bound by its statute of limitations with respect to the bringing of actions for the enforcement of any and all such rights as may accrue to the state.'" (*People v. Osgood*, *supra*, 104 Cal.App. at p. 135.)

Title 2 of part 2 (commencing with § 312) addresses general statutes of limitations. Section 312, which is part of chapter 1 of title 2, reflects the Legislature's historical preference for limiting the time within which civil actions may be initiated: "Civil actions, *without exception*, can only be commenced within the periods prescribed in this title, after the cause of action shall have accrued, unless where, in special cases, a different limitation is prescribed by statute." (Italics added.) Chapter 2 of title 2 addresses [103 Cal.App.4th 874] the time for commencing actions for the recovery of real property (§ 315 et seq.),

while chapter 3 (§ 335 et seq.) addresses the time for commencing actions other than for the recovery of real property. In both cases, the Legislature has expressly subjected the state to the limitations periods.

With respect to actions for the recovery of real property, section 315 provides that "[t]he people of this State will not sue any person for or in respect to any real property, or the issues or profits thereof, by reason of the right or title of the people to the same, unless: [¶] 1. Such right or title shall have accrued within ten years before any action or other proceeding for the same is commenced" "The words 'right or title' in this passage are to be construed to mean 'cause of action.'" (*People v. Kings Co. Development Co.* (1918) 177 Cal. 529, 534 [171 P. 102]; accord, *People v. Chambers* (1951) 37 Cal.2d 552, 556 [233 P.2d 557] (*Chambers*).)

[5a] Thus, if the present action is deemed to seek the recovery of real property under chapter 2 of title 2 "by reason of the right or title of the people to the same," this 12-year-delayed action, brought by a state entity, would be subject to (and as we shall show, barred by) the 10-year limitations period specified in section 315.

On the other hand, if this action is deemed other than for the recovery of real property, it comes under chapter 3 of title 2 (commencing with section 335). fn. 10 But section 345 expressly waives the state's immunity from *any* of the relevant statutes of limitations in that chapter: "The limitations prescribed in this chapter apply to actions brought in the name of the state or county or for the benefit of the state or county, in the same manner as to actions by private parties" (§ 345.)

Accordingly, we next address whether one of the statutes of limitations that the Legislature has expressly made applicable to the state applies to the claim here.

B. Determination of the Applicable Statute of Limitations

[6] "To determine the statute of limitations which applies to a cause of action it is necessary to identify the nature of the cause of action, i.e., the 'gravamen' of the cause of action. [Citations.] '[T]he nature of the right sued upon and not the form of action nor the relief demanded determines the [103 Cal.App.4th 875] applicability of the statute of limitations under our code.' [Citation.]" (*Hensler v. City of Glendale* (1994) 8 Cal.4th 1, 22-23 [32 Cal.Rptr.2d 244, 876 P.2d 1043], citing *Leeper v. Beltrami* (1959) 53 Cal.2d 195, 214 [1 Cal.Rptr. 12, 347 P.2d 12, 77 A.L.R.2d 803], and *Maguire v. Hibernia S. & L. Soc.* (1944) 23 Cal.2d 719, 733 [146 P.2d 673, 151 A.L.R. 1062]; see also Note, *Developments in the Law-Statutes of Limitations* (1950) 63 Harv. L.Rev. 1177, 1192, 1195-1198.)

Put another way, "[w]hat is significant for statute of limitations purposes is the primary interest invaded by defendant's wrongful conduct. [Citation.]" (*Barton v. New United Motor Manufacturing, Inc.* (1996) 43 Cal.App.4th 1200, 1207 [51 Cal.Rptr.2d 328]; see *Day v. Greene* (1963) 59 Cal.2d 404, 410-411 [29 Cal.Rptr. 785, 380 P.2d 385, 94 A.L.R.2d 802] [although a complaint may be styled as a breach of contract action, if the gravamen of the claim is fraud, the three-year period prescribed in § 338 governs, rather than the period applicable to contracts]; 3 Witkin, Cal. Procedure (4th ed. 1996) Actions, § 474, p. 599 ["If the 'gravamen' of the action is held to be tort, the action, though in form one for breach of contract, is subject to the tort limitation period"].)

Thus, for example, in *Leeper v. Beltrami*, *supra*, 53 Cal.2d 195, the California Supreme Court held that an action to set aside a deed and to quiet title to real property was barred by the three-year limitation period for fraud actions under section 338, rather than the five-year period under section 318 fn. 11 applicable to the recovery of real property, because the plaintiffs' recovery depended upon their right to avoid a contractual obligation, which, in turn, depended upon a finding of duress, a type of fraud. (*Leeper*, at pp. 213-214.) Based on its conclusion that "the modern tendency is to look beyond the relief sought, and to view the matter from the basic cause of action giving rise to the plaintiff's right to relief" (*id.* at p. 214), the state Supreme Court analyzed the case as follows: "Quieting title is the relief granted once a court determines that title belongs in plaintiff. In determining that question, where a contract exists between the parties, the court must first find something wrong with that contract. In other words, in such a case, the plaintiff must show he has a substantive right to relief before he can be granted any relief at all. Plaintiff must show a right to rescind before he can be granted the right to quiet his title." (*Id.* at p. 216.) Accordingly, the court applied the three-year limitation period for fraud actions to the quiet title action. [103 Cal.App.4th 876]

[5b] Here, the gravamen of the District's first and second causes of action, seeking to declare the 1985 contracts void, is its claim that these agreements are unlawful under Government Code section 1090, and therefore void under Government Code section 1092. Indeed, the operative complaint styles both the first and second causes of action "[f]or a Declaration Against All Defendants that the 1985 Contracts Were Made in Violation of Government Code § 1090." While the form of the pleading is not determinative of the issue (*Quintilliani v. Mannering* (1998) 62 Cal.App.4th 54, 65-66 [72 Cal.Rptr.2d 359]), none of the allegations in either cause of action hint at another basis for the District's claim for relief. And the other causes of action subject to defendants' summary adjudication motion-imposition of a constructive trust over the transferred assets,

an accounting of the transferred assets, and an injunction to return the transferred assets-are fairly described as ancillary to the first two.

Thus, the nature of the right sued on here is the public's right to be free of a government contract made under the influence of a financial conflict of interest. Accordingly, the applicable statute of limitations is the statute applicable to a claim under Government Code sections 1090 and 1092, not a claim for the recovery of real property-although that is the ultimate relief the declaration seeks.

C. Claims Under Government Code Section 1092 Are Subject to the Limitations Periods Under Chapter 3

Neither Government Code sections 1090 and 1092, nor the statutory scheme of which they are a part, specifies a limitations period for actions brought to void a contract entered in violation of Government Code section 1092.

Accordingly, the limitations periods under title 2 of part 2 apply (commencing with § 312) because section 312 provides that "[c]ivil actions, *without exception*, can only be commenced within the periods prescribed in this title ... unless where, in special cases, a different limitation is prescribed by statute." (Italics added.)

And since the nature of the right sued on here is the public's right to be free of a government contract made under the influence of a financial conflict of interest, this is an action "other than for the recovery of real property," and is thus covered by chapter 3 of title 2 of part 2 (commencing with § 335). And "[t]he limitations prescribed in [that] chapter apply to actions brought in the name of the State ... or for the benefit of the State" (§ 345.) [103 Cal.App.4th 877]

However, no case has squarely addressed the applicable statute of limitations for suits to void a contract in violation of Government Code section 1092, although various decisions have applied statutes of limitations to cases raising a financial conflict of interest under Government Code section 1090 or its predecessor statute. (See, e.g., *People v. Honig* (1996) 48 Cal.App.4th 289, 304, fn. 1 [55 Cal.Rptr.2d 555] [applying the three-year limitations period to penal actions under Gov. Code, § 1097 for violations of Gov. Code, § 1090]; *County of Marin v. Messner* (1941) 44 Cal.App.2d 577, 591 [112 P.2d 731] [action to recover money paid without authority under predecessor statute to Gov. Code, § 1090 is subject to three-year limitations period for liability created by statute]; *Schaefer v. Berinstein* (1956) 140 Cal.App.2d 278, 294, 297 [295 P.2d 113] [when gravamen of taxpayer's action is fraud against the city based, in part, on violation of Gov. Code, § 1090, three-year statute applies].)

Accordingly, as we noted, to determine the applicable statute of limitations, we must look to the "nature of the right sued upon and not ... the relief demanded." (*Hensler v. City of Glendale, supra*, 8 Cal.4th at p. 23.) Government Code section 1090 prohibits state, county, district, and city officers or employees from being "financially interested in any contract made by them in their official capacity, or by any body or board of which they are members." And under Government Code section 1092, "[e]very contract made in violation of any of the provisions of Section 1090 may be avoided at the instance of any party except the officer interested therein." [7] "California courts have generally held that a contract in which a public officer is interested is *void*, not merely voidable." (*Thomson v. Call, supra*, 38 Cal.3d at p. 646, fn. 15.) Moreover, a governmental agency "is entitled to recover any consideration which it has paid, without restoring the benefits received under the contract." (*Id.* at p. 647.) The California Supreme Court has ruled that this remedy results "in a substantial forfeiture" and provides "public officials with a strong incentive to avoid conflict-of-interest situations scrupulously." (*Id.* at p. 650.)

In this light, the one-year limitations period under section 340, subdivision (1), could be argued to apply to the District's claims to declare the 1985 contracts void and to repossess the transferred assets because it applies to "[a]n action upon a statute for a penalty or forfeiture, when the action is given to an individual, or to an individual and the state, except when the statute imposing it prescribes a different limitation." [8] A forfeiture is "[t]he divestiture of property without compensation" or "[t]he loss of a right, privilege, or property because of a crime, breach of obligation, or neglect of duty." (Black's Law Dict. (7th ed. 1999) p. 661, col. 1.) Government Code section 1092, which voids contracts in which a state employee has a financial conflict of interest without regard to the restoration of benefits, certainly would appear to effect a forfeiture. [103 Cal.App.4th 878]

[5c] However, we need not decide whether section 340, subdivision (1), applies in this case. Even if an action under Government Code section 1092 is not deemed a claim based on a statute for a forfeiture, the District's causes of action-brought 12 years after it entered the purportedly void agreements-would be time-barred under the four-year limitations period under the catchall provision of section 343. Section 343, which is also part of chapter 3 (which applies to all actions brought by the state [§ 345]), provides: "An action for relief not before provided for must be commenced within four years after the cause of action shall have accrued." 688

[9] As the California Supreme Court long ago explained, "[t]he legislature has ... specified the limitations applicable to a wide variety of actions, and then to rebut the possible inference that actions not therein specifically described are to be regarded as exempt from limitations, it has specified a four-year limitation upon "an action for relief not hereinbefore provided for" (§ 343); and where it has intended that an action shall be exempt from limitations it has said so in clear and unmistakable language. [Citations.]" (*Moss v. Moss* (1942) 20 Cal.2d 640, 645 [128 P.2d 526, 141 A.L.R. 1422], quoting *Bogart v. George K. Porter Co.* (1924) 193 Cal. 197, 201 [223 P. 959, 31 A.L.R. 1045].)

[5d] Applying section 343 to this action to void the 1985 contracts on the ground of illegality would certainly be consistent with existing case authority. (E.g., *Moss v. Moss*, *supra*, "20 Cal.2d at pp. 644-645 [holding that cause of action for cancellation of an agreement is governed by § 343, in part because there is "no section of the code that expressly limits the time within which an action must be brought for cancellation of an instrument because of its illegality"]; *Zakaessian v. Zakaessian* (1945) 70 Cal.App.2d 721, 725 [161 P.2d 677] ["ordinarily a suit to set aside and cancel a void instrument is governed by section 343 of the Code of Civil Procedure" unless, for example "the gravamen of the cause of action stated involves fraud or a mistake"]; see also *Piller v. Southern Pac. R.R. Co.* (1877) 52 Cal. 42, 44 ["the four years' limitation of [section] 343 applies to all suits in equity not strictly of concurrent cognizance in law and equity"]; *Dunn v. County of Los Angeles* (1957) 155 Cal.App.2d 789, 805 [318 P.2d 795] [action to set aside deed on the ground of coercion is governed by § 343].)

[10] In any event, we reject the District's contention that the gravamen of its causes of action is possession of real property or ejection. First, possession of real property is the ultimate relief sought (following a declaration to that effect), not the nature of the right sued upon, which controls the selection of the statute of limitations. (See *Leeper v. Beltrami*, *supra*, 53 [103 Cal.App.4th 879] Cal.2d at pp. 213-214.) fn. 12 Instead, the District's right to recover the hospital facility from defendants depends wholly upon its establishing that Buhrmann and Cook were "financially interested" in the 1985 contracts so as to render those agreements void under Government Code section 1092. Second, only one of the two 1985 contracts that the District seeks to void pertains to real property. The agreement for transfer of assets cannot be founded on a claim to recover real property; therefore, this portion of the claim must surely be premised on chapter 3 of title 2 of part 2 of the Code of Civil Procedure addressing actions other than for the recovery of real property.

Nor does the fact that the contracts are claimed void avoid the statute of limitations. Actions to void contracts are nonetheless subject to the statute of limitations. (E.g., *Smith v. Bach* (1921) 53 Cal.App. 63 [199 P. 1106]; 3 Witkin, Cal. Procedure, *supra*, Actions § 507, p. 640.)

[5e] Finally, even if the gravamen of the District's causes of action was deemed to be for the recovery of real property under chapter 2 of title 2 (commencing with § 315), the District's 12-year delayed action would be barred because it would be subject to the 10-year limitations period under section 315 for actions by the people of this state "in respect to any real property" by reason of "the right or title of the people to the same."

D. Accrual of the District's Causes of Action

[11] As a general rule, a statute of limitations accrues when the act occurs which gives rise to the claim (*Myers v. Eastwood Care Center, Inc.* (1982) 31 Cal.3d 628, 634 [183 Cal.Rptr. 386, 645 P.2d 1218]), that is, when "the plaintiff sustains actual and appreciable harm. [Citation.] Any 'manifest and palpable' injury will commence the statutory period. [Citation.]" (*Garver v. Brace* (1996) 47 Cal.App.4th 995, 1000 [55 Cal.Rptr.2d 220].)

[5f] Assuming for the sake of argument that the 1985 agreements were made in violation of Government Code section 1090, the District sustained a "manifest and palpable" injury no later than November 1985. That is when it entered a contract influenced by a financial conflict of interest—the harm the statute seeks to avoid.

[12] After all, "Government Code section 1090 codified the common law prohibition of public officials having a financial interest in contracts [103 Cal.App.4th 880] they make in their official capacities." (*BreakZone Billiards v. City of Torrance* (2000) 81 Cal.App.4th 1205, 1230 [97 Cal.Rptr.2d 467].) Because "it is recognized 'that an impairment of impartial judgment can occur in even the most well-meaning men when their personal economic interests are affected by the business they transact on behalf of the Government' " [citations], "the objective of the conflict of interest statutes "is to remove or limit the possibility of any personal influence, either directly or indirectly which might bear on an official's decision" [Citations.]" (*People v. Honig*, *supra*, 48 Cal.App.4th at p. 314.) Accordingly, Government Code section 1090 has been interpreted to prohibit a financially interested employee from participating in the "planning, preliminary discussion, compromises, drawing of plans and specifications and solicitation of bids that [lead] up to the formal making of the contract." (*People v. Honig*, *supra*, 48 Cal.App.4th at pp. 314-315, 688 *Stigall v. City of Taft* (1962) 58 Cal.2d 565, 571 [25 Cal.Rptr. 441, 375 P.2d 289]; see also *Thomson v. Call*, *supra*, 38 Cal.3d at pp. 647-648.)

[5g] Based on the limited record before us, it is undisputed that Buhrmann and Cook worked simultaneously for the District and Marin General before the 1985 contracts were executed in November 1985. Hence, the harm that Government Code section 1090 seeks to avoid arose no later than November 1985 when the contracts were executed. Accordingly, the District's causes of action to declare the 1985 contracts void under Government Code section 1092 accrued no later than November 1985. And the District makes no allegation that the commencement of the running of the statute of limitations should be tolled, only that its action is exempt from the otherwise applicable statute of limitations. Thus, unless the *Hoadley* doctrine exempts this action from the statute of limitations, defendants have successfully established that this action, filed in 1997-12 years later-is untimely under either section 315, section 340, subdivision (1), or section 343.

III. The District Has Not Established That Its Action Is Exempt from the Statute of Limitations

[13] The District's opposition to defendants' motion for summary adjudication rests wholly upon its insistence that "under the rule confirmed in [*Hoadley*] a conveyance of public-use property that was not valid and effective when it was made can be attacked, and the property reclaimed by the public, regardless of how much time has passed."

As we shall explain, *Hoadley* does not stand for such a broad proposition. No published case has applied the holding of *Hoadley*, or its reasoning, to an action to set aside contracts allegedly made in violation of Government Code section 1090. [103 Cal.App.4th 881]

In *Hoadley*, the plaintiff sued the City of San Francisco to quiet title to two parcels of land, located in an area dedicated for use as city squares. He claimed that he had acquired title (1) by virtue of an ordinance and a confirmatory act, and (2) by adverse possession. (*Hoadley, supra*, 50 Cal. at pp. 271-272.)

After holding that the plaintiff did not acquire title to the public squares pursuant to the ordinance or the confirmatory act (*Hoadley, supra*, 50 Cal. at p. 273), the court in *Hoadley* considered whether the city was barred by the applicable statute of limitations from opposing the plaintiff's claim of adverse possession. First, the court ruled that adverse possession could not extinguish a public use to which the land had been dedicated: "The Statute of Limitations was not intended as a bar to the assertion by the public of rights of that character." (*Id.* at p. 275.) Next, it ruled that the city's legal title could not be extinguished by adverse possession: "That is to say, the title was granted to the city in trust, for public use; and the city had no authority ... to alienate or in any manner dispose of it, but only to hold it for the purposes expressed in the statute. It was granted to the city for public use, and is held for that purpose only. It cannot be conveyed to private persons, and is effectually withdrawn from commerce; and the city having no authority to convey the title, private persons are virtually precluded from acquiring it. The land itself, and not the use only, was dedicated to the public. Land held for that purpose, whether held by the State or a municipality, in our opinion, is not subject to the operation of the Statute of Limitations." (*Id.* at pp. 275-276.)

Thus, *Hoadley's* holding was premised on the governmental entity's lack of "authority ... to alienate" property held for public use (*Hoadley, supra*, 50 Cal. at p. 275) and the presumably concomitant inability of a private person to acquire it indirectly through the failure of the government to timely bring suit within the statute of limitations—quite unlike the instant case where the District had statutory authority to enter into a lease.

This is made more clear by *Hoadley's* reliance on the reasoning in *Commonwealth v. Alberger* (1836) 1 Whart. 469 (*Commonwealth*), among other cases, in coming to its conclusion. (*Hoadley, supra*, 50 Cal. at p. 275.) In *Commonwealth*, the Supreme Court of Pennsylvania held that William Penn's son had no authority to sell a portion of a public square in Philadelphia dedicated to public use by his father. In holding that the defendants were not "protected by the lapse of time" (*Commonwealth*, at p. 486), the Supreme Court of Pennsylvania opined: "It is well settled that lapse of time furnishes no defense for an encroachment on a public right; such as the erecting of an obstruction on a street or public square.... [¶] These [103 Cal.App.4th 882] principles are of universal application, and control the present case as well as others. There is no room for presumption since the grant itself is shown and proves defective; and if there were no grant shown, presumption will not be made to support a nuisance, by encroachment on a public right; and no statute of limitations bars the proceeding by indictment to abate it. These principles, indeed, pervade the laws of the most enlightened nations as well as our own code, and are essential to the protection of public rights, which would be gradually frittered away, if the want of complaint or prosecution gave the party a right. Individuals may reasonably be held to a limited period to enforce their right against adverse occupants, because they have interest sufficient to make them vigilant. But in public rights of property, each individual feels but a slight interest, and rather tolerates even a manifest encroachment, than seeks a dispute to set it right ... [citation]." (*Id.* at pp. 486, 488.)

Accordingly, based on this analysis, it is clear that *Hoadley* held that public-use property that cannot be alienated directly should not be alienated indirectly to an adverse possessor through the passage of time.

Indeed, *Hoadley's* holding that the statute of limitations does not bar the state's recovery of public-use property against a claim of adverse possession is simply the mirror image of the rule that a private party cannot acquire prescriptive title to public-use property through adverse possession: "[S]o far as the title to real property is concerned, -prescription and limitation are convertible terms; and a plea of the proper statute of limitations is a good plea of a prescriptive right." (*Water Co. v. Richardson* (1887) 72 Cal. 598, 601 [14 P. 379]; see *People v. Shirokow*, *supra*, 26 Cal.3d at p. 311.) Thus, *Hoadley's* holding that property held by the state in trust cannot be lost through adverse possession is not so much a rule concerning the application of the statute of limitations as it is a substantive doctrine that a private party cannot acquire prescriptive title to public rights founded on adverse possession. Indeed, Civil Code section 1007 was amended in 1935 to codify this by prohibiting the acquisition of title by adverse possession of any public-use property, no matter how long the property is occupied. (Stats. 1935, ch. 519, § 1, p. 1592.) fn. 13 Hence, a statute now defines in more direct terms the common law exception that *Hoadley* established.

We thus face the question whether *Hoadley* should be *extended* beyond its codification to exempt any conveyance of public-use property from the [103 Cal.App.4th 883] statute of limitations, in the face of other statutory enactments that expressly apply limitations to actions brought by the state.

A. The Adverse Possession Cases

Hoadley has most commonly been cited as authority to bar an adverse possessor of public-use property from asserting the statute of limitations against the government's action to recover the property. (E.g., *Board of Education v. Martin*, *supra*, 92 Cal. 209 [the California Supreme Court relied upon *Hoadley* to hold that no statute of limitations bars an educational district from recovering lands taken by adverse possession]; *People v. Kerber* (1908) 152 Cal. 731, 733 [93 P. 878] [the statute of limitations does not apply to an action by the state to recover a portion of San Diego Bay tidelands purportedly acquired by adverse possession because tidelands "belong to the state by virtue of its sovereignty" and "constitute property devoted to public use, of which private persons cannot obtain title by prescription, founded upon adverse occupancy for the period prescribed by the statute of limitations"]; *County of Yolo v. Barney* (1889) 79 Cal. 375, 378-381 [21 P. 833] [no statute of limitations restricted ability of hospital district to quiet title to property claimed by adverse possession]; *San Leandro v. Le Breton* (1887) 72 Cal. 170, 177 [13 P. 405] [no statute of limitations bars city from recovering land marked for public use against a claim of adverse possession], disapproved on another ground in *People v. Reed* (1889) 81 Cal. 70, 79 [22 P. 474]; *Visalia v. Jacobs* (1884) 65 Cal. 434, 435-436 [4 P. 433] [no statute of limitations bars city from recovering a portion of a city street taken by adverse possession]; *Proctor v. City & County of San Francisco* (9th Cir. 1900) 100 Fed. 348, 350-351 ["It is ... settled by a series of decisions by the supreme court that the rights of municipal corporations in such property are not affected by adverse possession, however long continued"]; see 3 Witkin, Cal. Procedure, *supra*, Actions, § 456, p. 578 ["There can be no adverse possession of property devoted to a public use"].)

More recently, in *People v. Shirokow*, *supra*, 26 Cal.3d 301, the California Supreme Court characterized *Hoadley* in conformity with these cases as holding that property held in public trust cannot be lost through adverse possession: "More than a century ago, in *Hoadley*[, *supra*,] 50 Cal. [at pages] 274-276, we articulated the rule that property held by the state in trust for the people cannot be lost through adverse possession. The statute of limitations is of no effect in an action by the state to recover such property from an adverse possessor whose use of the property for private purposes is not [103 Cal.App.4th 884] consistent with the public use. [Citation.]" (*People v. Shirokow*, *supra*, 26 Cal.3d at p. 311.)

Accordingly, *Hoadley* has no application to the circumstances presented here for several reasons.

First, the instant case does not involve the application of the statute of limitations to a claim of adverse possession of public property.

Second, *Hoadley's* premise is that the passage of time cannot grant title to that which the government has no authority to alienate. Here, the District had authority to enter into a lease of the hospital. The issue in this case is not whether the public property could be leased, but whether it was leased in conformity with the law. For this reason, too, *Hoadley* does not apply.

Indeed, the California Supreme Court in *Ames v. City of San Diego* (1894) 101 Cal. 390 [35 P. 1005], distinguished *Hoadley* on precisely this ground: "[I]n case of lands, the legal title to which is vested in the city, and which may be alienated by it, the rule just stated [in *Hoadley*] in relation to land dedicated to the public use does not apply." (*Id.* at p. 394.)

Finally, *Hoadley* surely does not apply to that part of the District's claim that concerns property that could never be the subject of adverse possession, namely, the assets (including the cash, inventory, and accounts receivable) which were transferred under the 1985 contracts.

The District observes, however, that "the Supreme Court ... disposed of any notion that the *Hoadley* no-limitations rule was restricted to situations where public-use property had merely been seized and held by a private individual on a claim of adverse possession," since it has also been cited to defeat the application of the statute of limitations in actions for the recovery of public-use property that has been voluntarily transferred.

But a careful reading of the cases upon which the District relies demonstrates that they do not support its assertion that the "*Hoadley* rule" bars the application of the statute of limitations to *any* invalid, illegal, or "ineffective" transfer of a public-use asset, "*regardless* of the particular legal defect that rendered the original transfer invalid." Instead, these cases only extend *Hoadley* to bar the assertion of the statute of limitations with respect to the recovery of public-use property that the government had no authority to alienate. [103 Cal.App.4th 885]

In *Sixth District etc. Assoc. v. Wright, supra*, 154 Cal. 119 (*Sixth District*), for instance, the California Supreme Court cited *People v. Kerber, supra*, 152 Cal. 731 (an adverse possession case, which in turn relied upon *Hoadley*) to reject a statute of limitations defense to an action to recover a gift made in violation of the state Constitution's ban on gifts of public property. (*Sixth District, supra*, at p. 130.) In *Sixth District*, the governing board of an agricultural district conveyed to a private corporation all of the district's property in purported accordance with a statute expressly authorizing such transactions. (*Id.* at pp. 122-126.) However, the California Supreme Court held that the act purporting to authorize the transaction conflicted with a provision of the state Constitution barring gifts of public property (*id.* at pp. 128-129) and rejected the defendants' assertion of the statute of limitations: "[T]he property was held in trust by a state institution or public agency for a public use, which public use has not been discontinued or abandoned *by any lawful act of public authority*. As to such property it is well settled that the statute of limitations has no application." (*Id.* at p. 130, italics added.)

Thus, *Sixth District*, like *Hoadley*, was premised on public property held in trust that the government had no authority to alienate; thus, no limitation period could operate to alienate indirectly what could not be alienated directly.

The District also relies on *Chambers, supra*, 37 Cal.2d 552, for the proposition that no limitations period can bar a suit to retrieve public-trust property invalidly conveyed to a private party. But in *Chambers*, the state sought to quiet title on park land, which was mistakenly conveyed by a tax deed to a private party, *Chambers*. (*Id.* at p. 555.) Opposing the state's argument that the tax deed was void, *Chambers* defended on the basis of various statutes of limitations (*id.* at pp. 555-556), which the court rejected. First, the court found that the action was commenced *within* the 10-year period of section 315 for actions by the people of the state "in respect to any real property." (*Id.* at p. 556, quoting § 315.) And citing *Hoadley*, it noted that in any event, "neither section 315 of the Code of Civil Procedure nor the provisions on adverse possession ... apply to property owned by the state and devoted to a public use." (*Chambers*, at pp. 556-557.) Next, the court rejected *Chambers*'s assertion that the action was barred by the one-year limitations periods contained in the Revenue and Taxation Code, observing the general rule that "statutes of limitation do not apply against the state unless expressly made applicable" and ruling that "tax statutes do not apply against the state as to its property." (*Chambers, supra*, at p. 559.) It further reasoned that "it seems that if the statutes on adverse possession do not run against the property of the state which is dedicated to a public purpose (see authorities cited [including *Hoadley*]) the opposite result should not be reached, depriving the state of its property, by application to it of the [103 Cal.App.4th 886] provisions ... of the Revenue and Taxation Code. We hold therefore that they do not apply to the state." (*Id.* at p. 560, bracketed text added.)

Chambers, supra, 37 Cal.2d 552, does not assist the District. First and foremost, relying on the rule that statutes of limitations do not apply against the state unless made expressly applicable, *Chambers* merely construed the limitations periods in the tax statutes not to "apply against the state as to its property." (*Id.* at p. 559.) Second, although it suggested in dictum that section 315 does not apply to public-use property owned by the state, we do not rely on section 315 for the applicable limitations period in this case; thus, we have no need to rely on a construction of that section. Moreover, the cases that the Supreme Court cited for its dictum that section 315 does not apply to public-use property owned by the state (many of which we have cited here) do not so broadly hold. Third, regardless of the characterization of *Hoadley* in *Chambers*, the California Supreme Court's more recent characterization of *Hoadley* in *People v. Shirokow, supra*, 26 Cal.3d at page 311, more narrowly defines the doctrine to hold that the rule is "that property held by the state in trust for the people cannot be lost through adverse possession." The Supreme Court's holding in *Hoadley* and its most recent characterization of *Hoadley* would appear to be the most reliable expositions of the decision's scope. Fourth and finally, *Chambers* acknowledged that the limitations periods under chapter 3 of title 2 of part 2 (which we have found applies here) are, in fact, applicable to actions brought by the state. (*Chambers, supra*, "37 Cal.2d at p. 559.")

The remainder of the cases relied upon by the District simply hold that the passage of time does not prevent the state from recovering public-use property that the state has no right to alienate. (*People v. California Fish Co.* (1913) 166 Cal. 576, 598-600, 611-612 [138 P. 79] [the state did not have the legal power to transfer certain coastal tidelands because, in part, "[a] patent for state land, issued by the officers in a case where there has been no valid application or survey approved nor any valid payment of the price, is, of course, void as against the state"]; *California Trout, Inc. v. State Water Resources*

Control Bd. (1989) 207 Cal.App.3d 585, 631 [255 Cal.Rptr. 184] [licenses to validate diversion of water exceeded amount permitted under state law and thus action seeking rescission of licenses was not untimely because "[a]n encroachment on the public trust interest shielded by [statute] cannot ripen into a contrary right due to lapse of any statute of limitations"]; *Allen v. Hussey* (1950) 101 Cal.App.2d 457, 467-468, 473-475 [225 P.2d 674] [lucrative long-term lease of airport facilities, for which irrigation district received \$1 annual fee, was unauthorized breach of public trust and an unconstitutional gift of public funds].)

In contrast, the District here makes no allegation that it had "no authority" to effect a lease and transfer hospital assets on the terms provided. To the [103 Cal.App.4th 887] contrary, the provisions of the Local Health Care District Law then in effect expressly authorized such a lease and the other transfers involved. Nor does the District contend that the then-statutory framework permitting the transactions was unconstitutional or otherwise unlawful. The prohibition on conflicts of interest contained in Government Code section 1090 in no way prohibits the transfers authorized by the Local Health Care District Law (Health & Saf. Code, § 32000 et seq.), but instead directs individual government employees not to "hav[e] a financial interest in contracts they make in their official capacities." (*BreakZone Billiards v. City of Torrance, supra*, 81 Cal.App.4th at p. 1230.)

Accordingly, Government Code section 1090 does not deprive the government of authority to contract over, and thus the District had authority to lease, the public-use property. In contrast, all of the aforementioned cases that bar application of the statute of limitations are based on the premise that the passage of time cannot be permitted to indirectly alienate public-use property that the government is not authorized to alienate directly. Here, the District is entitled to lease the property, and just as importantly, the passage of time will not cause the District to lose the property. To the contrary, the lease will ultimately expire by its own terms, and the District will regain possession of the property. We thus decline to expand the holding of *Hoadley* to apply to a lease of public-use property and to the transfer of assets that the law authorizes the District to make.

IV. Conclusion

An action to void a contract under Government Code section 1092 comes within the limitations periods specified in chapter 3 of title 2 of part 2 of the Code of Civil Procedure. (§ 335 et seq.) And the Legislature has expressly applied all of the limitations periods in that chapter to actions brought in the name of the state. (§ 345.)

The public policy underlying *Hoadley, supra*, 50 Cal. 265—that "property held by the state in trust for the people cannot be lost through adverse possession" (*People v. Shirokow, supra*, 26 Cal.3d at p. 311)—is not furthered by extending it to allow an untimely suit to void a lease of public-use property, which will expire by its own terms and which the state is otherwise authorized to enter. Instead, *Hoadley* is meant to prevent public-use property that the state cannot directly alienate from being indirectly alienated by the passage of time. That is not the case with property that the state is authorized to lease and which the state will recover at the end of the lease term.

Moreover, even if the public policy under *Hoadley* was furthered by allowing an untimely suit to void a lease of public-use property, it is for the [103 Cal.App.4th 888] Legislature to weigh the competing public policies and so determine. Thus far, the Legislature has not created any exceptions to its subjection of the state to the limitation periods in chapter 3, and it has expressly codified *Hoadley* with respect to adverse possession claims.

Accordingly, we conclude that this action is time-barred. Defendants' uninterrupted operation of the hospital facility for nearly half of its 30-year lease before suit was brought certainly gave rise to a legitimate expectation that the 1985 contracts would not be challenged and that defendants could rely on those contracts in making investment decisions. Such expectations are precisely what the Legislature chose to protect when it expressly subjected the state to the same limitation periods that bind private parties' contract, tort, and statutory claims.

Disposition

The judgment is affirmed. Defendants are awarded their costs on appeal. (Cal. Rules of Court, rule 26(a).)

Blease, Acting P. J., and Raye, J., concurred.

Appellant's petition for review by the Supreme Court was denied February 25, 2003.

FN 1. Codefendant Marin Community Health is the sole member of defendant Marin General. After the agreements in issue were signed, another codefendant, Sutter Health, became the sole member of Marin Community Health.

FN 2. Government Code section 1090 provides: "Members of the Legislature, state, county, district, judicial district, and city officers or employees shall not be financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Nor shall state, county, district, judicial district, and city officers or employees be purchasers at any sale or vendors at any purchase made by them in their official capacity. [¶] As used in this article, 'district' means any agency of the state formed pursuant to general law or special act, for the local performance of governmental or proprietary functions within limited boundaries."

FN 3. The applicable code provisions have been amended several times since 1985 when the lease here was entered. Health and Safety Code section 32121 was amended in 1986, 1988, 1989, 1990, 1992, 1993, 1994, 1995, 1996, and 1998; Health and Safety Code section 32126 was amended in 1992, 1993, 1994, and 1998. (See 41 West's Ann. Health & Saf. Code (1999 ed.) foll. §§ 32121, 32126, pp. 242, 257.)

FN 4. See footnote 2, *ante*, for the full text of Government Code section 1090.

FN 5. Government Code section 1092 states: "Every contract made in violation of any of the provisions of Section 1090 may be avoided at the instance of any party except the officer interested therein. No such contract may be avoided because of the interest of an officer therein unless such contract is made in the official capacity of such officer, or by a board or body of which he is a member."

FN 6. The District's other causes of action have been dismissed.

FN 7. Marin General and Marin Community Health filed a joint motion for summary adjudication; Sutter Health filed a separate motion. However, as the two motions raise essentially the same issues, we shall refer to the defendants' motions for summary adjudication in the singular.

FN 8. Some courts have somewhat broadened this standard and ruled that statutes of limitations do not bind the state and its agencies "unless they do so expressly or by necessary implication." (E.g., *Philbrick v. State Personnel Board* (1942) 53 Cal.App.2d 222, 228 [127 P.2d 634], italics added.)

FN 9. Unless otherwise designated, all further statutory references (including statutory references to chapters and title) are to the Code of Civil Procedure.

FN 10. Section 335 provides: "The periods prescribed for the commencement of actions other than for the recovery of real property, are as follows:"

The sections that follow section 335 then prescribe the limitations periods for various types of actions.

FN 11. Section 318 provides in pertinent part: "No action for the recovery of real property, or for the recovery of the possession thereof, can be maintained, unless it appear that the plaintiff ... was seized or possessed of the property in question, within five years before the commencement of the action."

FN 12. A contrary result was suggested in *People v. Kings Co. Development Co.*, *supra*, 177 Cal. at page 535, where the court found that an action by the state to cancel a land patent, issued by officers acting under the influence of fraud, was an action in respect to land and was governed by section 315 for actions to recover real property. But that case preceded *Leeper v. Beltrami*, *supra*, 53 Cal.2d 195, and *Hensler v. City of Glendale*, *supra*, 8 Cal.4th at pages 22-23, which so clearly held that the nature of the right sued upon controlled the determination of the applicable statute of limitations.

FN 13. Civil Code section 1007, following a further amendment in 1968, presently provides: "Occupancy for the period prescribed by the Code of Civil Procedure as sufficient to bar any action for the recovery of the property confers a title thereto, denominated a title by prescription, which is sufficient against all, *but no possession by any person, firm or corporation no matter how long continued* of any land, water, water right, easement, or other property whatsoever dedicated to a public use by a public utility, or dedicated to or owned by the state or any public entity, shall ever ripen into any title, interest or right against the owner thereof." (Civ. Code, § 1007, italics added, as further amended by Stats. 1968, ch. 1112, § 1, pp. 2125-2126.)

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COMMISSION ON STATE MANDATES

980 NINTH STREET, SUITE 300
SACRAMENTO, CA 95814
PHONE: (916) 323-3562
FAX: (916) 445-0278
E-mail: csminfo@csm.ca.gov



August 2, 2013

Mr. Keith Petersen
SixTen and Associates
P.O. Box 340430
Sacramento, CA 95834-0430

Mr. Jim Spano
Division of Audits
State Controller's Office
3301 C Street, Suite 700
Sacramento, CA 95816

And Affected State Agencies and Interested Parties (See Mailing List)

RE: Notice of Draft Staff Analysis, Schedule for Comments, and Notice of Hearing
Health Fee Elimination, 05-4206-I-04 and 05-4206-I-08
Education Code Section 76355
Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.); Statutes 1987, Chapter 1118
Fiscal Years 1999-2000, 2000-2001, 2001-2002, and 2002-2003
San Mateo County Community College District and San Bernardino
Community College District, Claimants

Dear Mr. Petersen and Mr. Spano:

The draft staff analysis for the above-named matter is enclosed for your review and comment.

Written Comments

Written comments may be filed on the draft staff analysis by **August 23, 2013**. You are advised that comments filed with the Commission are required to be simultaneously served on the other interested parties on the mailing list, and to be accompanied by a proof of service. However, this requirement may also be satisfied by electronically filing your documents. Please see <http://www.csm.ca.gov/dropbox.shtml> on the Commission's website for instructions on electronic filing. (Cal. Code Regs., tit. 2, § 1181.2.)

If you would like to request an extension of time to file comments, please refer to section 1183.01(c)(1) of the Commission's regulations.

Hearing

This matter is set for hearing on **Friday, September 27, 2013**, at 10:00 a.m., in the State Capitol, Room 447, Sacramento, California. The final staff analysis will be issued on or about September 13, 2013. Please let us know in advance if you or a representative of your agency will testify at the hearing, and if other witnesses will appear. If you would like to request

Mr. Petersen and Mr. Spano

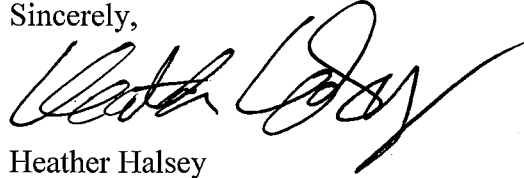
August 2, 2013

Page 2

postponement of the hearing, please refer to section 1183.01(c)(2) of the Commission's regulations.

Please contact Matt Jones at (916) 323-3562 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather Halsey", written in a cursive style.

Heather Halsey
Executive Director

ITEM __
INCORRECT REDUCTION CLAIM
DRAFT STAFF ANALYSIS
AND
PROPOSED STATEMENT OF DECISION

Education Code Section 76355

Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.); Statutes 1987, Chapter 1118

Health Fee Elimination

Fiscal Years 1999-2000, 2000-2001, 2001-2002 and 2002-2003

05-4206-I-04 and 05-4206-I-08

San Mateo Community College District and San Bernardino Community College District,
Claimants

Attached is the draft proposed statement of decision for this matter. The executive summary and the proposed statement of decision also function as the draft staff analysis, as required by section 1185.05 of the Commission's regulations.

EXECUTIVE SUMMARY

Overview

This analysis addresses the consolidated incorrect reduction claims (IRCs) filed by two community college districts (districts) regarding reductions made by the State Controller's Office (Controller) to reimbursement claims for costs incurred during fiscal years 1999-2000 through 2002-2003 under the *Health Fee Elimination* program. The executive director has consolidated these claims pursuant to section 1185.4 of the Commission's regulations.

The following issues are in dispute in this consolidated IRC:

- The statute of limitations applicable to audits of reimbursement claims by the Controller;
- The appropriate extent of offsetting revenue available from health service fees, pursuant to the *Clovis Unified* decision;
- Disallowances found against both districts based on asserted faults in the development and application of indirect cost rates;
- Disallowance of salaries and benefits against San Mateo based on asserted insufficient documentation of hours and duties;
- Disallowance of other outgoing expenses against San Mateo based on asserted insufficient documentation;

- Disallowance of discrete health services against San Bernardino based on an asserted failure to substantiate services provided in the base year;
- Disallowance of costs for student health insurance against San Bernardino based on the scope of reimbursement excluding student athletic costs.

Health Fee Elimination Program

Prior to 1984, community college districts were authorized to charge almost all students a general fee (health service fee) for the purpose of providing health services. Statutes 1984, chapter 1 eliminated community college districts' fee authority for health services. The 1984 statute also required any district which provided health services during the 1983-1984 fiscal year, for which the district was previously authorized to charge a fee, to maintain the health services at the level provided during the 1983-1984 fiscal year for every subsequent fiscal year until January 1, 1988. As a result, community college districts, which previously had fee authority to provide health services, were then required to maintain health services provided in the 1983-1984 fiscal year without any fee authority for this purpose.

In 1987, the Legislature required the maintenance of effort requirement to continue after January 1, 1988, and reestablished the health fee authority. As a result, all community college districts that provided health services during the 1986-1987 fiscal year were required to maintain those services every subsequent fiscal year, and were granted authority to charge a health service fee to offset the costs of providing those services.

Commission Decisions

At the November 20, 1986 Commission hearing, the Commission determined that the 1984 statute, which required community college districts to maintain health services without fee authority for those services, imposed a reimbursable state-mandated "new program" upon community college districts. On August 27, 1987, the Commission adopted parameters and guidelines for the *Health Fee Elimination* program.

At the May 25, 1989 Commission hearing, the Commission adopted amendments to the parameters and guidelines for the *Health Fee Elimination* program to reflect amendments made by Statutes 1987, chapter 1118. The 1989 parameters and guidelines reflected a change in eligible claimants (those districts that provided health services in the 1986-87 fiscal year, and were required to continue doing so), and the reestablishment of community college districts' fee authority for the *Health Fee Elimination* program.

At the October 27, 2011 Commission hearing, the Commission adopted a decision regarding seven consolidated IRCs under the *Health Fee Elimination* program, which addressed some of the same substantive issues present in the current consolidated IRCs.

Procedural History

San Mateo Community College District filed claims with the Controller for the 1999-2000 through the 2001-2002 fiscal years for actual costs incurred under the *Health Fee Elimination* program, including offsetting revenue received from health service fees collected. On January 7, 2005 the Controller issued its audit report, concluding that the district had overstated its costs for the program, including salary and benefit costs that the Controller concluded were not supported, and indirect costs that the Controller concluded were not allowable; and

understated its offsetting fee authority. San Mateo filed IRC 05-4206-I-04, as a result of its disagreement over the Controller's audit report, on September 1, 2005.¹

San Bernardino Community College District filed claims with the Controller for the 2001-2002 and 2002-2003 fiscal years for actual costs incurred under the *Health Fee Elimination* program, including offsetting revenue received from health service fees collected. On November 10, 2004, the Controller issued its audit report, concluding that the district had overstated its costs for the program, including athletic insurance costs and certain health services that the Controller concluded were not within the scope of the maintenance of effort requirement, and including indirect costs that the Controller concluded were not allowable; and concluding that the district understated its offsetting fee authority. San Bernardino filed IRC 05-4206-I-08, as a result of its disagreement over the Controller's audit report, on September 13, 2005.²

On December 31, 2007, the Controller submitted written comments on the IRC filed by San Bernardino, reiterating the audit findings and asserting that its adjustments were appropriate. On April 24, 2008, the Controller submitted written comments on the IRC filed by San Mateo, in which it stressed the proper application of the statute of limitations, and restated its contention that the audit adjustments were proper. On July 13, 2009, San Mateo submitted rebuttal comments in response to the Controller's comments on its IRC, in which it recognized the Controller's authority to audit but renewed its objections to the lack of explanation of the reasons for disallowance of specific costs, and to the application of an average benefit rate where actual benefit costs were available; reiterated its disagreement with the Controller's adjustment on the basis of health fees authorized; restated its claim that the indirect cost rate proposal had been improperly rejected; and continued to challenge the statute of limitations asserted by the Controller.

On September 21, 2010, after the filing of the IRCs, the Third District Court of Appeal issued its opinion in *Clovis Unified*,³ which specifically addressed two of the key disputed issues. The court found that community college districts were required to offset costs claimed for the *Health Fee Elimination* program by the amount of health service fees that community college districts were *authorized* to charge, rather than, as the claimants have argued, the fees actually collected; and, the court held that the contemporaneous source document rule (CSDR) was, as applied to the audits of several mandated programs, an unenforceable underground regulation. The scope and effect of the *Clovis Unified* decision is addressed below, where relevant.

Commission Responsibilities

Government Code section 17561(b) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state-mandated costs that the Controller determines is excessive or unreasonable.

Government Code Section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district.

¹ Exhibit A, San Mateo IRC.

² Exhibit B, San Bernardino IRC.

³ *Clovis Unified School Dist. v. Chiang (Clovis)* (Cal. Ct. App. 3d Dist. 2010) 188 Cal.App.4th 794.

If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.7 of the Commission's regulations requires the Commission to send the statement of decision to the Controller and request that the costs in the claim be reinstated.

The Commission must determine in this case whether the Controller's audit decisions were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.⁴ In addition, the Commission must determine whether the Controller correctly interpreted the law.

Staff Analysis

A. Statute of Limitations and Retention of Source Documents Applicable to Audits of Mandate Reimbursement Claims

Government Code section 17558.5, as added by Statutes 1995, chapter 945 (operative July 1, 1996), provides that a reimbursement claim "is *subject to audit by the Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended.*"⁵ San Mateo asserts that the fiscal year 1999-2000 and 2000-2001 claims were no longer subject to audit at the time the final audit report was issued on January 5, 2005, based on filing dates of January 10, 2001 and January 10, 2002.

The Controller argues that section 17558.5 does not require an audit to be *completed* within two years; "subject to audit," the Controller holds, means subject to *initiation* of an audit. A later amendment to the relevant code section clarifies that reimbursement claims are subject to "the initiation of an audit" within a specified time,⁶ and there is no reason to interpret the prior version of the code differently.

Based on the plain language of the statute, and the Legislature's subsequent clarifying amendment to the statute, staff finds that the statute of limitations found in section 17558.5 does not bar the audit of the 1999-2000 and 2000-2001 reimbursement claims.

San Mateo asserts, with respect to the disallowance of employee salaries and benefits, discussed below in section D, that "[o]ne of the stated reasons for the disallowance was that claimants must retain source documentation on file 'for a period of no less than three years from the date of the final payment of the claim.'" San Mateo argues that "[n]o legal citation was provided for this assertion."

The Controller counters that document retention was not a stated reason for the disallowance of costs; the Controller also points to the parameters and guidelines of the *Health Fee Elimination* mandate, which state:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs...*These documents must be kept on file by the agency submitting the claim for a period of*

⁴ *Johnston v. Sonoma County Agricultural* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

⁵ Government Code section 17558.5 (Stats. 1995, ch. 945 (SB 11).

⁶ Government Code section 17558.5 (Stats. 2002, ch. 1128 (AB 2834)).

no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

San Mateo’s assertion that the document retention period “appears to be a ministerial preference of the Controller’s” is clearly in error. Staff finds that the parameters and guidelines clearly require claimants to retain source documents for no less than three years.

B. Understated Offsetting Revenues: Clovis Unified and the Health Fee Rule

The Controller reduced the reimbursement claims filed by San Mateo by \$13,175 for fiscal year 1999-2000, and \$57,428 for fiscal year 2001-2002. San Bernardino’s reimbursement claims were similarly reduced, by \$97,642 for fiscal year 2001-2002, and \$52,389 for fiscal year 2002-2003. These reductions were made on the basis of the fee authority available to the districts, multiplied by the number of students subject to the fee, less any amount of offsetting revenue claimed.

Both San Mateo and San Bernardino disputed the Controller’s finding that offsetting revenues from student health fees had been understated in the relevant claim years. Both districts argued that the parameters and guidelines only require a claimant to declare offsetting revenues that the claimant “experiences,” and that while the fee amount that districts were authorized to impose may have increased during the applicable audit period, nothing in the Education Code made the increase of those fees mandatory. The claimants argue that the issue is the difference between fees collected and fees collectible.

After the Districts filed their IRCs, the Third District Court of Appeal issued its opinion in *Clovis Unified*, which upheld the Controller’s use of the Health Fee Rule to reduce reimbursement claims based on the fees districts are *authorized* to charge. In making its decision the court declared:

To the extent a local agency or school district “has the authority” to charge for the mandated program or increased level of service, that charge cannot be recovered as a state-mandated cost.⁷

The court also noted that, “this basic principle flows from common sense as well. As the Controller succinctly puts it, ‘Claimants can choose not to require these fees, but not at the state’s expense.’”⁸

Based on the foregoing, staff finds that the Controller’s reduction of reimbursement to the extent of the fee authority found in Education Code section 76355 was legally correct, and not arbitrary, capricious, or entirely lacking in evidentiary support.

C. Application of an Indirect Cost Rate Proposal

The Controller reduced indirect costs claimed by San Mateo by \$30,417 for fiscal year 1999-2000, \$32,728 for fiscal year 2000-2001, and \$49,098 for fiscal year 2001-2002, on grounds that the indirect cost rate was applied to direct costs beyond the scope of the distribution base employed to develop the rate. The Controller also reduced the indirect costs claimed by

⁷ *Clovis Unified School Dist. v. Chiang, supra*, 188 Cal.App.4th at page 812.

⁸ *Ibid.*

San Bernardino by \$122,795 for fiscal year 2001-2002, and \$158,699 for fiscal year 2002-2003, on grounds that San Bernardino did not utilize a federally approved indirect cost rate.

The districts dispute the Controller's findings that the indirect cost rate proposal was incorrectly applied, and was required to be federally approved, charging that the Controller's conclusions were without basis in the law.

1. *The parameters and guidelines expressly reference the Controller's claiming instructions, which in turn provide for an indirect cost rate to be developed in accordance with federal OMB guidelines.*

Both districts argue that claimants are not required to adhere to the claiming instructions in developing an indirect cost rate. The parameters and guidelines plainly state that "indirect costs may be claimed in the manner described by the State Controller," but the districts argue that the word "may" is permissive. The interpretation that is consistent with the plain language of the parameters and guidelines is that "indirect costs may be claimed," or may not, but if a claimant chooses to claim indirect costs, the claimant must adhere to the Controller's claiming instructions. This interpretation is urged by the Controller.

Reference to the Controller's claiming instructions necessarily includes the general provisions of the School Mandated Cost Manual, which provides general claiming instructions for a number of programs, including instructions for indirect cost rates. Therefore, San Bernardino's assertion that "[n]either State law or the parameters and guidelines made compliance with the Controller's claiming instructions a condition of reimbursement" is clearly in error.

Both districts also argue that because the claiming instructions "were never adopted as law, or regulations pursuant to the Administrative Procedure Act, the claiming instructions are merely a statement of the ministerial interests of the Controller and not law." In *Clovis Unified*, discussed above, the Controller's contemporaneous source document rule, or CSDR, was held to be an unenforceable underground regulation because it was applied generally against school districts and had never been adopted as a regulation under the APA.⁹ Here, the districts imply the same fault in the claiming instructions with respect to indirect cost rates. But the distinction here is that the parameters and guidelines, which were duly adopted at a Commission hearing, require compliance with the claiming instructions.

2. *San Mateo did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rate, but a minimum 7 percent indirect cost rate is provided if a claimant cannot support a greater amount; therefore reduction to zero for indirect costs, to the extent direct costs were allowed, was arbitrary.*

In its audit of San Mateo's reimbursement claims for the period of July 1, 1999 through June 30, 2002, the Controller concluded that San Mateo "improperly applied its claimed indirect cost rate to costs beyond those approved by the U.S. Department of Health and Human Services."

San Mateo asserts that the Controller accepted its 30% indirect cost rate but "did not accept application of the rate to costs other than salary and benefits because the rate was calculated using only salary and benefit costs." The Controller asserts that "if the district wishes to apply its indirect cost rate to a distribution base other than salaries and wages, the district's approved

⁹ *Clovis Unified, supra*, 188 Cal.App.4th at p. 805.

A-21 rate must be based on modified total direct costs.” San Mateo asserts that “no accounting rationale or legal basis for this peculiar conclusion is provided by the Controller.”

As discussed above, the claiming instructions are made applicable to the reimbursement claims of the community college districts by the parameters and guidelines; those instructions reveal that while federal approval of an indirect cost rate is not strictly required, it is one of two options for developing an indirect cost rate. The claiming instructions provide that either a district can use a federally approved rate, incorporating the accounting principles of the OMB Circular A-21; or the district can use the alternative state procedure. The claiming instructions also provide a third option for claiming: a flat rate of 7% if a claimant cannot support a higher rate.

The OMB Circular A-21 provides that a salaries and wages base rate, developed in accordance with the steps described, is to be applied “to direct salaries and wages for individual agreements to determine the amount of F&A costs allocable to such agreements.” An indirect cost rate developed on the basis of salaries and wages, by analogy, should be applied to salaries and wages *only*, while an indirect cost rate developed on the basis of other (or all) direct costs could be applied more broadly. This is consistent with the interpretation urged by the Controller, and is a reasonable reading of the OMB guidance.

Based on the foregoing, staff finds that San Mateo’s application of the indirect cost rate to direct costs other than salaries and wages for the mandated activities was inconsistent with the parameters and guidelines and the claiming instructions.

In its audit of San Mateo’s claim, the Controller reduced indirect costs claimed by a total of \$112,243 for the three audit years, finding that the district “improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs.” But a claimant is still entitled to some amount of indirect costs, and a failure to correctly apply an indirect cost rate does not require an adjustment to zero. As noted above, the claiming instructions provide for a default 7 percent rate for indirect costs when a claimant is unable to substantiate a higher rate.

Based on the foregoing, staff finds that the Controller’s reduction to zero of allowable indirect costs was arbitrary, capricious, or entirely lacking in evidentiary support; a minimum 7 percent indirect cost rate should have been allowed, but if the Controller has sufficient information to support a higher indirect cost rate by applying the alternate state procedure, the Controller should apply a reasonable and fair indirect cost rate calculated consistently with the Controller’s claiming instructions.

3. San Bernardino did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rates.

In the audit of San Bernardino’s reimbursement claims for the period of July 1, 2001 through June 30, 2003, the Controller concluded that the district’s claimed indirect costs were based on a rate not federally approved, and that the costs were highly disproportionate to the Controller’s calculations. San Bernardino counters that “there is no requirement in law that the claimant’s indirect cost rate must be ‘federally’ approved,” and that “[n]o particular indirect cost rate calculation is required by law.” San Bernardino argues that “the District has computed its ICRPs utilizing cost accounting principles from the Office of Management and Budget Circular A-21, and the Controller has disallowed it without a determination of whether the product of the

District's calculation would, or would not, be excessive, unreasonable, or inconsistent with cost accounting principles.”

As discussed above, the claiming instructions are made applicable to the reimbursement claims of community colleges by the parameters and guidelines, and the instructions reveal that while federal approval of an indirect cost rate is not strictly required, it is one of two options for developing an indirect cost rate. There is no third option in the claiming instructions to develop an indirect cost rate in accordance with the OMB Circular principles but then decline to seek federal approval.

In its audit of San Bernardino’s reimbursement claim, the Controller, concluding that the rate was not approved and therefore not supported consistently with the parameters and guidelines and claiming instructions, recalculated the indirect cost rate using the alternative state procedure, the “FAM-29C method,” outlined in the School Mandated Cost Manual. San Bernardino argues that the Controller “made no determination as to whether the method used by the District was reasonable, but, merely substituted its FAM-29C method for the method reported by the District;” and that this represents “an arbitrary choice of the Controller, not a ‘finding’ enforceable by fact or law.”

The claiming instructions do provide a default indirect cost rate of 7 percent as follows: “The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.” The Controller did not seek to reduce San Bernardino’s claim of indirect costs to 7 percent, as would appear to be valid and reasonable, given the failure to support a higher rate. Rather, the Controller recalculated the indirect cost rate pursuant to the state procedure outlined in the claiming instructions (the FAM-29C method), resulting in a more generous indirect cost rate than the 7 percent default.

Staff finds that the Controller’s reduction is based on an alternative method of calculating indirect costs, and is therefore not arbitrary, capricious, or entirely lacking in evidentiary support.

D. Disallowance of Salaries and Application of Audited Benefit Rates

The Controller reduced the reimbursement claims filed by San Mateo for salaries and benefits by \$281,607 for fiscal year 1999-2000, \$246,609 for fiscal year 2000-2001, and \$264,949 for fiscal year 2001-2002, on grounds that “the district did not provide documentation supporting the validity of the distribution made to the mandate.”

San Mateo disputes the Controller’s disallowance of certain employee salaries and the application of an “audited” benefit rate to the remaining employees, based on the Controller’s conclusion that San Mateo did not adequately support the claimed costs.

1. *The Controller’s documentation requirements must be consistent with the parameters and guidelines, and must be applied consistently in order to be enforceable: the disallowance of salaries and benefits for certain disputed employees was arbitrary, in light of salaries and benefits allowed for other employees based on the same or similar documentation.*

In its reimbursement claims for fiscal years 1999-2000, 2000-2001, and 2001-2002, San Mateo stated its salary and benefit costs for the mandate, certified under penalty of perjury, on the Controller’s claim forms. The Controller’s position is that “[t]he district did not provide documentation supporting the validity of the distribution made to the mandate.”

The parameters and guidelines provide that claimants are required to support salaries and benefits claimed with documentation that identifies the employees and their classification, describes the mandated functions performed, and specifies “the actual number of hours devoted to each function.” For several employees, the Controller disallowed salaries and benefits, finding that the actual number of hours devoted to mandated functions was not supported. The Controller requested additional documentation, and San Mateo provided additional information for some of the questioned employees. For example, a letter from San Mateo to the Controller explains that “[f]or Ernest Rodriguez, in March 2002, he took on a teacher assignment which is reflected in the account code... 201000. This was not charged to the claim.” Similarly, the letter shows that Dee Howard, who is identified as “Full-time Faculty” in the Controller’s schedules, worked as a counselor in departments other than “Health Services,” and therefore only the portion of her wages attributed to the health services account was claimed. Similarly, the letter states that Gloria D’Ambra, identified as an office assistant, earned overtime pay in fiscal year 1999-2000, which was not charged to the claim. Along with the letter, San Mateo submitted employee earnings reports, which demonstrate that several employees were paid from multiple sources or accounts.

The documents in the record pertaining to this IRC do not show “the actual number of hours devoted to each [mandated] function,” as required by the parameters and guidelines, but the Controller has apparently allowed salary and benefit costs for some employees on the basis of job titles,¹⁰ and in some cases on the basis of earnings reports that show an employee’s salary paid from an account recognized to be related to the provision of health services.¹¹ In contrast, and without any explanation of its differential treatment, the Controller *disallowed* salary and benefit costs for employees that San Mateo (under penalty of perjury) claims worked at least a portion of their salaried time for the health services department. The Controller made this disallowance citing an absence of employee time records supporting the hours worked performing mandated activities.

Although the documents in the record do not substantiate actual hours performing mandated activities for Dee Howard and Ernest Rodriguez, the same type of documents were accepted by the Controller to substantiate *omitting* from the reimbursement claim overtime hours worked by Gloria D’Ambra; and the same documents were accepted by the Controller as evidence that both D’Ambra and Donna Elliot, identified as office assistants, were engaged in mandate-related activities at the health services department. In other words, if the account codes to which the salaries of D’Ambra and Elliot were charged are sufficient to substantiate costs for their salaries, disallowing costs for Howard and Rodriguez on the basis of the same documentation is arbitrary and capricious.

Based on the foregoing, staff finds that the Controller’s disallowance of salaries and benefits for Dee Howard and Ernest Rodriguez was arbitrary, capricious, or entirely lacking in evidentiary support, and the costs claimed for these two employees should be reinstated.

¹⁰ See Exhibit C, Controller’s Comments on San Mateo IRC, at pp. 52-54 [allowable salaries for nurses and doctors].

¹¹ See Exhibit C, Controller’s Comments on San Mateo IRC, at pp. 48-50 [allowable salaries for and office assistants, apparently on the basis of employee earnings reports].

2. *There is no evidence in the record to support the benefits claimed by San Mateo*

San Mateo disputes the application of an “audited” benefit rate. San Mateo asserts that “[t]he Controller calculated a benefit rate to be applied to the salaries to determine the total allowable salary and employee benefits for each employee.” The resulting rates were between 16.62719 percent and 17.66762 percent for the three years subject to audit. San Mateo objects to this calculation, arguing that “[t]he Controller has not indicated why it was necessary to calculate an average benefit rate when the District reported actual benefit costs in its general ledger, that is, why an average rate is better than actual benefit costs.” San Mateo also asserts that the claiming instructions provide for a “default” benefit rate of 21 percent, which can be added to hourly payroll costs.

There is no evidence in the record of actual benefit amounts paid to each employee, only the benefit totals included in San Mateo’s worksheets.¹² San Mateo makes reference to its “general ledger,” but no such document is found in the record, and the existence of “actual benefit costs,” assertedly provided to the Controller, cannot be verified. The only benefit amounts in the record are the audited benefit amounts in the Controller’s “schedule of allowable salaries and benefits.”¹³ Absent any documentation substantiating the benefit amounts claimed, the Controller’s reductions cannot be evaluated. The 21 percent rate asserted by the district applies to the *Collective Bargaining* program, and is not evidently applicable to these claiming instructions.

Based on the foregoing, staff finds that the Controller’s audited benefit rate is not arbitrary, capricious, or entirely lacking in evidentiary support.

E. Disallowance of Other Outgoing Expenses

In its audit of San Mateo’s reimbursement claims the Controller identified unallowable costs for “other outgoing expenses” for fiscal year 2001-2002, in the amount of \$41,375, “recorded on three separate journal transactions.” The Controller found that these transactions were not supported by documentation, “e.g., in invoices or other source documentation.” The district did not respond to that finding prior to issuance of the final audit report.

San Mateo argues that “the Controller should provide the derivation of “outgoing expense costs,” which is not described in generally accepted accounting principles.”

The Controller counters that “expenses” and “costs” are synonymous, and that the district “makes no mention whatsoever as to the factual nature of the finding nor does it offer any documentation that supports the three journal voucher entries.”

The parameters and guidelines require that all costs claimed must be traceable to source documents that show evidence of the validity of such costs. Those documents, in turn are required to be certified under penalty of perjury, but certification alone cannot substitute for probative value. It is not necessary, under the parameters and guidelines, and consistent with *Clovis Unified, supra*, that claimants produce unimpeachable proof of costs incurred, produced at or near the time the costs were incurred so as to reinforce the reliability of those documents. However, the documentation must show some evidence that costs are related to the mandate, and

¹² Exhibit A, San Mateo IRC, at pp. 89; 104; 119.

¹³ Exhibit C, Controller’s Comments on San Mateo IRC, at pp. 52-54.

the term “other outgoing expenses,” even if claimed and certified to be related to the mandate, is not sufficient to show the validity of the costs. The record indicates that the Controller offered the district an opportunity to substantiate these costs, and the district declined to do so, instead asserting that the burden should be on the Controller to show that the costs are not mandate-related. A claimant’s certification that costs are related to the mandate is not sufficient in itself to substantiate the costs.

Based on the foregoing, staff finds that the Controller’s finding regarding “other outgoing expenses” was not arbitrary, capricious, or entirely lacking in evidentiary value, and a reduction of San Mateo’s claim in the amount of \$41,375 is supported.

F. Disallowance of Health Services Not Substantiated in the Base Year

The Controller reduced health services costs claimed by San Bernardino in amounts of \$41,389 for fiscal year 2001-2002, and \$61,739 for fiscal year 2002-2003, on grounds that the district claimed costs for services not provided in the base year, fiscal year 1986-87. San Bernardino asserts that the Controller incorrectly reduced reimbursement for health services costs claimed, on the basis of comparison between the audit years and the health services inventory for fiscal year 1997-1998.

In the test claim statement of decision the Commission found that the statutes imposed a “maintenance of effort” requirement on community college districts requiring them to continue to provide health services at the level provided in the base year, without the continuing authority to levy health service fees. The amended parameters and guidelines provide a long list of services, which are stated to be “reimbursable to the extent they were provided by the community college district in fiscal year 1986-87.” And the parameters and guidelines require, under the heading “Supporting Data:”

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. *This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort.*

Exactly what documents are needed “to substantiate a maintenance of effort” is not stated. Pursuant to *Clovis Unified*, as discussed above, whatever is required by the Controller should generally be consistent with the parameters and guidelines; the Controller cannot enforce an auditing standard that is unreasonable in the context of the parameters and guidelines.

San Bernardino argues that the Controller inappropriately compared the inventory of available services for the audit years “to the health services inventory for FY 1997-98,” and those activities listed in the inventory for the audit years but not also listed in fiscal year 1997-1998 were “assumed to be ‘new services not offered in 86/87.’” San Bernardino argues that this comparison “established FY 1997-98 as an alternative base year, contrary to the Education Code and the parameters and guidelines.” San Bernardino further argues that there is a difference between services rendered in a given year and services available in a given year, and that the maintenance of effort requirement is to maintain services available in the base year 1986-87.

San Bernardino is correct that the Controller may not establish an alternate base year; the services provided in 1986-87 are mandated under the plain language of the test claim decision and the parameters and guidelines, and to the extent those services are not offset by student health fees, costs to provide those services are reimbursable. San Bernardino’s audited claims,

certified under penalty of perjury, include a health services inventory comparing the claim years to the base year. It is not consistent with the mandate for the Controller to disallow costs for health services on the basis of comparing the audit years to a health services inventory from any other year.

Moreover, San Bernardino's reasoning with respect to the distinction between services rendered and services available is sound: comparing the health services inventory of the audit years to the inventory of any other year, *including the base year*, is not necessarily reflective of the services that were *available* in the base year and that therefore must be maintained. There is a distinction between services "rendered" in a particular year, including the base year, and services "available" to students. The maintenance of effort requirement of the test claim statute turns on the services "provided" in the base year, and the district's interpretation of services *provided* as being equivalent to services *available* is consistent with the purpose and intent of a maintenance of effort requirement.

Finally, there is nothing in the parameters and guidelines to suggest that a certification by the claimant of the services "provided" in the base year is insufficient to substantiate the maintenance of effort.

Based on the foregoing, staff finds that the disallowance of health services not rendered in the 1997-98 fiscal year was arbitrary, capricious, and entirely lacking in evidentiary value. The Controller must allow reimbursement for those services that the district certifies under penalty of perjury were available in the 1986-87 fiscal year.

G. Disallowance of Insurance Premiums

The Controller reduced amounts claimed by San Bernardino for "services and supplies" in amounts of \$37,348 for fiscal year 2001-2002, and \$38,322 for fiscal year 2002-2003, on grounds that athletic insurance costs are beyond the scope of the mandate. San Bernardino disputes the disallowance of "overstated services and supplies," arguing that the Controller inappropriately disallowed costs for student insurance premiums.

The Controller explains that the district carried three types of insurance coverage in fiscal years 2001-2002 and 2002-2003: basic coverage for students as well as athletes, super catastrophic coverage for athletes, and catastrophic coverage for students. The Controller asserts that the disallowed costs are only the "intercollegiate athletes' portion of the basic coverage and the intercollegiate athletes' portion of the super catastrophic coverage," along with a small amount of costs that the Controller finds unsupported. The maintenance of effort requirement, pursuant to section 76355, applies only to those health services for which community college districts are permitted to charge a fee; and because section 76355(d) prohibits expenditures of health fees on athletic-related costs, the costs of athletic insurance are not mandated, and must be disallowed.¹⁴

San Bernardino has not disputed the Controller's argument that costs related to athletics are not included within the maintenance of effort requirement, nor submitted any documentation in answer to the Controller's worksheet attributing the disallowed costs to portions of insurance premiums applicable to collegiate athletic programs.

¹⁴ Exhibit D, Controller's Comments on San Bernardino IRC, at pp. 17-19.

Based on the foregoing, staff finds that the disallowance of costs related to insurance premiums for intercollegiate athletes was not arbitrary, capricious, or entirely lacking in evidentiary value.

Conclusion

Pursuant to Government Code section 17551(d) and section 1185.7 of the Commission's regulations, staff finds that the following reductions by the Controller's Office are incorrect and that the costs, as specified, should be reinstated:

- Reduction to zero of San Mateo's claimed indirect costs for services and supplies, other operating expenses, and capital outlay costs was arbitrary, capricious, or entirely lacking in evidentiary support, and to the extent direct costs were permitted for the specified items claimed, a minimum 7 percent indirect cost rate should be reinstated, unless a higher rate can be supported on the basis of applying an alternative method to the evidence in the record.
- Disallowance of salaries and benefits for Ernest Rodriguez and Dee Howard in San Mateo's reimbursement claims was arbitrary, capricious, or entirely lacking in evidentiary support, in light of costs allowed for other employees based on the same or similar documentation; costs for the salaries and benefits of Ernest Rodriguez and Dee Howard should be reinstated, to the extent those costs are supported by the district's accounting records substantiating amounts paid from health services accounts.
- Disallowance of health services costs on the basis of comparing the audit years against a health services inventory from fiscal year 1996-1997 was arbitrary, capricious, or entirely lacking in evidentiary support, and health services costs claimed should be reinstated on the basis of the services provided by the entire district in fiscal year 1986-1987, as certified under penalty of perjury by San Bernardino Community College District.

The Commission further finds that the reductions to the following costs were reasonable and supported by the law and the record, and thus, not "incorrectly" reduced:

- Reduction of both districts' reimbursement claims, on the basis of understated health fee revenues, in the amounts of \$70,603 for San Mateo, and \$150,031 for San Bernardino.
- The reduction of indirect costs claimed by San Bernardino, in the amount of \$281,494, based on the district's failure to comply with the claiming instructions in the development of its indirect cost rate, and the Controller's use of an alternative method to calculate indirect costs.
- The reduction of benefits claimed by San Mateo, in the amount of \$88,633, based on the district's failure to support its claimed benefit amounts.
- The reduction of costs claimed for "other outgoing expenses" by San Mateo, in the amount of \$41,375, based on the district's failure to support claimed expenses.
- The reduction of health insurance costs and other overstated services and supplies in San Bernardino's reimbursement claims, in the amounts of \$37,348 for fiscal year 2001-2001, and \$38,322 for fiscal year 2002-2003, based on the documentation submitted by the Controller.

Staff Recommendation

Staff recommends that the Commission adopt the proposed statement of decision to partially approve the IRC, and authorize staff to make any technical, non-substantive changes following the hearing.

BEFORE THE
COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIM
ON:

Education Code Section 76355

Statutes 1984, Chapter 1 (1983-1984 2nd Ex.
Sess.) (AB 1) and Statutes 1987, Chapter 1118
(AB 2336)

Fiscal Years 1999-2000, 2000-2001, 2001-
2002 and 2002-2003

San Mateo Community College District and
San Bernardino Community College District,
Claimants.

Case Nos.: 05-4206-I-04 and 05-4206-I-08

Health Fee Elimination

STATEMENT OF DECISION
PURSUANT TO GOVERNMENT CODE
SECTION 17500 ET SEQ.; TITLE 2,
CALIFORNIA CODE OF
REGULATIONS, DIVISION 2,
CHAPTER 2.5. ARTICLE 7

(Proposed for Adoption: September 27, 2013)

STATEMENT OF DECISION

The Commission on State Mandates (Commission) heard and decided these consolidated incorrect reduction claims (IRCs) during a regularly scheduled hearing on September 27, 2013. [Witness list will be included in the final statement of decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code section 17500 et seq., and related case law.

The Commission [adopted/modified] the staff analysis to [approve/partially approve/deny] the consolidated IRCs at the hearing by a vote of [vote count will be included in the final statement of decision].

Summary of the Findings

These IRCs were filed in response to audits conducted by the Controller, in which reimbursement was reduced to the claimant districts on several discrete bases. The analysis below addresses IRCs filed by two community college districts disputing adjustments made by the Controller, pursuant to audits of the districts' cost claims filed under the *Health Fee Elimination* mandate (CSM-4206). The executive director has consolidated these claims pursuant to section 1185.4 of the Commission's regulations.¹⁵

The Commission partially approves these IRCs, finding that some of those reductions were appropriate, and some were incorrect. The Commission therefore remands the matter to the Controller with instructions to reinstate the incorrect reductions specified below consistent with this statement of decision.

¹⁵ Code of Regulations, title 2, section 1185.4 (Register 2010, No. 44).

Pursuant to Government Code section 17551(d) and section 1185.7 of the Commission's regulations, the Commission finds that the following reductions by the Controller's Office are incorrect and that the costs, as specified, should be reinstated:

- Reduction to zero of San Mateo's claimed indirect costs for services and supplies, other operating expenses, and capital outlay costs was arbitrary, capricious, or entirely lacking in evidentiary support, and to the extent direct costs were permitted for the specified items claimed, a minimum 7 percent indirect cost rate should be reinstated, unless a higher rate can be supported on the basis of applying an alternative method to the evidence in the record.
- Disallowance of salaries and benefits for Ernest Rodriguez and Dee Howard in San Mateo's reimbursement claims was arbitrary, capricious, or entirely lacking in evidentiary support, in light of costs allowed for other employees based on the same or similar documentation; costs for the salaries and benefits of Ernest Rodriguez and Dee Howard should be reinstated, to the extent those costs are supported by the district's accounting records substantiating amounts paid from health services accounts.
- Disallowance of health services costs on the basis of comparing the audit years against a health services inventory from fiscal year 1996-1997 was arbitrary, capricious, or entirely lacking in evidentiary support, and health services costs claimed should be reinstated on the basis of the services provided by the entire district in fiscal year 1986-1987, as certified under penalty of perjury by San Bernardino Community College District.

The Commission further finds that the reductions to the following costs were reasonable and supported by the law and the record, and thus, not "incorrectly" reduced:

- Reduction of both districts' reimbursement claims, on the basis of understated health fee revenues, in the amounts of \$70,603 for San Mateo, and \$150,031 for San Bernardino.
- The reduction of indirect costs claimed by San Bernardino, in the amount of \$281,494, based on the district's failure to comply with the claiming instructions in the development of its indirect cost rate, and the Controller's use of an alternative method to calculate indirect costs.
- The reduction of benefits claimed by San Mateo, in the amount of \$88,633, based on the district's failure to support its claimed benefit amounts.
- The reduction of costs claimed for "other outgoing expenses" by San Mateo, in the amount of \$41,375, based on the district's failure to support claimed expenses.
- The reduction of health insurance costs and other overstated services and supplies in San Bernardino's reimbursement claims, in the amounts of \$37,348 for fiscal year 2001-2001, and \$38,322 for fiscal year 2002-2003, based on the documentation submitted by the Controller.

I. Background

Health Fee Elimination Program

Prior to 1984, former Education Code section 72246 authorized community college districts to charge almost all students a general fee (health service fee) for the purpose of voluntarily providing health supervision and services, direct and indirect medical and hospitalization

services, and operation of student health centers.¹⁶ Statutes 1984, chapter 1 repealed the community colleges' fee authority for health services.¹⁷ However, it also included a provision to reauthorize the fee, which was to become operative on January 1, 1988.¹⁸

In addition to temporarily repealing community college districts' fee authority, Statutes 1984, chapter 1 required any district which provided health services during the 1983-1984 fiscal year, for which it was previously authorized to charge a fee, to maintain the health services at the level provided during the 1983-1984 fiscal year for every subsequent fiscal year until January 1, 1988.¹⁹ As a result, community college districts were required to maintain health services provided in the 1983-1984 fiscal year without any fee authority for this purpose.

Statutes 1987, chapter 1118 amended former Education Code section 72246,²⁰ which was to become operative January 1, 1988, to incorporate and extend the maintenance of effort provisions of former Education Code section 72246.5.²¹ As a result, in 1988 all community college districts were required to maintain the same level of health services they provided in the 1987-1988 fiscal year and each year thereafter. In addition, the community college districts regained a limited fee authority for the provision of the required health services.²²

Commission Decisions

At the November 20, 1986 Commission hearing, the Commission determined that Statutes 1984, chapter 1, which required community college districts to maintain health services while repealing community college districts' fee authority for those services, imposed a reimbursable state-mandated new program upon community college districts.²³ On August 27, 1987, the Commission adopted parameters and guidelines for the *Health Fee Elimination* program.

At the May 25, 1989 Commission hearing, the Commission adopted amendments to the parameters and guidelines for the *Health Fee Elimination* program to reflect amendments made by Statutes 1987, chapter 1118.²⁴ The 1989 parameters and guidelines reflected a change in

¹⁶ Statutes 1981, chapter 763. Students with low-incomes, students that depend upon prayer for healing, and students attending a college under an approved apprenticeship training program, were exempt from the fee.

¹⁷ Statutes 1984, 2nd Extraordinary Session 1984, chapter 1, section 4 [repealing Education Code section 72246].

¹⁸ Statutes 1984, 2nd Extraordinary Session 1984, chapter 1, section 4.5.

¹⁹ Education Code section 72246.5 (Stats. 1984, 2d. Ex. Sess., ch. 1, § 4.7).

²⁰ In 1993, former Education Code section 72246 was renumbered to Education Code section 76355. (Stats. 1993, ch. 8).

²¹ Statutes 1987, chapter 1118.

²² Education Code section 72246 (as amended, Stats. 1987, ch. 1118).

²³ Statement of decision, *Health Fee Elimination* (CSM 4206, adopted January 22, 1987). Reference to 1984 legislation refers to Statutes 1984, 2nd Extraordinary Session 1984, chapter 1.

²⁴ Amendments to parameters and guidelines, *Health Fee Elimination* (CSM 4206, adopted May 25, 1989). Reference to 1987 legislation refers to Statutes 1987, chapter 1118.

eligible claimants for the *Health Fee Elimination* program, (those districts that provided health services in the 1986-87 fiscal year, and would be required to continue to do so) and the reestablishment of community college districts' fee authority for the *Health Fee Elimination* program.

At the October 27, 2011 Commission hearing the Commission adopted a decision regarding seven consolidated IRCs under the *Health Fee Elimination* program, which addressed some of the same substantive issues present in these consolidated IRCs.

This IRC addresses the following issues:

- The statute of limitations applicable to audits of reimbursement claims by the Controller;
- The appropriate extent of offsetting revenue available from health service fees, pursuant to the *Clovis Unified* decision;
- Disallowances found against both districts based on asserted faults in the development and application of indirect cost rates;
- Disallowance of salaries and benefits against San Mateo based on asserted insufficient documentation of hours and duties;
- Disallowance of other outgoing expenses against San Mateo based on asserted insufficient documentation;
- Disallowance of discrete health services against San Bernardino based on an asserted failure to substantiate services provided in the base year;
- Disallowance of costs for student health insurance against San Bernardino based on the scope of reimbursement excluding student athletic costs.

II. Procedural History

On January 10, 2001, San Mateo filed a reimbursement claim for fiscal year 1999-2000.²⁵ On January 10, 2002, San Mateo filed its reimbursement claim for fiscal year 2000-2001.²⁶ On January 15, 2003, San Mateo filed its reimbursement claim for fiscal year 2001-2002.²⁷

On October 28, 2004, the Controller issued a draft audit report addressing these three fiscal years.²⁸ On November 15, 2004, San Mateo issued a letter to the Controller responding to the draft audit report findings, disputing the Controller's adjustments and disallowance of costs.²⁹ On January 7, 2005, the Controller issued its final audit report, finding that \$1,017,386 of

²⁵ Exhibit A, San Mateo IRC, at p. 105.

²⁶ Exhibit A, San Mateo IRC, at p. 90.

²⁷ Exhibit A, San Mateo IRC, at p. 75.

²⁸ Exhibit A, San Mateo IRC, at p. 67.

²⁹ Exhibit A, San Mateo IRC, at pp. 67-68.

claimed costs was unallowable, of \$1,259,226 total costs claimed in the relevant audit period.³⁰ On September 1, 2005, San Mateo filed IRC 05-4206-I-04.³¹

On December 27, 2002, San Bernardino filed its reimbursement claim for fiscal year 2001-2002.³² On January 5, 2004, San Bernardino filed its reimbursement claim for fiscal year 2002-2003.³³

On September 30, 2004, the Controller issued a draft audit report addressing these two fiscal years. On October 13, 2004, San Bernardino issued a letter to the Controller responding to the draft audit report, disputing the Controller's findings regarding the overstatement of health services provided in the base year, and disputing the Controller's interpretation of what was intended by the maintenance of effort requirement of the test claim statute.³⁴ On November 10, 2004, the Controller issued its final audit report, concluding that \$610,323 of claimed costs were unallowable, of \$1,130,569 total costs claimed in the relevant audit period.³⁵ On September 13, 2005, San Bernardino filed IRC 05-4206-I-08.³⁶

On December 31, 2007, the Controller submitted written comments on the San Bernardino IRC, reiterating the audit findings and asserting that its adjustments were appropriate. On April 24, 2008, the Controller submitted written comments on the San Mateo IRC, in which it stressed the proper application of the statute of limitations, and restated its contention that the audit adjustments were proper. On July 13, 2009, San Mateo submitted rebuttal comments in response to the Controller's comments on its IRC, in which it renewed its objections to the lack of explanation of the reasons for disallowance of specific costs, and to the application of an average benefit rate where actual benefit costs were available; reiterated its disagreement with the Controller's adjustment on the basis of health fees authorized; restated its claim that the indirect cost rate proposal had been improperly rejected; and continued to challenge the statute of limitations asserted by the Controller.

On September 21, 2010, after the filing of the IRCs, the Third District Court of Appeal issued its opinion in *Clovis Unified*,³⁷ which specifically addressed two of the key disputed issues. The court found that community college districts were required to offset costs claimed for the *Health Fee Elimination* program by the health service fees that community college districts were *authorized* to charge, rather than, as the claimants have argued, the fees actually collected; and, the court held that the contemporaneous source document rule (CSDR) was, as applied to the

³⁰ Exhibit A, San Mateo IRC, at p. 45.

³¹ Exhibit A, San Mateo IRC, at p. 1.

³² Exhibit B, San Bernardino IRC, at p. 74.

³³ Exhibit B, San Bernardino IRC, at p. 95.

³⁴ Exhibit B, San Bernardino IRC, at pp. 61-63.

³⁵ Exhibit B, San Bernardino IRC, at p. 45.

³⁶ Exhibit B, San Bernardino IRC, at p. 1.

³⁷ *Clovis Unified School Dist. v. Chiang (Clovis)* (Cal. Ct. App. 3d Dist. 2010) 188 Cal.App.4th 794.

audits of several mandated programs, an unenforceable underground regulation. The scope and effect of the *Clovis Unified* decision is addressed below, where relevant.

III. Positions of the Parties

San Mateo Community College District

San Mateo argues that the Controller inappropriately reduced reported costs of salaries and benefits, and other indirect costs claimed.³⁸ San Mateo argues that the Controller reduced “outgoing expense costs” without explaining the distinction between “expenses” and “costs,” and that “the district was not on notice of any particular reporting or audit standard with respect to journal voucher transactions.”³⁹ San Mateo also takes issue with the Controller’s finding that “the district improperly applied its claimed indirect cost rate to costs beyond those approved by the U.S. Department of Health and Human Services (DHHS).”⁴⁰ San Mateo argues that by reducing claims on the basis of fees collectible, but not collected, the Controller improperly disallowed a portion of the districts’ reimbursable costs.⁴¹ Finally, San Mateo disputes the application of the statute of limitations to allow audits of the subject fiscal years.⁴²

In its rebuttal comments San Mateo maintains that the Controller has the burden of proof in showing that the district’s claimed costs were not allowable, and that therefore several discrete costs that were disallowed were improperly reduced. San Mateo also argues that the application of an average benefit rate is inappropriate where actual benefit costs are available. San Mateo renews its contention regarding the health fee authority, and restates its challenge to the statute of limitations for audits asserted by the Controller.⁴³

San Bernardino Community College District

San Bernardino disputes the disallowance of costs for certain health services, arguing that “[t]he Controller established FY 1997-98 as an alternative base year, contrary to the Education Code and the parameters and guidelines.”⁴⁴ San Bernardino further argues that the Controller improperly disallowed costs related to insurance premiums for the general student population, and “does not describe how the disallowance was calculated.”⁴⁵ San Bernardino also disputes the Controller’s finding that indirect costs were overstated because the indirect cost rate proposal was not federally approved. The district argues that there is no requirement of federal

³⁸ Exhibit A, San Mateo IRC, at p. 13.

³⁹ Exhibit A, San Mateo IRC, at p. 15.

⁴⁰ Exhibit A, San Mateo IRC, at pp. 17-18.

⁴¹ Exhibit A, San Mateo IRC, at pp. 19-23.

⁴² Exhibit A, San Mateo IRC, at pp. 23-26.

⁴³ Exhibit E, San Mateo Rebuttal Comments, at pp. 1-4.

⁴⁴ Exhibit B, San Bernardino IRC, at p. 12-13.

⁴⁵ Exhibit B, San Bernardino IRC, at p. 19.

approval.⁴⁶ Finally, San Bernardino argues that the proper measure of offsetting revenues should be the health fees collected, not the amount of fees authorized.⁴⁷

State Controller's Office

San Mateo Audit and IRC

The final audit report concluded that \$793,165 in salaries and benefits were unallowable, because “the district did not provide documentation supporting the validity of the distribution made to the mandate.”⁴⁸ The Controller maintains that San Mateo “was unable to support that salary costs claimed for several employees were directly attributable to the mandate.” The Controller argues that San Mateo did not provide any documentation showing that the disallowed employees were tasked to the mandated activities. The Controller further maintains that it has calculated an appropriate benefit rate to apply to San Mateo’s claim.

The audit report also disallowed \$41,375 in “other outgoing expenses,” finding that “the district did not provide any documentation supporting the validity of the costs claimed.”⁴⁹ Additionally, the audit report concluded that “the district improperly applied its claimed indirect cost rate to costs beyond those approved by the U.S. Department of Health and Human Services,” and thus “overstated indirect costs by \$112,243.”⁵⁰ And finally, by claiming health fees received rather than health fees collectible, the Controller concluded that San Mateo “understated offsetting health fee revenues by \$70,603.”⁵¹ Finally, the Controller argues that the statute of limitations for audits under section 17558.5 permitted the Controller to audit fiscal years 1999-2000 and 2000-2001.⁵²

San Bernardino Audit and IRC

The final audit report concluded that San Bernardino “overstated health services costs by \$103,128 for the audit period...because the services were not provided in FY 1986-87.”⁵³ The Controller also concluded that “[t]he district overstated service and supply costs by \$75,670 because it claimed ineligible athletic insurance costs of \$72,554 and did not support costs of \$3,116.”⁵⁴ In addition, the Controller concluded that San Bernardino overstated indirect costs by \$281,494, because the district “claimed indirect costs based on an indirect cost rate proposal prepared for each year by an outside consultant...[and] did not obtain federal approval for its rate.”⁵⁵ And finally, the Controller concluded that San Bernardino “understated authorized

⁴⁶ Exhibit B, San Bernardino IRC, at pp. 20-22.

⁴⁷ Exhibit B, San Bernardino IRC, at pp. 23-27.

⁴⁸ Exhibit A, San Mateo IRC, at p. 52.

⁴⁹ Exhibit A, San Mateo IRC, at p. 54.

⁵⁰ Exhibit A, San Mateo IRC, at p. 54.

⁵¹ Exhibit A, San Mateo IRC, at pp. 56-58.

⁵² Exhibit C, Controller’s Comments on San Mateo IRC, at pp. 1-3.

⁵³ Exhibit B, San Bernardino IRC, at p. 53.

⁵⁴ Exhibit B, San Bernardino IRC, at p. 55.

⁵⁵ Exhibit B, San Bernardino IRC, at pp. 55-57.

health fee revenue by \$150,031” by claiming “actual rather than authorized health fee revenues.”⁵⁶

III. Discussion

Government Code section 17561(b) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state mandated costs that the Controller determines is excessive or unreasonable. Government Code section 12410 further requires the Controller to:

[S]uperintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment.

Although the Controller’s Office is required to follow the parameters and guidelines when auditing a claim for mandate reimbursement, the Controller has broad discretion in its audit and determination of what is properly reimbursable. Government Code section 12410 provides in relevant part:

Whenever, in [the Controller’s] opinion, the audit provided for by [Government Code section 925 et seq.] is not adequate, the Controller *may make such field or other audit* of any claim or disbursement of state money *as may be appropriate to such determination*. (Italics added.)

Government Code Section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.7 of the Commission’s regulations requires the Commission to send the statement of decision to the Controller and request that the costs in the claim be reinstated.

The Commission must determine in this case whether the Controller’s audit decisions were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.⁵⁷ Under this standard, the courts have found that:

When reviewing the exercise of discretion, “[t]he scope of review is limited, out of deference to the agency’s authority and presumed expertise: ‘The court may not reweigh the evidence or substitute its judgment for that of the agency. [Citation.]’” ... “In general ... the inquiry is limited to whether the decision was arbitrary, capricious, or entirely lacking in evidentiary support. . . .” [Citations.] When making that inquiry, the “ ‘court must ensure that an agency has adequately considered all relevant factors, and has demonstrated a rational connection between those factors, the choice made, and the purposes of the enabling statute.’ ”⁵⁸

⁵⁶ Exhibit B, San Bernardino IRC, at p. 57.

⁵⁷ *Johnston v. Sonoma County Agricultural* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

⁵⁸ *American Bd. of Cosmetic Surgery, Inc, supra*, 162 Cal.App.4th at pgs. 547-548.

The Commission must review the Controller's audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.⁵⁹ As more fully discussed in the analysis below, the parameters and guidelines governing these reimbursement claims require that costs claimed be supported by documentation maintained by the claimant.

In addition, the Commission must review questions of law *de novo*, without consideration of conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6.⁶⁰ The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitutional and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an "equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities."⁶¹

A. Statute of Limitations Applicable to Audits of Mandate Reimbursement Claims

San Mateo asserts that the statute of limitations applicable to audits of mandate reimbursement claims bars the Controller's audits of the claims filed for fiscal years 1999-2000 and 2000-2001. San Mateo disputes also the document retention requirements asserted by the Controller, which are based on the period during which claims are subject to audit.

1. *The audit of community college district claims beginning in 1999-2000 is not barred by the statute of limitations found in Government Code section 17558.5.*

San Mateo asserts that "the first two years of the three claim years audited, fiscal years 1999-00 and 2000-01, were beyond the statute of limitations for an audit when the Controller issued its audit report on January 7, 2005."⁶² San Mateo cites Government Code section 17558.5, as added by Statutes 1995, chapter 945 (operative July 1, 1996), which provides that a reimbursement claim "is *subject to audit by the Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended.*"⁶³ San Mateo contends that the relevant periods for which those claims would be *subject to audit* expired as of December 31, 2003 for the 1999-2000 reimbursement claim, filed January 10, 2001; and December 31, 2004 for the 2000-2001 reimbursement claim, filed January 10, 2002. San Mateo reasons that the January 7, 2005 audit report was completed outside the period subject to audit.

The Controller argues that San Mateo's conclusion "is based on an erroneous interpretation that attempts to rewrite that section, adding a deadline for completion of the audit where none exists."⁶⁴ The Controller argues that section 17558.5 does not require an audit to be completed

⁵⁹ *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

⁶⁰ *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

⁶¹ *County of Sonoma, supra*, 84 Cal.App.4th 1264, 1280, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

⁶² Exhibit A, San Mateo IRC, at pp. 23-24.

⁶³ Government Code section 17558.5 (Stats. 1995, ch. 945 (SB 11)); Exhibit A, San Mateo IRC, at p. 25.

⁶⁴ Exhibit C, Controller's Comments on San Mateo IRC, at p. 2.

within two years; “subject to audit,” the Controller holds, means subject to *initiation* of an audit. The Controller asserts that the audit in this case was initiated as of the entrance conference conducted on January 2, 2003, “well before the earliest deadline [cited by San Mateo] of December 31, 2003.”⁶⁵

In addition, the Controller argues that Government Code section 17558.5, *as amended by Statutes 2002, chapter 1128* (AB 2834), provides the proper statute of limitations, because “[u]nless a statute expressly provides to the contrary, any enlargement of a statute of limitations provision applies to matters pending but not already barred.” The Controller reasons that the amendment made by AB 2834 would be effective January 1, 2003, and even under San Mateo’s interpretation the earliest claim (fiscal year 1999-2000) would not have been barred until December 31, 2003. Therefore the expanded statute of limitations is applicable, providing that a reimbursement claim “is subject to the *initiation of an audit* by the Controller no later than *three years* after the date that the actual reimbursement claim is filed or last amended.”⁶⁶ Therefore, because the 2003 version of section 17558.5 would require an audit to be initiated “not later than” January 10, 2004 (three years after the earlier claim was filed), and the audit in issue was initiated January 2, 2003, the statute of limitations does not bar the audit.

The Controller’s analysis is persuasive; the courts have long held that “[a]n agency interpretation of the meaning and legal effect of a statute is entitled to consideration and respect by the courts;”⁶⁷ and here, the Commission owes to the Controller the same consideration and respect, with regard to the statute of limitations applicable to audits. The audits of reimbursement claims filed January 10, 2001 and January 10, 2002, respectively, were initiated “no later than January 2, 2003, when the entrance conference was held.”⁶⁸ Based only upon the plain language of the former section, the reimbursement claims in issue would be “subject to audit” until the end of the calendar year 2003, for a claim filed in January of 2001. The only reading of these facts and of section 17558.5 that could bar the subject audits would be to hold that section 17558.5 requires an audit to be *completed* within two years, in which case the final audit report issued January 7, 2005 would be barred. This is the interpretation urged by San Mateo, but this reading of the code is not supported. The later amendment to the code section (2002) clarifies that claims are subject to “the initiation of an audit” within a specified time,⁶⁹ and there is no reason to interpret the prior version of the code differently. Neither is there any evidence in the record to support departing from the interpretation of the Controller.

Based on the foregoing, the Commission finds that the audit of San Mateo’s reimbursement claims is not barred by the statute of limitations.

2. *Document retention requirements cited by the Controller are consistent with the parameters and guidelines, and are not dependent on the period subject to audit.*

⁶⁵ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 3.

⁶⁶ Government Code section 17558.5 (Stats. 2002, ch. 1128 (AB 2834)).

⁶⁷ *Yamaha Corp. of America v. State Bd. of Equalization*, (1998) 19 Cal.4th 1.

⁶⁸ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 3.

⁶⁹ Government Code section 17558.5 (Stats. 2002, ch. 1128 (AB 2834)).

San Mateo asserts, with respect to the disallowance of employee salaries and benefits, discussed below under section D, that “[o]ne of the stated reasons for the disallowance was that claimants must retain source documentation on file ‘for a period of no less than three years from the date of the final payment of the claim.’” San Mateo argues that “[n]o legal citation was provided for this assertion.”⁷⁰

The Controller counters that document retention was not a stated reason for the disallowance of costs.⁷¹ However, the Controller also points to the parameters and guidelines of the *Health Fee Elimination* mandate, which state:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs...*These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate*, and made available on the request of the State Controller or his agent.

The Commission’s current regulations state that parameters and guidelines must include a statement that documents are to be retained *during the period subject to audit*.⁷² Accordingly, the most recent amendment to the parameters and guidelines for the Health Fee Elimination mandate provides that “[a]ll documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit.”⁷³ The regulation, and the boilerplate changes, are consistent with the parameters and guidelines here; although the cited language above does not reference the period subject to audit, it does require retention of documents for three years after payment of the claim, which coincides with the period subject to audit under section 17558.5, as amended by Statutes 2002, chapter 1128 (AB 2834), cited above. San Mateo’s assertion that the document retention period “appears to be a ministerial preference of the Controller’s” is clearly in error.⁷⁴

Based on the foregoing, the Commission finds that source documents are required to be retained for a minimum of three years after final payment of the claim.

B. Understated Offsetting Revenues: Clovis Unified and the Health Fee Rule

The Controller reduced the reimbursement claims filed by San Mateo by \$13,175 for fiscal year 1999-2000, and \$57,428 for fiscal year 2001-2002.⁷⁵ San Bernardino’s reimbursement claims were similarly reduced, by \$97,642 for fiscal year 2000-2001, and \$52,389 for fiscal year 2001-2002.⁷⁶ These reductions were made on the basis of the fee authority available to the districts,

⁷⁰ Exhibit A, San Mateo IRC, at p. 13.

⁷¹ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 15.

⁷² Code of Regulations, title 2, section 1183.1 (Register 2005, No. 36).

⁷³ Exhibit X, Health Fee Elimination Parameters and Guidelines, as amended 1/29/10.

⁷⁴ Exhibit A, San Mateo IRC, at p. 12.

⁷⁵ Exhibit A, San Mateo IRC, at p. 56.

⁷⁶ Exhibit B, San Bernardino IRC, at p. 57.

multiplied by the number of students subject to the fee, less any amount of offsetting revenue claimed.

Both San Mateo and San Bernardino disputed the Controller's findings that offsetting revenues from student health fees had been understated in the relevant claim years. Both districts argued that the parameters and guidelines only require a claimant to declare offsetting revenues that the claimant "experiences," and that while the fee amount that districts were authorized to impose may have increased for the applicable period, nothing in the Education Code made the increase of those fees mandatory. The claimants argue that the issue is the difference between fees collected and fees collectible.⁷⁷

After the districts filed their IRCs, the Third District Court of Appeal issued its opinion in *Clovis Unified*, which specifically addressed the Controller's practice of reducing claims of community college districts by the maximum fee amount that districts are statutorily authorized to charge students, whether or not a district chooses to charge its students those fees. As cited by the court, the Health Fee Rule states in pertinent part:

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code [section] 76355.⁷⁸ (Underline in original.)

The Health Fee Rule relies on Education Code section 76355(a), which provides in relevant part:

(a)(1) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

(a)(2) The governing board of each community college district may increase [the health service fee] by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).

Pursuant to the plain language of Education Code section 76355(a)(2), the fee authority given to districts automatically increases at the same rate as the Implicit Price Deflator; when that calculation produces an increase of one dollar above the existing fee, the fee may be increased by one dollar.⁷⁹ Both San Mateo and San Bernardino argue that the actual increase of the fee

⁷⁷ Exhibit A, San Mateo IRC, at pp. 20-23; Exhibit B, San Bernardino IRC, at pp. 23-27.

⁷⁸ *Clovis Unified School Dist. v. Chiang, supra*, 188 Cal.App.4th at page 811.

⁷⁹ See Education Code section 76355 (Stats. 1995, ch. 758 (AB 446)). The Implicit Price Deflator for State and Local Purchase of Goods and Services is a number computed annually (and quarterly) by the United States Department of Commerce as part of its statistical series on

imposed upon students requires action of the community college district governing board,⁸⁰ and that “the issue is one of student health fees revenue actually received, rather than student health fees which might be collected.”⁸¹ But the *authority* to impose the fee increases without any legislative action by a community college district, or any other entity (state or local), and the court in *Clovis Unified* upheld the Controller’s use of the Health Fee Rule to reduce reimbursement claims based on the fees districts are *authorized* to charge. In making its decision the court notes that the concept underlying the state mandates process that Government Code sections 17514 and 17556(d) embody is:

To the extent a local agency or school district “has the authority” to charge for the mandated program or increased level of service, that charge cannot be recovered as a state-mandated cost.⁸²

The court also notes that, “this basic principle flows from common sense as well. As the Controller succinctly puts it, ‘Claimants can choose not to require these fees, but not at the state’s expense.’”⁸³ Additionally, in responding to the community college districts’ argument that, “since the Health Fee Rule is a claiming instruction, its validity must be determined *solely* through the Commission’s P&G’s.”⁸⁴ The court held:

To accept this argument, though, we would have to ignore, and so would the Controller, the fundamental legal principles underlying state-mandated costs. We conclude *the Health Fee Rule is valid*.⁸⁵ (Italics added.)

Thus, pursuant to the court’s decision in *Clovis Unified*, the Health Fee Rule used by the Controller to adjust reimbursement claims filed by the Districts for the *Health Fee Elimination* program is valid. The Commission is bound by the court’s decision in *Clovis Unified*, and bound to apply the Health Fee Rule set forth by the court.

Based on the foregoing the Commission finds that the Controller’s reduction of reimbursement to the extent of the fee authority found in Education Code section 76355 was not arbitrary, capricious, or entirely lacking in evidentiary support.

C. Application of an Indirect Cost Rate Proposal

The Controller reduced indirect costs claimed by San Mateo by \$30,417 for fiscal year 1999-2000, \$32,728 for fiscal year 2000-2001, and \$49,098 for fiscal year 2001-2002, on grounds that the indirect cost rate was applied to direct costs beyond the scope of the distribution base

measuring national income and product, and is used to adjust government expenditure data for the effect of inflation.

⁸⁰ Exhibit A, San Mateo IRC, at p. 69. See also Exhibit B, San Bernardino IRC, at pp. 25-27.

⁸¹ Exhibit A, San Mateo IRC, at pp. 22-23; Exhibit B, San Bernardino IRC, at pp. 26-27.

⁸² *Clovis Unified School Dist. v. Chiang, supra*, 188 Cal.App.4th at page 812.

⁸³ *Ibid.*

⁸⁴ *Ibid.* (Original italics.)

⁸⁵ *Clovis Unified School Dist. v. Chiang, supra*, 188 Cal.App.4th at page 812.

employed to develop the rate.⁸⁶ The Controller also reduced the indirect costs claimed by San Bernardino by \$122,795 for fiscal year 2001-2002, and \$158,699 for fiscal year 2002-2003, on grounds that San Bernardino did not utilize a federally approved indirect cost rate.⁸⁷

The districts dispute the Controller's findings that the indirect cost rate proposal was incorrectly applied, and was required to be federally approved, charging that the Controller's conclusions were without basis in the law.

1. *The parameters and guidelines expressly reference the Controller's claiming instructions, which in turn provide for an indirect cost rate to be developed in accordance with federal OMB guidelines.*

Both districts argue that claimants are not required to adhere to the claiming instructions.⁸⁸ In addition, San Bernardino argues that "[n]either state law nor the parameters and guidelines made compliance with the Controller's claiming instructions a condition of reimbursement."⁸⁹ The districts' argument is unsound: the parameters and guidelines plainly state that "indirect costs *may be claimed in the manner described by the State Controller.*" The districts argue that the word "may" is permissive, and that therefore the parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller.⁹⁰ The interpretation that is consistent with the plain language of the parameters and guidelines is that "indirect costs may be claimed," or may not, but if a claimant chooses to claim indirect costs, the claimant must adhere to the Controller's claiming instructions. This interpretation is urged by the Controller.⁹¹

The claiming instructions specific to the *Health Fee Elimination* mandate, included in the submissions of both claimants and of the Controller,⁹² do not discuss specific rules or guidelines for claiming indirect costs with respect to this mandate. However, the School Mandated Cost Manual⁹³ provides *general instructions* for school districts and community college districts seeking to claim indirect costs, and those instructions provide guidance to claimants for *all mandates*, absent specific provision to the contrary. More recently the manuals for school districts and community college districts have been printed separately, and therefore *both the general instructions, and the instructions specific to the Health Fee Elimination Mandate*, are now provided in the Mandated Cost Manual for Community Colleges, available on the

⁸⁶ Exhibit A, San Mateo IRC, at p. 55.

⁸⁷ Exhibit B, San Bernardino IRC, at p. 56.

⁸⁸ Exhibit A, San Mateo IRC, at pp. 16-17; Exhibit B, San Bernardino IRC, at pp. 21-22.

⁸⁹ Exhibit B, San Bernardino IRC, at p. 22.

⁹⁰ See Exhibit A, San Mateo IRC, at pp. 16-17; Exhibit B, San Bernardino IRC, at pp. 21-22.

⁹¹ See, e.g., Exhibit D, Controller's Comments on San Bernardino IRC, at pp. 20-21.

⁹² Exhibit A, San Mateo IRC, at pp. 40-42; Exhibit B, San Bernardino IRC, at pp. 40-42; Exhibit C, Controller's Comments on San Mateo IRC, at pp. 35-46; Exhibit D, Controller's Comments on San Bernardino IRC, at pp. 34-45.

⁹³ Exhibit C, Controller's Comments on San Mateo IRC, at pp. 30-33; Exhibit D, Controller's Comments on San Bernardino IRC, at pp. 29-32.

Controller's web site.⁹⁴ The Mandated Cost Manual contains general instructions for claiming under all mandates, with the suggestion that claimants refer to the parameters and guidelines and specific claiming instructions, as follows:

*This manual is issued to assist claimants in preparing mandated cost claims for submission to the State Controller's Office (SCO). The information contained in this manual is based on the State of California's statutes, regulations, and the parameters and guidelines (P's & G's) adopted by the Commission on State Mandates (CSM). Since each mandate is unique, it is imperative that claimants refer to the claiming instructions and P's & G's of each program for updated data on established policies, procedures, eligible reimbursable activities, and revised forms.*⁹⁵

The Controller submitted copies of the Mandated Cost Manual addressing indirect cost rates, revised September 2002, in response to both IRCs.⁹⁶ The Controller also submitted an excerpt of the School Mandated Cost Manual revised September 1997, which contained the program-specific instructions for the *Health Fee Elimination* Mandate.⁹⁷ This last suggests that all community college claiming instructions were, at or near the relevant time period, published in the School Mandated Cost Manual; certainly the current Community College Mandated Cost Manual includes claiming instructions for all programs.⁹⁸ Therefore, the reference in the parameters and guidelines to the Controller's claiming instructions necessarily includes the general provisions of the School Mandated Cost Manual, and the manual provides ample notice to claimants as to how they may properly claim indirect costs. San Bernardino's assertion that "[n]either State law or the parameters and guidelines made compliance with the Controller's claiming instructions a condition of reimbursement" is therefore clearly in error.⁹⁹

Both districts also argue that because the claiming instructions "were never adopted as law, or regulations pursuant to the Administrative Procedure Act, the claiming instructions are merely a statement of the ministerial interests of the Controller and not law."¹⁰⁰ In *Clovis Unified*, discussed above, the Controller's contemporaneous source document rule, or CSDR, was held to be an unenforceable underground regulation because it was applied generally against school districts and had never been adopted as a regulation under the APA.¹⁰¹ Here, the districts imply the same fault in the claiming instructions with respect to indirect cost rates. But the distinction

⁹⁴ See, e.g., Exhibit X, Community College Mandated Cost Manual General Instructions Revised 0712

⁹⁵ Exhibit X, Community College Mandated Cost Manual Foreword.

⁹⁶ Exhibit C, SCO Comments on San Mateo IRC, at pp. 30-33; Exhibit D, SCO Comments on San Bernardino IRC, at pp. 29-32.

⁹⁷ Exhibit C, SCO Comments on San Mateo IRC, at pp. 35-46; Exhibit D, SCO Comments on San Bernardino IRC, at pp. 34-45.

⁹⁸ Available at: http://www.sco.ca.gov/Files-ARD-Local/Manuals/ccd_1112_print.pdf

⁹⁹ Exhibit B, San Bernardino IRC, at p. 22.

¹⁰⁰ See, e.g., Exhibit A, San Mateo IRC, at p. 16.

¹⁰¹ *Clovis Unified, supra*, 188 Cal.App.4th, at p. 807.

is that here the parameters and guidelines, which were duly adopted at a Commission hearing, require compliance with the claiming instructions.

2. *San Mateo did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rate, but a minimum 7 percent indirect cost rate is provided if a claimant cannot support a greater amount; therefore reduction to zero for indirect costs, to the extent direct costs were allowed, was arbitrary, capricious, or entirely lacking in evidentiary support.*

In its audit of San Mateo's reimbursement claims for the period of July 1, 1999 through June 30, 2002, the Controller concluded that San Mateo "improperly applied its claimed indirect cost rate to costs beyond those approved by the U.S. Department of Health and Human Services." The Controller concluded that the indirect cost rate was approved using "a base consisting of 'Direct Salaries and Wages including all fringe benefits,'" but improperly applied, the Controller asserts, to "direct services and supplies, other operating expenses, and capital outlay costs."¹⁰² San Mateo counters that federal approval of an indirect cost rate proposal is merely a "ministerial preference," and not based on any requirement in law.¹⁰³ San Mateo asserts that the Controller accepted its 30 percent indirect cost rate but "did not accept application of the rate to costs other than salary and benefits because the rate was calculated using only salary and benefit costs."¹⁰⁴ The Controller asserts that "if the district wishes to apply its indirect cost rate to a distribution base other than salaries and wages, the district's approved A-21 rate must be based on modified total direct costs."¹⁰⁵ San Mateo asserts that "no accounting rationale or legal basis for this peculiar conclusion is provided by the Controller,"¹⁰⁶ despite having sought to employ a federally approved rate, evidence of which is included in the Controller's comments on the IRC.¹⁰⁷

Moreover, San Mateo argues that "cost accounting principles allow indirect cost rates to be established based on a variety of bases...without regard for the scope of the distribution base except that the source of the rate has to be representative of the 'distribution base.'"¹⁰⁸ In other words, an indirect cost rate does not necessarily have to be developed on the basis of the same direct costs to which it will be applied, as long as the basis is "representative of" the direct costs to which it will be applied. But San Mateo has provided no evidence in the record to show that the basis of the rate is representative of the distribution base. San Mateo denies the existence and validity of the requirements asserted by the Controller, but then fails to demonstrate that it has met even the requirements that it asserts arise from "cost accounting principles."

As discussed above, the claiming instructions referenced in the parameters and guidelines provide guidance for the claimants and the state with respect to indirect cost rates; those

¹⁰² Exhibit A, San Mateo IRC, at pp. 54-55.

¹⁰³ Exhibit A, San Mateo IRC, at p. 16.

¹⁰⁴ Exhibit A, San Mateo IRC, at pp. 14-15.

¹⁰⁵ Exhibit A, San Mateo IRC, at p. 56.

¹⁰⁶ Exhibit A, San Mateo IRC, at pp. 15-16.

¹⁰⁷ Exhibit C, Controller's Comments on San Mateo IRC, at pp. 62-63.

¹⁰⁸ Exhibit A, San Mateo IRC, at pp. 16-17.

instructions reveal that while federal approval of an indirect cost rate is not strictly required, it is one of two options for developing an indirect cost rate. The claiming instructions provide, in pertinent part:

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 “Cost Principles for Educational Institutions,” or the Controller’s methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.¹⁰⁹

The plain language of the above-cited paragraph provides that either a district can use a federally approved rate, incorporating the accounting principles of the OMB Circular A-21; or, the district can use the alternative state procedure. The claiming instructions also provide a third option for claiming: a flat rate of 7% if a claimant cannot support a higher rate.¹¹⁰

The OMB Circular A-21, an excerpt of which the Controller submitted along with its comments on San Mateo’s IRC, provides two options for the development of an indirect cost rate for facilities and administrative costs (referred to as F&A in the text). The first option is a simplified rate based on “salaries and wages,” and the second is labeled a “modified total direct cost base.” The OMB Circular provides that a salaries and wages base rate, developed in accordance with the steps described, is to be applied “to direct salaries and wages for individual agreements to determine the amount of F&A costs allocable to such agreements.”¹¹¹ A modified total direct cost base rate, developed in accordance with the OMB guidelines, is to be applied to the modified *total direct costs*. Applying these guidelines by analogy to state mandates, rather than federal programs, an indirect cost rate developed on the basis of salaries and wages should be applied to salaries and wages only, while an indirect cost rate developed on the basis of all direct and indirect costs could be applied more broadly. This is consistent with the interpretation urged by the Controller, and is a reasonable reading of the OMB requirements.

Based on the foregoing, the Commission finds that San Mateo’s application of the indirect cost rate to direct costs other than salaries and wages for the mandated activities was inconsistent with the parameters and guidelines and the claiming instructions.

In its audit of San Mateo’s claim, the Controller reduced indirect costs claimed by a total of \$112,243 for the three audit years, finding that the district “improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs.”¹¹² As discussed above, San Mateo was required, if it chose to utilize a federally approved rate, to apply that rate consistently with the manner in which the rate was developed, and San Mateo did not do so. Consequently, a reduction in reimbursement was called for.

However, a claimant is still entitled to some amount of indirect costs, and a failure to correctly apply an indirect cost rate does not require an adjustment to zero. It appears from the record that indirect costs for services and supplies, other operating expenses, and capital outlay costs were

¹⁰⁹ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 30.

¹¹⁰ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 31.

¹¹¹ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 59.

¹¹² Exhibit C, Controller’s Comments on San Mateo IRC, at p. 18.

disallowed entirely.¹¹³ To the extent that *direct* costs for these items were allowed, the claimant should have also been permitted to claim *some amount of indirect costs*. As noted above, the claiming instructions provide for a default 7 percent rate for indirect costs when a claimant is unable to substantiate a higher rate. What, if any, information was available to substantiate a higher rate is unknown.

Based on the foregoing, the Commission finds that the Controller's reduction to zero of allowable indirect costs was arbitrary, capricious, or entirely lacking in evidentiary support; a minimum 7 percent indirect cost rate should have been allowed, but if the Controller has sufficient information to support a higher indirect cost rate by applying the alternate state procedure, the Controller should apply a reasonable and fair indirect cost rate calculated consistently with the Controller's claiming instructions.

3. *San Bernardino did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rates.*

In the audit of San Bernardino's reimbursement claims for the period of July 1, 2001 through June 30, 2003, the Controller concluded that the district's claimed indirect costs were based on a rate not federally approved, and that the costs were highly disproportionate to the Controller's calculations. San Bernardino claimed indirect costs of \$210,961 for fiscal year 2001-2002, against direct costs of \$467,227; and \$249,766 for fiscal year 2002-2003, against direct costs of \$522,176. Those claimed costs represent indirect costs at a rate of approximately 45 percent for 2001-2002 and 48 percent for 2002-2003. The Controller reduced the claimed indirect costs to \$88,166 (an 18.87% rate) for fiscal year 2001-2002 and \$91,067 (a 17.44% rate) for fiscal year 2002-2003.

The Controller maintains that the claiming instructions required the district to use either a federally approved rate "prepared in accordance with OMB Circular A-21, or the SCO's alternate methodology using Form FAM-29C."¹¹⁴ The Controller argues that the district claimed its indirect costs "based on an indirect cost rate proposal (ICRP) prepared for each fiscal year by an outside consultant using OMB Circular simplified indirect cost rate methodology." The Controller continues: "However, the district did not obtain federal approval for its rate." The Controller then calculated indirect cost rates using the alternative method allowed by the claiming instructions, and found that "the calculated indirect cost rates did not support the indirect cost rates claimed."¹¹⁵

San Bernardino counters that "there is no requirement in law that the claimant's indirect cost rate must be 'federally' approved," and that "[n]o particular indirect cost rate calculation is required by law." San Bernardino argues that the Controller's claiming instructions "were never adopted as law, or regulations pursuant to the Administrative Procedure Act," and are therefore "merely a statement of the ministerial interests of the Controller and not law."¹¹⁶ As discussed above, the Commission's duly adopted parameters and guidelines require compliance with the Controller's

¹¹³ Exhibit A, San Mateo IRC, at p. 55.

¹¹⁴ Exhibit B, San Bernardino IRC, at pp. 55-56.

¹¹⁵ Exhibit B, San Bernardino IRC, at p. 55.

¹¹⁶ Exhibit B, San Bernardino IRC, at pp. 20-21.

claiming instructions; the parameters and guidelines incorporate the claiming instructions by reference, and the claiming instructions are therefore presumed to be valid and enforceable.

San Bernardino stands on its assertion that there is no requirement that a rate be federally approved, arguing that “the District has computed its ICRPs utilizing cost accounting principles from the Office of Management and Budget Circular A-21, and the Controller has disallowed it without a determination of whether the product of the District's calculation would, or would not, be excessive, unreasonable, or inconsistent with cost accounting principles.”¹¹⁷

As discussed above, the claiming instructions provide guidance for both the state and the claimants, and the instructions reveal that while federal approval of an indirect cost rate is not strictly required, it is an element of one of two options for developing an indirect cost rate. There is no third option in the claiming instructions to develop an indirect cost rate in accordance with the OMB Circular principles but then decline to seek federal approval.

San Bernardino asserts that “[n]either the Commission nor the Controller has ever specified the federal agencies which have the authority to approve indirect cost rates.”¹¹⁸ However, the OMB Circular A-21, which San Bernardino claims to have followed, states that “[c]ost negotiation cognizance is assigned to the Department of Health and Human Services...[or the Department of Defense, depending on which provides more funding to the educational agency]...In cases where neither HHS or DOD provides Federal funding to an educational institution, the cognizant agency assignment *shall default to HHS*.”¹¹⁹ Therefore, while the Commission and the Controller may not have directly identified the responsible agency, the OMB guidelines clearly direct claimants to HHS for approval of their federally recognized rates.

Based on the foregoing, San Bernardino’s application of an indirect cost rate prepared without federal approval was inconsistent with the parameters and guidelines and the claiming instructions.

In its audit of San Bernardino’s reimbursement claim, the Controller, concluding that the rate was not approved, and therefore not supported consistently with the parameters and guidelines and the claiming instructions, recalculated the indirect cost rate using the alternative state procedure, the “FAM-29C method,” outlined in the School Mandated Cost Manual.¹²⁰

San Bernardino asserts that the difference between its claimed rate and the audited rate is “the determination of which of those cost elements are direct costs and which are indirect costs.” San Bernardino continues, “[i]ndeed, federally ‘approved’ rates which the Controller will accept without further action, are ‘negotiated’ rates calculated by the district and submitted for approval, indicating that the process is not an exact science, but a determination of the relevance and reasonableness of the cost allocation assumptions made for the method used.”¹²¹ San Bernardino argues that the Controller “made no determination as to whether the method used by the District was reasonable, but, merely substituted its FAM-29C method for the method

¹¹⁷ Exhibit B, San Bernardino IRC, at p. 22.

¹¹⁸ Exhibit B, San Bernardino IRC, at p. 20.

¹¹⁹ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 59 [emphasis added].

¹²⁰ See Exhibit D, Controller’s Comments on San Bernardino IRC, at p. 29.

¹²¹ Exhibit B, San Bernardino IRC, at p. 21.

reported by the District.” San Bernardino also argues that the Controller’s decision to recalculate indirect costs by its own method “is an arbitrary choice of the Controller, not a ‘finding’ enforceable by fact or law.”¹²²

Note that the claiming instructions also provide for a default indirect cost rate: “The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.”¹²³ The Controller did not seek to reduce San Bernardino’s claim of indirect costs to 7 percent, as would appear to be valid and enforceable, given the district’s failure to support a higher rate. Rather, the Controller recalculated the indirect cost rate pursuant to the state procedure outlined in the claiming instructions (the FAM-29C method), resulting in a more generous indirect cost rate than the 7 percent default. San Bernardino argues that this substitution of methods was arbitrary. But, based on the above analysis, San Bernardino failed to comply with the requirements of the claiming instructions with respect to the OMB method of calculating indirect cost rates. San Bernardino also concedes that the difference between the claimed and audited methods turns on what costs are considered direct or indirect, and that “the process is not an exact science.” San Bernardino does not assert that the rate calculated was arbitrary; only that it was arbitrary to substitute the state method outlined in the claiming instructions for the claimant’s preferred but incorrectly executed method.

The Commission does not have evidence in the record suggesting a finding that the Controller’s reductions to San Bernardino’s claim were unreasonable; the determination of which costs are direct and which are indirect is not sufficiently explained in the record, nor are any specific delineations made. Based on the foregoing, the Commission finds that the Controller’s reduction was based on an alternative method authorized by the claiming instructions for calculating indirect costs, and is therefore not arbitrary, capricious, or entirely lacking in evidentiary support.

D. Disallowance of Salaries and Application of Audited Benefit Rates

The Controller reduced the reimbursement claims filed by San Mateo for salaries and benefits by \$281,607 for fiscal year 1999-2000, \$246,609 for fiscal year 2000-2001, and \$264,949 for fiscal year 2001-2002, on grounds that “the district did not provide documentation supporting the validity of the distribution made to the mandate.”¹²⁴

San Mateo disputes the Controller’s disallowance of certain employee salaries and the application of an “audited” benefit rate to the remaining employees, based on the Controller’s conclusion that San Mateo did not adequately support the claimed costs.

1. *The Controller’s documentation requirements must be consistent with the parameters and guidelines, and must be applied consistently, in order to be enforceable: the disallowance of salaries and benefits was arbitrary, in light of other costs allowed based on the same or similar documentation.*

San Mateo argues that the Controller is attempting to enforce an auditing standard, with respect to the documentation required, that is not consistent with the parameters and guidelines.¹²⁵ The

¹²² Exhibit B, San Bernardino IRC, at p. 22.

¹²³ See Exhibit D, Controller’s Comments on San Bernardino IRC, at p. 30.

¹²⁴ Exhibit A, San Mateo IRC, at p. 52.

¹²⁵ Exhibit A, San Mateo IRC, at p. 12.

Controller does not specifically describe an auditing standard, but states that “the district did not provide documentation supporting the validity of the distribution made to the mandate.”¹²⁶ The Controller also notes the absence of “time logs, time studies, or other corroborating documentation” supporting the claimed salaries and benefits.¹²⁷

In *Clovis Unified*, the court of appeal considered the Controller’s “contemporaneous source document rule” (CSDR), included in claiming instructions issued and relied upon to reduce reimbursement in audits conducted by the Controller.¹²⁸ The CSDR defines a “source document” as “a document created at or near the same time the actual cost was incurred for the event or activity in question.” Source documents, the rule provides, “may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.” The language of the parameters and guidelines in the *School District Choice* program, requiring all costs to be traceable to source documents, was held by the court to most closely resemble the contemporaneous source document rule, in comparison to the other three programs under scrutiny.¹²⁹ Nevertheless, the court of appeal concluded that the CSDR was an unenforceable and invalid underground regulation as applied to all programs under review, being *inconsistent* with the parameters and guidelines, and allowing the Controller to penalize eligible claimants for failing to produce documentation more specific than that required by the parameters and guidelines.

The court therefore invalidated the audits in question to the extent that they relied on the CSDR, and concluded:

If it chooses to do so, the Controller may re-audit the relevant reimbursement claims based on the documentation requirements of the P & G’s and claiming instructions when the mandate costs were incurred (i.e., not using the CSDR).¹³⁰

Therefore, pursuant to the holding in *Clovis Unified*, the Controller is not empowered to enforce the contemporaneous source document rule, and to the extent that audit standards require documentation and evidence inconsistent with that required by the parameters and guidelines, those standards are unenforceable as against local government claimants.

The parameters and guidelines under which San Mateo’s audited claims were filed provide, in pertinent part:

Claimed costs should be supported by the following information:

Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related

¹²⁶ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 14.

¹²⁷ *Ibid.*

¹²⁸ (Cal. Ct. App. 3d Dist. 2010) 188 Cal.App.4th 794.

¹²⁹ *Id.*, at p. 805.

¹³⁰ *Id.*, at pp. 812-813.

benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

¶...¶

*For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs...*¹³¹

In its reimbursement claims for fiscal years 1999-2000, 2000-2001, and 2001-2002, San Mateo stated its salary and benefit costs for the mandate, certified under penalty of perjury, on the Controller's claim forms.¹³² The claim forms submitted to the Commission along with San Mateo's IRC showed only the *total* salaries and benefits for the audit years,¹³³ but the district asserts that "salary and benefits were reported in the District general ledger in the normal course of financial accounting," and that it "has also provided employee names, positions (job titles), hours worked, salary and benefit amounts, and a description of the tasks performed as they relate to this mandate, and in some cases declarations."¹³⁴ In addition, the Controller's comments filed on the IRC included worksheets and schedules that show disallowed salaries and benefits identified by employee and classification, suggesting that somewhat more detailed information was submitted to the Controller prior to the final audit.¹³⁵ The Controller's comments on the IRC also included emails between the district's chief financial officer and the Controller's audit manager discussing the accounts from which the disputed employees were paid and their job descriptions.¹³⁶

The Controller's audit report provides the totals of salaries and benefits disallowed,¹³⁷ and the "schedule of allowable salaries and benefits" submitted in the Controller's comments on the IRC identifies employees whose time spent on mandated activities was not verified to the satisfaction of the Controller.¹³⁸ In emails exchanged between the district and the Controller's audit manager, the Controller asked for more information regarding certain employees whose activities were not clearly attributable to the mandate, while salaries for persons identified as nurses and doctors, for example, were allowed without question.¹³⁹ In response to these emails, San Mateo submitted additional documentation and explanation to the Controller showing that the district omitted from its reimbursement claim certain costs charged to accounts outside the health services department. For example, a letter to the Controller explains that "[f]or Ernest Rodriguez, in March 2002, he took on a teacher assignment which is reflected in the account

¹³¹ See Exhibit A, San Mateo IRC, at pp. 32-38 [Health Fee Elimination parameters and guidelines, as amended 1/29/89].

¹³² Exhibit A, San Mateo IRC, at pp. 75; 89; 90; 104; 105; 119.

¹³³ Exhibit A, San Mateo IRC, at pp. 89; 104; 119.

¹³⁴ Exhibit A, San Mateo IRC, at p. 13.

¹³⁵ Exhibit C, Controller's Comments on San Mateo IRC, at pp. 52-54.

¹³⁶ Exhibit C, Controller's Comments on San Mateo IRC, at pp. 48-50.

¹³⁷ Exhibit A, San Mateo IRC, at p. 52.

¹³⁸ Exhibit C, Controller's Comments on San Mateo IRC, at pp. 52-54.

¹³⁹ Costs were allowed for persons named as nurses without question.

code... 201000. This was not charged to the claim.”¹⁴⁰ Similarly, the letter shows that Dee Howard, who is identified as “Full-time Faculty” in the Controller’s schedules,¹⁴¹ worked as a counselor in departments other than “Health Services,” and therefore only the portion of her wages attributed to the health services account was claimed.¹⁴² Similarly, the letter states that Gloria D’Ambra, identified as an office assistant, earned overtime pay in fiscal year 1999-2000, which was not charged to the claim.¹⁴³ Additional documentation was submitted along with this letter, including employee earnings reports for several persons, detailing the accounts from which employees were paid, and the portions of total salary attributable to each account.

Ultimately the Controller accepted this type of documentation for some employees, including “\$5762 of salary expense for Donna Elliot,” which San Mateo had explained was incorrectly charged to account 543000, instead of 643000. The Controller also allowed the costs for Gloria D’Ambra based on the amounts reported as non-overtime wages charged to account code 643000; overtime wages charged to account code 649001 were not claimed, and the Controller accepted the omission of those amounts from the claim.¹⁴⁴ The Controller therefore accepted the earnings reports and other documentation to support the validity of salaries claimed for two persons identified as “office assistant.” But for Dee Howard and Ernest Rodriguez, each of whom had a portion of their salary charged to “code 643000,” the Controller ultimately disallowed salaries “in the absence of time records supporting the hours worked performing mandate activities at the Health Center.”¹⁴⁵

The Controller maintains that “the audit determined that the claimant was unable to support that salary costs claimed for several employees were directly attributable to the mandate.” The Controller asserts that the district provided information regarding salaries, but “no documentation supporting the validity of the distribution of those costs to the performance of mandated activities.”¹⁴⁶ San Mateo argues that its August 31, 2004 letter to the Controller’s audit manager, issued prior to the final audit report, “clearly distinguishes between claimed costs, which relate to the mandate, and those costs that were not claimed and did not relate to the mandate.”¹⁴⁷

The documents in the record pertaining to this IRC do not show “the actual number of hours devoted to each [mandated] function,” as required by the parameters and guidelines, but the Controller has apparently allowed salary and benefit costs for some employees on the basis of

¹⁴⁰ Exhibit E, San Mateo Rebuttal Comments, at pp. 23-25.

¹⁴¹ Exhibit C, Controller’s Comments on San Mateo IRC, at pp. 52-54.

¹⁴² Exhibit E, San Mateo Rebuttal Comments, at pp. 23-25.

¹⁴³ Exhibit E, San Mateo Rebuttal Comments, at pp. 27-30.

¹⁴⁴ Account code 643000 appears, in context, to be accepted by the Controller as related to the health services department.

¹⁴⁵ Exhibit C, Controller’s Comments on San Mateo IRC, at pp. 48-49.

¹⁴⁶ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 2.

¹⁴⁷ Exhibit E, San Mateo Rebuttal Comments, at pp. 5; 23-24.

job titles,¹⁴⁸ and in some cases on the basis of earnings reports that show an employee's salary paid from an account recognized to be related to the provision of health services.¹⁴⁹ In the case of those employees, the Controller did not insist on hours worked toward the mandate, even for the non-overtime wages paid to Gloria D'Ambra, a health services center office assistant. In contrast, and without any explanation of its differential treatment, the Controller *disallowed* salary and benefit costs for employees that San Mateo (under penalty of perjury) claimed worked at least a portion of their salaried time for the health services department. The Controller made this disallowance citing an absence of employee time records supporting the hours worked performing mandated activities. Although the documents in the record do not substantiate actual hours performing mandated activities for Dee Howard and Ernest Rodriguez, the same type of documents were accepted by the Controller to substantiate omitting from the reimbursement claim overtime hours worked by Gloria D'Ambra; and the same documents were accepted by the Controller as evidence that D'Ambra and Donna Elliot, identified as office assistants, were both engaged in mandate-related activities at the health services department. In other words, if the account codes to which the salaries of D'Ambra and Elliot were charged are sufficient to substantiate costs for their salaries, disallowing costs for Howard and Rodriguez on the basis of the same documentation is arbitrary and capricious.

Based on the foregoing, the Commission finds that the Controller's disallowance of salaries and benefits for Dee Howard and Ernest Rodriguez was arbitrary, capricious, or entirely lacking in evidentiary support, and the costs claimed for these two employees should be reinstated.

2. *There is no evidence in the record to support the benefits claimed by San Mateo*

San Mateo disputes the application of an "audited" benefit rate. San Mateo asserts that "[t]he Controller calculated a benefit rate to be applied to the salaries to determine the total allowable salary and employee benefits for each employee." The resulting rates were between 16.62719 percent and 17.66762 percent for the three years subject to audit. San Mateo objects to this calculation, arguing that "[t]he Controller has not indicated why it was necessary to calculate an average benefit rate when the District reported actual benefit costs in its general ledger, that is, why an average rate is better than actual benefit costs." San Mateo also asserts that the claiming instructions provide for a "default" benefit rate of 21 percent, which can be added to hourly payroll costs.¹⁵⁰

The Controller maintains that the 21 percent rate asserted by the district applies to the *Collective Bargaining* program, and is not applicable to these claiming instructions.¹⁵¹ Accordingly, the

¹⁴⁸ See Exhibit C, Controller's Comments on San Mateo IRC, at pp. 52-54 [allowable salaries for nurses and doctors].

¹⁴⁹ See Exhibit C, Controller's Comments on San Mateo IRC, at pp. 48-50 [allowable salaries for and office assistants, apparently on the basis of employee earnings reports].

¹⁵⁰ Exhibit A, San Mateo IRC, at p. 12.

¹⁵¹ Exhibit C, Controller's Comments on San Mateo IRC, at p. 14.

claiming instructions submitted to the Commission by both parties contain no default benefit rate applicable to this mandate.¹⁵²

The Controller also argues that the district disputes the audited rate “but fails to provide any alternative.” The Controller maintains that San Mateo “failed to provide any documentation supporting actual benefit amounts paid to each employee, so the auditor calculated a benefit rate by dividing total benefits claimed by total salaries claimed.”¹⁵³ San Mateo makes reference to its “general ledger,” but no such document is found in the record, and the existence of “actual benefit costs,” assertedly provided to the Controller, cannot be verified.¹⁵⁴

There is no evidence in the record of actual benefit amounts paid to each employee, only the benefit totals included in San Mateo’s worksheets.¹⁵⁵ The only benefit amounts in the record are the audited benefit amounts in the Controller’s “schedule of allowable salaries and benefits.”¹⁵⁶ Absent any documentation substantiating the benefit amounts claimed, the Controller’s reductions cannot be evaluated; however, neither can the district’s claims be supported.

Based on the foregoing, the Controller’s audited benefit rate is not arbitrary, capricious, or entirely lacking in evidentiary support.

E. Disallowance of Other Outgoing Expenses

In its audit of San Mateo’s reimbursement claims the Controller identified unallowable costs for “other outgoing expenses” for fiscal year 2001-2002, in the amount of \$41,375, “recorded on three separate journal transactions.” The Controller found that these transactions were not supported by documentation, “e.g., in invoices or other source documentation.” The district did not respond to that finding prior to issuance of the final audit report.¹⁵⁷

San Mateo disputes the disallowance of “other outgoing expense costs,” and challenges the Controller to explain what is meant by these terms. San Mateo argues that “the Controller should provide the derivation of “outgoing expense costs,” which is not described in generally accepted accounting principles.” The district argues that “there is no documentation standard for which the district was on notice that requires journal voucher transactions to comply with any documentation standard other than the financial reporting standards mandated by the state for community colleges.”¹⁵⁸

The Controller counters that “expenses” and “costs” are synonymous, and that the district “makes no mention whatsoever as to the factual nature of the finding nor does it offer any

¹⁵² See Exhibit A, San Mateo IRC, at pp. 40-42; Exhibit C, Controller’s Comments on San Mateo IRC, at pp. 35-37.

¹⁵³ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 2.

¹⁵⁴ Exhibit A, San Mateo IRC, at p. 12.

¹⁵⁵ Exhibit A, San Mateo IRC, at pp. 89; 104; 119.

¹⁵⁶ Exhibit C, Controller’s Comments on San Mateo IRC, at pp. 52-54.

¹⁵⁷ Exhibit A, San Mateo IRC, at p. 54.

¹⁵⁸ Exhibit A, San Mateo IRC, at p. 15.

documentation that supports the three journal voucher entries.”¹⁵⁹ In rebuttal comments, San Mateo maintains that the Controller “does not state why these costs are not mandate-related, excessive, or unreasonable.”¹⁶⁰

As discussed above, the parameters and guidelines requires that all costs claimed must be traceable to source documents that show evidence of the validity of such costs. Those documents, in turn are required to be certified under penalty of perjury, but certification alone cannot substitute for probative value. It is not necessary, under the parameters and guidelines, and consistent with *Clovis Unified*, as discussed above, that claimants produce unimpeachable proof of costs incurred, produced at or near the time the costs were incurred so as to reinforce the reliability of those documents. However, the documentation must show some evidence that costs are related to the mandate, and the term “other outgoing expenses,” even if claimed and certified to be related to the mandate, is not sufficient to show the validity of the costs. The record indicates that the Controller offered the district an opportunity to substantiate these costs, and the district declined to do so, instead asserting that the burden should be on the Controller to show that the costs are not mandate-related. A claimant’s certification that costs are related to the mandate is not sufficient in itself to substantiate the costs.

Based on the foregoing, the Commission finds that the Controller’s finding regarding “other outgoing expenses” was not arbitrary, capricious, or entirely lacking in evidentiary support, and a reduction of San Mateo’s claim in the amount of \$41,375 is therefore supported.

F. Disallowance of Health Services Not Substantiated in the Base Year

The Controller reduced health services costs claimed by San Bernardino in amounts of \$41,389 for fiscal year 2001-2002, and \$61,739 for fiscal year 2002-2003, on grounds that the district claimed costs for services not provided in the base year, fiscal year 1986-87.¹⁶¹

San Bernardino asserts that the Controller incorrectly reduced reimbursement for health services costs claimed, on the basis of comparison between the audit years and the health services inventory for fiscal year 1997-1998.¹⁶²

In the test claim statement of decision the Commission found that the statute imposed a “maintenance of effort” requirement on community college districts requiring them to continue to provide health services at the level provided in the base year, without the continuing authority to levy health service fees.¹⁶³ The test claim statute eliminated the fee authority, and required community colleges to maintain health services provided in fiscal year 1983-1984. The fee authority was to be reinstated as of January 1, 1988.¹⁶⁴ The statute was amended in 1987 to expressly reinstate the fee, and to provide that community colleges must maintain services at the

¹⁵⁹ Exhibit C, Controller’s Comments on San Mateo IRC, at p. 17.

¹⁶⁰ Exhibit E, San Mateo Rebuttal Comments, at p. 8.

¹⁶¹ Exhibit B, San Bernardino IRC, at p. 53.

¹⁶² *Id.*, at pp. 11-13.

¹⁶³ Exhibit X, Test Claim Decision CSM-4206.

¹⁶⁴ Education Code section 72246 (Stats. 1984, ch. 1, 2d Ex. Sess.).

level provided in fiscal year 1986-1987.¹⁶⁵ The parameters and guidelines were amended to reflect the later statute and the maintenance of effort requirement. To the extent the fee authority is not sufficient to cover the costs of mandated activities, the Commission's test claim decision and parameters and guidelines provide reimbursement for mandated costs.¹⁶⁶ The parameters and guidelines provide a long list of services, which are stated to be "reimbursable to the extent they were provided by the community college district in fiscal year 1986-87." And the parameters and guidelines require, under the heading "Supporting Data:"

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. *This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort.*¹⁶⁷

Exactly what documents are needed "to substantiate a maintenance of effort" is not stated. Pursuant to *Clovis Unified*, as discussed above, whatever is required by the Controller should generally be consistent with the parameters and guidelines; the Controller cannot enforce an auditing standard that is unreasonable in the context of the parameters and guidelines.

The Controller explains:

In an attempt to determine if the health services in question were reported in prior year mandated cost claims, we asked district personnel to provide the earliest mandated cost claims available. The district provided up a copy of the FY 1997-98 Health Fee Elimination cost claim. We observed that the health services in question were not listed on this claim. If the district staff believes information in prior year claims is inaccurate, it has the responsibility to corroborate its position.

The Controller concludes that "[t]he district was not able to prove that the new services it identified on the claim during the audit period were also provided in the 1986-87 base year."

San Bernardino argues that the inventory of available services for the audit years "was compared to the health services inventory for FY 1997-98, and those activities listed in the inventory for the audit years but not also listed in fiscal year 1997-1998 were "assumed to be 'new services not offered in 86/87.'" San Bernardino argues that this comparison "established FY 1997-98 as an alternative base year, contrary to the Education Code and the parameters and guidelines."¹⁶⁸ San Bernardino further argues that there is a difference between services rendered in a given year and services available in a given year, and that the maintenance of effort requirement is to maintain services *available* in the base year 1986-87.¹⁶⁹

San Bernardino is correct that the Controller may not establish an alternate base year; the services provided in 1986-87 are mandated under the plain language of the test claim decision and the parameters and guidelines, and to the extent those services are not offset by student

¹⁶⁵ Education Code section 72246 (Stats. 1987, ch. 1118).

¹⁶⁶ See Health Fee Elimination Parameters and Guidelines, Exhibit A, San Mateo IRC, at p. 32.

¹⁶⁷ Exhibit B, San Bernardino IRC, at pp. 33-37.

¹⁶⁸ Exhibit B, San Bernardino IRC, at p. 12.

¹⁶⁹ Exhibit B, San Bernardino IRC, at pp. 13-15.

health fees, costs to provide those services are reimbursable.¹⁷⁰ San Bernardino’s audited claims, certified under penalty of perjury, include a health services inventory comparing the claim years to the base year.¹⁷¹ It is inappropriate for the Controller to disallow costs for health services on the basis of comparing the audit years to data from any other year.

Moreover, San Bernardino’s reasoning with respect to the distinction between services *rendered* and services *available* is sound: comparing the *health services inventory* of the audit years to the inventory of any other year, including the base year, is not necessarily reflective of the services that were *available* in the base year and that therefore must be maintained. The maintenance of effort requirement of the test claim statute turns on the services “provided” in the base year, and the district’s interpretation of services provided being equivalent to services *available* is consistent with the purpose and intent of a maintenance of effort requirement.¹⁷² It would work an absurd result to require a district to continue providing only services that were utilized by at least one student in the base year; a district might be compelled to discontinue availability of a particular service only because it was not utilized in the arbitrarily-selected base year. Moreover, if the health services inventory for any subsequent year can be used as a basis for comparison to disallow any service not utilized in the selected year, the maintenance of effort requirement is seriously jeopardized.

Finally, there is nothing in the parameters and guidelines to suggest that a certification by the claimant of the services “provided” in the base year is insufficient to substantiate the maintenance of effort. The parameters and guidelines state only that the supporting data “would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort.”¹⁷³ The parameters and guidelines do not provide what documentation for that year would be required; and, as discussed above, relying upon an inventory of services rendered in the base year would likely force a number of districts to discontinue services or provide services without the reimbursement to which they are entitled.

Additionally, San Bernardino argues that services provided in the base year should be viewed in terms of classes of services, rather than focusing on distinctions within those classes, for purposes of the maintenance of effort. For example, San Bernardino argues that the Controller disallowed “flu shots” and “Hepatitis B shots,” finding that those services were not provided in the base year.¹⁷⁴ San Bernardino argues, “[n]otwithstanding the previously discussed factual deficiencies regarding [the Controller’s] lack of findings on FY 1986-87 and the Controller’s insistence on auditing services rendered as opposed to services available, the characterization of these services as new services is also incorrect.” San Bernardino argues that “*immunization*

¹⁷⁰ See Exhibit B, San Bernardino IRC, at p. 33.

¹⁷¹ Exhibit B, San Bernardino IRC, at pp. 74; 92-95; 100-102.

¹⁷² See Exhibit B, San Bernardino IRC, at p. 32 [requirement to continue providing health services “at the level provided during the 1986-87 fiscal year”].

¹⁷³ Exhibit B, San Bernardino IRC, at p. 37.

¹⁷⁴ Exhibit B, San Bernardino IRC, at p. 12.

services were available in FY 1986-87,” and Hepatitis and flu vaccinations “are just a part of the whole scope of services which may comprise immunization services.”¹⁷⁵

This argument is persuasive, with respect to services that can be classified within a fairly narrow scope, such as immunizations. The maintenance of effort requirement of the test claim statute should not be read so narrowly as to limit the provision of reimbursable health services to the state of medical technology and knowledge available in 1986-1987; such limitation might well endanger public health, especially with respect to services such as immunizations. The districts should be encouraged to keep pace with medical technology and knowledge in their health service offerings, and a maintenance of effort requirement can be read to provide for those changes. Such a general approach to the concept of services provided is also consistent with the parameters and guidelines, which provide a list of services “reimbursable to the extent they were provided by the community college district in fiscal year 1986-87.”¹⁷⁶ The list describes many of the services in general terms, such as “dental services,” “lab reports,” and “birth control.” The list does not provide specific dental services or lab reports that are provided, nor limit birth control to any specific methods or treatments. The list does provide for certain immunizations, including “influenza,” “measles/rubella,” and “diphtheria/tetanus.”¹⁷⁷ The list does not provide for immunization against hepatitis B, which was one of the disallowed services, but given the general nature of many of the other items listed in the parameters and guidelines, it would be reasonable to conclude that the immunizations named in the parameters and guidelines are illustrative, rather than exhaustive, in nature.

Finally, San Bernardino argues that the Controller is disallowing services on the basis of a college-level examination of the base year services, rather than a district-level examination.¹⁷⁸ The Controller argues that the parameters and guidelines provide that “[o]nly services provided in FY 1986-87 may be claimed,” and that “[t]hroughout the audit field work and until December 26, 2006 (the date of this response), the district did not provide us with any documentation to substantiate its assertion that the health services in question were provided at the San Bernardino Valley College and/or at Crafton Hills College in FY 1986-87.”¹⁷⁹

San Bernardino’s argument on this issue is persuasive. The parameters and guidelines are addressed to eligible claimants, meaning community college *districts*, not individual schools. The test claim statute, likewise, addresses itself to districts, not individual campuses or colleges, and requires districts to maintain health services at the level provided in the base year.¹⁸⁰ There is no reference in the test claim statute or the parameters and guidelines to services provided at individual schools. Consequently, there is no support in the record for the Controller’s narrow view of a maintenance of effort based on services provided at a single campus. Finally, although

¹⁷⁵ Exhibit B, San Bernardino IRC, at p. 17.

¹⁷⁶ Exhibit B, San Bernardino IRC, at pp. 33-36

¹⁷⁷ Exhibit B, San Bernardino IRC, at p. 34.

¹⁷⁸ Exhibit B, San Bernardino IRC, at p. 15.

¹⁷⁹ Exhibit D, Controller’s Response to San Bernardino IRC, at p. 15.

¹⁸⁰ Exhibit B, San Bernardino IRC, at p. 33.

the costs of salaries and benefits are broken down by college, the health services inventory certified by the claimant is asserted to apply to the entire district.¹⁸¹

Based on the foregoing, the Commission finds that the disallowance of health services not rendered in the 1997-98 fiscal year was arbitrary, capricious, or entirely lacking in evidentiary support. The Controller must allow reimbursement for those services that the district certifies under penalty of perjury were available in the 1986-87 fiscal year, including services that fit the classifications provided in the parameters and guidelines.

G. Disallowance of Insurance Premiums

The Controller reduced amounts claimed by San Bernardino for “services and supplies” in amounts of \$37,348 for fiscal year 2001-2002, and \$38,322 for fiscal year 2002-2003, on grounds that athletic insurance costs are beyond the scope of the mandate.¹⁸²

San Bernardino disputes the disallowance of “overstated services and supplies,” arguing that the Controller inappropriately disallowed costs for student insurance premiums.

The Controller explains that the district carried three types of insurance coverage in fiscal years 2001-2002 and 2002-2003: basic coverage for students as well as athletes, super catastrophic coverage for athletes, and catastrophic coverage for students. The Controller asserts that the disallowed costs are only the “intercollegiate athletes’ portion of the basic coverage and the intercollegiate athletes’ portion of the super catastrophic coverage,” along with a small amount of costs that the Controller finds unsupported. The maintenance of effort requirement, pursuant to section 76355, applies only to those health services for which community college districts are permitted to charge a fee; and because section 76355(d) prohibits expenditures of health fees on athletic-related costs, the costs of athletic insurance are not mandated, and must be disallowed.¹⁸³

The Controller submitted a worksheet detailing the disallowed portions of insurance, showing that only the portions of basic coverage and catastrophic coverage attributable to intercollegiate athletes were disallowed.¹⁸⁴ The amounts disallowed were \$37,348 for fiscal year 2001-2002, and \$35,206 for fiscal year 2002-2003,¹⁸⁵ and in addition \$3,116 in “unsupported costs.”¹⁸⁶

San Bernardino argues that “the adjustment is inappropriate since student athletes are part of the student population for purpose of the general student population insurance premium.”

San Bernardino reasons that the athletic insurance premiums “[pertain] to coverage while participating in intercollegiate sports, not while they are attending class or on campus in their capacity [as] a member of the general student population.”¹⁸⁷

¹⁸¹ Exhibit B, San Bernardino IRC, at pp. 92-94; 100-102.

¹⁸² Exhibit B, San Bernardino IRC, at p. 55.

¹⁸³ Exhibit D, Controller’s Comments on San Bernardino IRC, at pp. 17-19.

¹⁸⁴ Exhibit D, Controller’s Comments on San Bernardino IRC, at pp. 79-82.

¹⁸⁵ *Ibid.*

¹⁸⁶ Exhibit B, San Bernardino IRC, at p. 55.

¹⁸⁷ Exhibit B, San Bernardino IRC, at pp. 16-17.

San Bernardino has not disputed the Controller's argument that costs related to athletics are not included within the maintenance of effort requirement, nor submitted any documentation in answer to the Controller's worksheet attributing the disallowed costs to portions of insurance premiums applicable to collegiate athletic programs. San Bernardino's assertion that intercollegiate athletes are covered by the college's general student population insurance premiums "while they are attending class" is logically true and correct, but the idea that the disallowed costs extend to any portion of the general student population premiums is not substantiated by any documentation in the record.

The Controller's documentation clearly supports the disallowance, and nothing in the record supports the additional \$3,116 that the Controller found was "unsupported." Based on the foregoing, the Commission finds that the disallowance of costs related to insurance premiums for intercollegiate athletes not arbitrary, capricious, or entirely lacking in evidentiary support.

IV. Conclusion

The Commission partially approves this IRC. Pursuant to Government Code section 17551(d) and section 1185.7 of the Commission's regulations, the Commission finds that the following reductions are incorrect and should be reinstated, as specified:

- Reduction to zero of San Mateo's claimed indirect costs for services and supplies, other operating expenses, and capital outlay costs was arbitrary, capricious, or entirely lacking in evidentiary support, and to the extent direct costs were permitted for the specified items, a minimum 7 percent indirect cost rate should be reinstated, unless a higher rate can be supported on the basis of an alternative method.
- Disallowance of salaries and benefits for Ernest Rodriguez and Dee Howard in San Mateo's reimbursement claims was arbitrary, capricious, or entirely lacking in evidentiary support, in light of costs allowed for other employees based on the same or similar documentation; costs for the salaries and benefits of Ernest Rodriguez and Dee Howard should be reinstated, to the extent those costs are supported by the district's accounting records substantiating amounts paid from health services accounts.
- Disallowance of health services costs on the basis of comparing the audit years against a health services inventory from fiscal year 1996-1997 was arbitrary, capricious, or entirely lacking in evidentiary support, and health services costs claimed should be reinstated on the basis of the services provided by the entire district in fiscal year 1986-1987, as certified under penalty of perjury by San Bernardino Community College District.

The Commission further finds that the following reductions were reasonable and supported by the law and the record:

- Reduction of both districts' reimbursement claims, on the basis of understated health fee revenues, in the amounts of \$70,603 for San Mateo, and \$150,031 for San Bernardino.
- The reduction of indirect costs claimed by San Bernardino, in the amount of \$281,494, based on the district's failure to comply with the claiming instructions in the development of its indirect cost rate, and the Controller's use of an alternative method to calculate indirect costs.
- The reduction of benefits claimed by San Mateo, in the amount of \$88,633, based on the district's failure to support its claimed benefit amounts.

- The reduction of costs claimed for “other outgoing expenses” by San Mateo, in the amount of \$41,375, based on the district’s failure to support claimed expenses.
- The reduction of health insurance costs and other overstated services and supplies in San Bernardino’s reimbursement claims, in the amounts of \$37,348 for fiscal year 2001-2001, and \$38,322 for fiscal year 2002-2003, based on the documentation submitted by the Controller.

The Commission hereby remands the subject claims to the Controller, with instructions to reinstate the incorrect reductions specified above consistent with these findings.

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Solano and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On August 2, 2013, I served the:

Notice of Draft Staff Analysis, Schedule for Comments, and Notice of Hearing
Health Fee Elimination, 05-4206-I-04 and 05-4206-I-08
Education Code Section 76355
Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.); Statutes 1987, Chapter 1118
Fiscal Years 1999-2000, 2000-2001, 2001-2002, and 2002-2003
San Mateo County Community College District and San Bernardino
Community College District, Claimants

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on August 2, 2013 at Sacramento, California.



Heidi J. Palchik
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

Commission on State Mandates

Original List Date:
Last Updated: 8/1/2013
List Print Date: 08/02/2013
Claim Number: 05-4206-I-04/05-4206-I-08
Issue: Health Fee Elimination

Mailing List

TO ALL PARTIES AND INTERESTED PARTIES:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. However, this requirement may also be satisfied by electronically filing your documents. Please see <http://www.csm.ca.gov/dropbox.shtml> on the Commission's website for instructions on electronic filing. (Cal. Code Regs., tit. 2, § 1181.2.)

Mr. Nicolas Schweizer	Tel: (916) 445-0328
Department of Finance (A-15)	Email nicolas.schweizer@dof.ca.gov
Education Systems Unit	Fax: (916) 323-9530
915 L Street, 7th Floor	
Sacramento, CA 95814	

Ms. Jill Kanemasu	Tel: (916) 322-9891
State Controller's Office (B-08)	Email jkanemasu@sco.ca.gov
Division of Accounting and Reporting	Fax:
3301 C Street, Suite 700	
Sacramento, CA 95816	

Mr. Dennis Speciale	Tel: (916) 324-0254
State Controller's Office (B-08)	Email DSpeciale@sco.ca.gov
Division of Accounting and Reporting	Fax:
3301 C Street, Suite 700	
Sacramento, CA 95816	

Ms. Gwendolyn Carlos	Tel: (916) 324-5919
State Controllers Office	Email gcarlos@sco.ca.gov
Division of Accounting and Reporting	Fax: (916) 323-4807
3301 C Street, Suite 700	
Sacramento, CA 95816	

Mr. Ed Hanson	Tel: (916) 445-0328
Department of Finance (A-15)	Email ed.hanson@dof.ca.gov
Education Systems Unit	Fax:
915 L Street, 7th Floor	
Sacramento, CA 95814	

Ms. Mollie Quasebarth	Tel: (916) 445-0328
Department of Finance	Email mollie.quasebarth@dof.ca.gov
Education Systems Unit	Fax:
915 L Street, 7th Floor	

Sacramento, CA 95814

Ms. Socorro Aquino State Controller's Office Division of Audits 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 322-7522 Email SAquino@sco.ca.gov Fax:
Ms. Marieta Delfin State Controller's Office (B-08) Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 323-0706 Email mdelfin@sco.ca.gov Fax: (916) 322-4404
Mr. Steve Bruckman California Community Colleges Chancellor's Office (G-01) 1102 Q Street Sacramento, CA 95814-6511	Tel: (916) 323-7007 Email sbruckman@cccco.edu Fax: (916) 322-4783
Ms. Susan Geanacou Department of Finance (A-15) 915 L Street, Suite 1280 Sacramento, CA 95814	Tel: (916) 445-3274 Email susan.geanacou@dof.ca.gov Fax: (916) 449-5252
Mr. Jim Spano State Controller's Office (B-08) Division of Audits 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 323-5849 Email jspano@sco.ca.gov Fax: (916) 327-0832
Mr. Charlie Ng San Bernardino Community College District 114 South Del Rosa Drive San Bernardino, CA 92408	Tel: (909) 382-4021 Email chng@sbccd.cc.ca.us Fax: (909) 382-0174
Ms. Yazmin Meza Department of Finance 915 L Street Sacramento, CA 95814	Tel: (916) 445-0328 Email Yazmin.meza@dof.ca.gov Fax:
Mr. Edwin Eng State Center Community College District 1525 East Weldon Avenue Fresno, CA 93704-6398	Tel: (559) 244-5901 Email ed.eng@scccd.edu Fax: (559) 243-1949
Mr. Jay Lal State Controller's Office (B-08) Division of Accounting & Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 324-0256 Email JLal@sco.ca.gov Fax: (916) 323-6527

Mr. James Keller
San Mateo County Community College District
3401CSM Drive
San Mateo, CA 94402

Tel: (650) 358-6790
Email kellerj@smccd.edu
Fax: (650) 574-6574

Mr. Keith B. Petersen
SixTen & Associates
P.O. Box 340430
Sacramento, CA 95834-0430

Tel: (916) 419-7093
Email kbpsixten@aol.com
Fax: (916) 263-9701

SixTen and Associates

Mandate Reimbursement Services

KEITH B. PETERSEN, President

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645
www.sixtenandassociates.com

Sacramento
P.O. Box 340430
Sacramento, CA 95834-0430
Telephone: (916) 419-7093
Fax: (916) 263-9701
E-Mail: kbpsixten@aol.com

August 20, 2013

Heather Halsey, Executive Director
Commission on State Mandates
U.S. Bank Plaza Building
980 Ninth Street, Suite 300
Sacramento, California 95814

Received
August 21, 2013
Commission on
State Mandates

Re: CSM 05-4206-I-04 San Mateo County CCD
CSM 05-4206-I-08 San Bernardino CCD
Incorrect Reduction Claims
Heath Fee Elimination

Dear Ms. Halsey:

On behalf of the claimants, I am requesting a 60-day extension to respond to the Draft Staff Analysis dated August 2, 2013, and a postponement of the hearing on this matter to December 6, 2013. The staff analysis, which your staff has been developing for several months, will be the basis of decisions made on several future incorrect reduction claims and our response will require the same consideration.

I cannot delegate the response to the staff analysis to support staff. As you may know, because of the date the parameters and guidelines were heard and adopted by the Commission, there are multiple retroactive years of annual claims for four new mandate programs due in November 2013. This includes 19 years for Behavioral Intervention Plans and 11 years for Minimum Conditions for State Aid, which will generate several hundred claims for our company to prepare for its clients. While these claims are due in November, the work to prepare them is already a daily priority. In addition, I have 17 Controller audits in progress for my clients, many of which require frequent attention to the auditor's documentation requests.

Thank you for your consideration of this request.

Sincerely,



Keith B. Petersen

Submitted to the COSM Drop Box for service to listed parties.

COMMISSION ON STATE MANDATES

980 NINTH STREET, SUITE 300
SACRAMENTO, CA 95814
PHONE: (916) 323-3562
FAX: (916) 445-0278
E-mail: csminfo@csm.ca.gov



August 21, 2013

Mr. Keith Petersen
SixTen and Associates
P.O. Box 340430
Sacramento, CA 95834-0430

And Affected State Agencies and Interested Parties (See Mailing List)

RE: Notice of Approval of Extension and Postponement of Hearing
Health Fee Elimination, 05-4206-I-04 and 05-4206-I-08
Education Code Section 76355
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118
Fiscal Years 1999-2000, 2000-2001, 2001-2002, and 2002-2003
San Mateo County Community College District and San Bernardino
Community College District, Claimants

Dear Mr. Petersen:

On August 21, 2013, the Commission on State Mandates (Commission) received your request for extension of time to file comments on the draft staff analysis as well as your request to postpone the September 27, 2013 hearing on the above-named matter.

Your request for extension of time to file comments and postponement of hearing are approved for good cause.

Therefore, comments are now due on or before **October 21, 2013**. This matter is now set for hearing on **December 6, 2013**, at 10:00 a.m. in Room 447 of the State Capitol, Sacramento, California.

Please contact Heidi Palchik at (916) 323-3562 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather Halsey".

Heather Halsey
Executive Director

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Solano and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On August 21, 2013, I served the:

**Claimant Request for Extension and Postponement; and
Notice of Approval of Extension and Postponement of Hearing**
Health Fee Elimination, 05-4206-I-04 and 05-4206-I-08
Education Code Section 76355
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118
Fiscal Years 1999-2000, 2000-2001, 2001-2002, and 2002-2003
San Mateo County Community College District and San Bernardino
Community College District, Claimants

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on August 21, 2013 at Sacramento, California.



Heidi J. Palchik
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

Commission on State Mandates

Original List Date:
Last Updated: 8/21/2013
List Print Date: 08/21/2013
Claim Number: 05-4206-I-04/05-4206-I-08
Issue: Health Fee Elimination

Mailing List

TO ALL PARTIES AND INTERESTED PARTIES:

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Mr. Matthew Jones Commission on State Mandates 980 9th Street, Suite 300 Sacramento, CA 95814	Tel: (916) 323-3562 Email matt.jones@csm.ca.gov Fax:
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Mr. Nicolas Schweizer Department of Finance (A-15) Education Systems Unit 915 L Street, 7th Floor Sacramento, CA 95814	Tel: (916) 445-0328 Email nicolas.schweizer@dof.ca.gov Fax: (916) 323-9530
--	--

Ms. Jill Kanemasu State Controller's Office (B-08) Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 322-9891 Email jkanemasu@sco.ca.gov Fax:
---	---

Mr. Dennis Speciale State Controller's Office (B-08) Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 324-0254 Email DSpeciale@sco.ca.gov Fax:
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Mr. Ed Hanson Department of Finance (A-15) Education Systems Unit 915 L Street, 7th Floor Sacramento, CA 95814	Tel: (916) 445-0328 Email ed.hanson@dof.ca.gov Fax:
--	---

Ms. Mollie Quasebarth Department of Finance Education Systems Unit 915 L Street, 7th Floor Sacramento, CA 95814	Tel: (916) 445-0328 Email mollie.quasebarth@dof.ca.gov Fax:
---	---

Ms. Socorro Aquino State Controller's Office Division of Audits 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 322-7522 Email SAquino@sco.ca.gov Fax:
Mr. Lyndon Greco Department of Finance (A-15) 915 L Street, 7th Floor Sacramento, CA 95814	Tel: (916) 445-0328 Email Lyndon.Greco@dof.ca.gov Fax:
Ms. Marieta Delfin State Controller's Office (B-08) Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 323-0706 Email mdelfin@sco.ca.gov Fax: (916) 322-4404
Mr. Steve Bruckman California Community Colleges Chancellor's Office (G-01) 1102 Q Street Sacramento, CA 95814-6511	Tel: (916) 323-7007 Email sbruckman@cccco.edu Fax: (916) 322-4783
Ms. Susan Geanacou Department of Finance (A-15) 915 L Street, Suite 1280 Sacramento, CA 95814	Tel: (916) 445-3274 Email susan.geanacou@dof.ca.gov Fax: (916) 449-5252
Mr. Jim Spano State Controller's Office (B-08) Division of Audits 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 323-5849 Email jspano@sco.ca.gov Fax: (916) 327-0832
Mr. Charlie Ng San Bernardino Community College District 114 South Del Rosa Drive San Bernardino, CA 92408	Tel: (909) 382-4021 Email chng@sbccd.cc.ca.us Fax: (909) 382-0174
Ms. Yazmin Meza Department of Finance 915 L Street Sacramento, CA 95814	Tel: (916) 445-0328 Email Yazmin.meza@dof.ca.gov Fax:
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Mr. Jay Lal State Controller's Office (B-08) Division of Accounting & Reporting 3301 C Street, Suite 700	Tel: (916) 324-0256 Email JLal@sco.ca.gov Fax: (916) 323-6527

Sacramento, CA 95816

Mr. James Keller
San Mateo County Community College District
3401CSM Drive
San Mateo, CA 94402

Tel: (650) 358-6790
Email: kellerj@smccd.edu
Fax: (650) 574-6574

Mr. Keith B. Petersen
SixTen & Associates
P.O. Box 340430
Sacramento, CA 95834-0430

Tel: (916) 419-7093
Email: kbpsixten@aol.com
Fax: (916) 263-9701

SixTen and Associates

Mandate Reimbursement Services

KEITH B. PETERSEN, President

San Diego
5252 Balboa Avenue, Suite 900
San Diego, CA 92117
Telephone: (858) 514-8605
Fax: (858) 514-8645
www.sixtenandassociates.com

Sacramento
P.O. Box 340430
Sacramento, CA 95834-0430
Telephone: (916) 419-7093
Fax: (916) 263-9701
E-Mail: kbpsixten@aol.com

October 21, 2013

Received
October 21, 2013
Commission on
State Mandates

Heather Halsey, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Dear Ms. Halsey:

RE: CSM 05-4206-I-04
San Mateo County Community College District
Fiscal Years: 1999-00, 2000-01, and 2001-02

Re: CSM 05-4206-I-08
San Bernardino Community College District
Fiscal Years: 2001-02 and 2002-03

Health Fee Elimination
Education Code Section 76355
Statutes of 1984, Chapter 1, 2nd. E.S.
Statutes of 1987, Chapter 1118
Consolidated Incorrect Reduction Claim

I have received the Commission Draft Staff Analysis (DSA) dated August 2, 2013, for the above-referenced consolidated incorrect reduction claim, to which I respond on behalf of the two districts listed above. Issues raised by the DSA, but not responded to by this letter, are not waived.

PART A. STATUTE OF LIMITATIONS APPLICABLE TO AUDITS OR MANDATE REIMBURSEMENT CLAIMS

1. Initiation and Completion of the Audit

San Mateo asserts that the FY 1999-00 and FY 2000-01 claims were beyond the statute of limitations for an audit when the Controller completed the audit by issuing its

final audit report on January 7, 2005.

Chronology of Claim Action Dates

January 10, 2001	FY 1999-00 claim filed by the District
January 10, 2002	FY 2000-01 claim filed by the District
December 31, 2003	FY 1999-00 statute of limitations for audit expires
December 31, 2004	FY 2000-01 statute of limitations for audit expires
January 7, 2005	Controller's final audit report issued

The District's FY1999-00 claim was mailed to the Controller on January 10, 2001. The District's FY 2000-01 claim was mailed to the Controller on January 10, 2002. According to Government Code Section 17558.5, these claims were subject to audit no later than December 31, 2003, and December 31, 2004, respectively. The audit was not completed by this date. Therefore, the proposed audit adjustments for Fiscal Year 1999-00 and 2000-01 are barred by the statute of limitations set forth in Government Code Section 17558.5, as amended by Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996.

Original Statute

Prior to January 1, 1994, no statute specifically governed the statute of limitations for audits of mandate reimbursement claims. Statutes of 1993, Chapter 906, Section 2, operative January 1, 1994, added Government Code Section 17558.5 to establish for the first time a specific statute of limitations for audit of mandate reimbursement claims:

“(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the Controller no later than four years after the end of the calendar year in which the reimbursement claim is filed or last amended. However, if no funds are appropriated for the program for the fiscal year for which the claim is made, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.”

Thus, there are two standards. A funded claim is “subject to audit” for four years after the end of the calendar year in which the claim was filed. An “unfunded” claim must have its audit “initiated” within four years of first payment.

First Amendment

Statutes of 1995, Chapter 945, Section 13, operative July 1, 1996, repealed and replaced Section 17558.5, changing only the period of limitations:

“(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the Controller no later than

two years after the end of the calendar year in which the reimbursement claim is filed or last amended. However, if no funds are appropriated for the program for the fiscal year for which the claim is made, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.”

For San Mateo, the first two fiscal year claims, 1999-00 and 2000-01, were subject to the two-year statute of limitations established by this first amendment. These two claims were beyond audit when the audit report was issued. Since funds were appropriated for the program for all the fiscal years which are the subject of the audit, the alternative measurement date is not applicable, and the potential factual issue of when the audit is initiated is not relevant. The Commission concurs (DSA 24) that this is the version of the Section 17558.5 relevant to the first two fiscal years.

Second Amendment

Statutes of 2002, Chapter 1128, Section 14.5, operative January 1, 2003, amended Section 17558.5 to state:

“(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the ~~end of the calendar year in which the date that the actual~~ reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is ~~made~~ filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim.”

The San Mateo claim for FY 2001-02 is subject to this amended version of Section 17558.5, and was still subject to audit at the time the audit report was released. The amendment is pertinent since it indicates this is the first time that the factual issue of the date the audit is “initiated” for mandate programs for which funds are appropriated but not paid is introduced. It also means that at the time the claim is filed it is impossible for the claimant to know when the statute of limitations will expire, which is contrary to the purpose of any statute of limitations.

Third Amendment

Statutes of 2004, Chapter 890, Section 18, operative January 1, 2005 amended Section 17558.5 to state:

“(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are

appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced."

None of the fiscal period claims which are the subject of the San Mateo audit are subject to this amended version of Section 17558.5. The amendment is pertinent since it indicates this is the first time that the Controller audits may be completed at a time other than the stated period of limitations.

On October 27, 2011, the Commission adopted a consolidated statement of decision for seven Health Fee Elimination incorrect reduction claims. The statement of decision for these seven districts included issues presented in this current consolidated incorrect reduction claim. (That statement of decision will be referenced here as HFE-7.) Relying on the findings HFE-7, the Commission concludes here (DSA 24), citing Silva (04/24/08, 3), that the audit for these two fiscal years were properly "initiated 'no later than January 2, 2003, when the entrance conference was held.'" However, the Affidavit of Jim L. Spano, dated November 17, 2006, an attachment to the Silva letter, asserts at item 7 on page 2, that the audit "commenced on June 2, 2003, and ended on January 7, 2005."

While the Commission (DSA, 24) agrees with the claimant that first amendment (Statutes of 1995, Chapter 945) is the relevant version, not the second amendment (Statutes of 2002, Chapter 1128) version, the Commission imports the language of the second amendment to assert that the date "initiation" of the audit controls the running of the two-year limitation. The Commission asserts (DSA, 24) that the second amended version of Section 17558.5 only "clarifies" the first amendment of Section 17558.5, because there is no language in the first amended version that requires the audit to be completed in two years. However, the two-year completion language to complete a properly initiated audit first occurs in the third amended version. Therefore, by transmuting the "plain meaning" of the language in three different statutory amendments with three separate effective dates, the Commission has created a strict interpretation never asserted by the Controller, and has done so for the stated purpose of "consideration and respect" to the Controller. (DSA, 24) There is no finding that the Controller ever requested the original statute of limitations or its amendments, so any quasi-judicial consideration and respect to the Controller are unnecessary.

Notwithstanding, to apply the Commission's or the Controller's interpretation as a rule, one would need to know as a finding of fact the date the audit was initiated and dates of first payment. Here the Controller has asserted two different initiation dates. Then, one would need to know, as a matter of law, what constitutes "initiation" of the audit, whether it is the first phone contact, date of the entrance conference letter, or the date of the entrance conference. The Commission record here is without a finding of law on

the issue of the "initiation date" and is without uncontroverted factual evidence as to the date of "audit initiation" for the San Mateo audit.

2. Document Retention Period

The May 25, 1989, parameters and guidelines in effect for the fiscal years that are the subject of the audit state (P&G, 6) that specific types of documentation "must be kept on file by the agency submitting the claim for a period no less than three years from the date of the final payment of the claim." In 1989 there was no statute of limitations for mandate audits and no Government Code section 17558.5. Upon first adoption (Statutes of 1993, Chapter 906, Section 2, operative January 1, 1994), Section 17558.5 circumscribed the scope of the 1989 parameters and guidelines language to the extent that the parameters and guidelines language does not comport with the 1994 or subsequent versions of Section 17558.5. Section 17558.5 specifies a two-year or three-year audit period for these fiscal years, depending on the date when the claim is filed, without reference to a requirement for full claim payment.

Regardless, the Commission (DSA, 25) concludes that documentation is to be maintained "during the period subject to audit," but also "for a minimum of three years after final payment of the claim," essentially what is stated in the 1989 parameters and guidelines. The Commission cites Title 2, CCR, Section 1183.1, (Register 2005, No. 36) for the "period subject to audit" language. However, Section 1183.1 does not make any mention of a three-year minimum nor make any reference to payment dates. So, citation to Section 1183.1 is not useful for the Commission conclusion to maintain documentation for at least three years after the date of final payment.

To buttress its conclusion regarding the three years, the Commission (DSA, 25) then refers to the second amendment of Section 17558.5. However, the Commission concluded that the first amendment applies to the statute of limitation for audit issue asserted by the District, not the second amendment. Even so, the condition of payment language is not even a factual match. While the Commission asserts that the three years after final payment stated in the parameters and guidelines somehow "coincides" with the second amendment, that language actually states that the audit must commence within three years of first payment. Therefore, the Commission record has not established a documentation retention period for the purpose of audit different from, or in excess of, Section 17558.5.

PART B. UNDERSTATED OFFSETTING REVENUES

San Mateo asserted that the Controller incorrectly increased the reported student health services service fee revenues by \$70,603, due to a state-authorized \$1 increase in health fees that was not passed along by the District to the students for the FY 1999-00 summer semester and for all three semesters of FY 2001-02. The District reported the actual rate charged the student that was lower than the authorized rate for those

semesters. San Bernardino asserted that the Controller incorrectly increased the reported student health services service fee revenues by \$150,031, for the two fiscal years subject to the audit. The Controller computed the total student health fees collectible based on state rates while the District reported actual fees collected.

The issue of “collectible fees” versus actual fees collected was the subject of the *Clovis* decision that created what is referred to as the “Health Fee Rule.” For this incorrect reduction claim, the Commission concludes (DSA, 27):

“Thus, pursuant to the court’s decision in *Clovis Unified*, the Health Fee Rule used by the Controller to adjust reimbursement claims filed by the Districts for the *Health Fee Elimination* program is valid. The Commission is bound by the court’s decision in *Clovis Unified*, and bound to apply the Health Fee Rule set forth by the court.”

The Districts agree that claimants and state agencies are bound to apply the Health Fee Rule as decided law and that this extends to retroactive fiscal years still within the Commission’s or Controller’s jurisdiction. However, the Commission (DSA, 27) incorrectly concludes the following:

“Based on the foregoing the Commission finds that the Controller’s reduction of reimbursement to the extent of the fee authority found in Education Code section 76355 was not arbitrary, capricious, or entirely lacking in evidentiary support.”

The application of the Health Fee Rule, as determined by the Commission’s October 27, 2011, statement of decision for HFE-7, involves two factual elements: the number of exempt students and the specific enrollment statistics for each semester. The HFE-7 decision approved the Controller’s use of specific Community College Chancellor’s MIS data to obtain these enrollment amounts. The method approved by HFE-7 is stated in the more recent HFE audits conducted by the Controller:

“FINDING— Understated authorized health service fees

We obtained student enrollment data from the CCCCCO. The CCCCCO identified enrollment data from its management information system (MIS) based on student data that the district reported. CCCCCO identified the district’s enrollment based on its MIS data element STD7, codes A through G. CCCCCO eliminated any duplicate students based on their Social Security numbers.” *Cited from the October 19, 2012 HFE Audit Report for State Center CCD. Available at the Controller’s web site.*

There is no evidence on the record for this incorrect reduction claim that the Controller has properly applied the Health Fee Rule to either District’s annual claims, therefore the

Commission's ultimate conclusion that the adjustments here are not arbitrary or lacking in evidentiary support is unfounded.

PART C. APPLICATION OF AN INDIRECT COST RATE

The Controller's audit report concludes that San Mateo overstated its indirect cost rates and claimed costs in the amount of \$112,243 for all three fiscal years. The audit report states that ". . . the district improperly applied its claimed indirect cost rate to costs beyond those approved by the U.S. Department of Health and Human Services (DHHS) the district improperly applied the indirect cost rate to direct services and supplies, other operating expenses, and capital outlay costs . . ." While the Controller accepted the 30% indirect cost rate approved by the federal agency, it did not accept the application of the rate to costs other than salary and benefits because the rate was calculated using only salary and benefit costs. For San Bernardino, the audit report concludes that the District overstated its indirect cost rates and claimed costs in the amount of \$281,494. The audit report states "(t)he district claimed indirect costs based on an indirect cost rate proposal (IRCP) prepared for each fiscal year by an outside consultant. However, the district did not obtain federal approval for its IRCPs. We calculated indirect cost rates using the methodology allowed by the SCO claiming instructions."

The Controller's claiming instructions are not enforceable

Both Districts assert that the Controller's claiming instructions are not alone enforceable as a matter of law as they are not regulations nor were they adopted pursuant to the administrative rulemaking process required to enforce agency manuals and instructions, as did the *Clovis Court*.¹ The Controller has never asserted that its

¹ From the Clovis Appellate Court Decision (4):

"Once the Commission determines that a state mandate exists, it adopts regulatory "[P]arameters and [G]uidelines" (P&G's) to govern the state-mandated reimbursement. (§ 17557.) The Controller, in turn, then issues nonregulatory "[C]laiming [I]nstructions" for each Commission-determined mandate; these instructions must derive from the Commission's test claim decision and its adopted P&G's. (§ 17558.) Claiming Instructions may be specific to a particular mandated program, or general to all such programs." Emphasis added.

From the Clovis Appellate Court Decision (15):

"Given these substantive differences between the Commission's pre-May 27, 2004 SDC P&G's and the Controller's CSDR, we conclude that the CSDR implemented, interpreted or made specific the following laws enforced or

claiming instructions are alone legally enforceable, rather the Controller's "manual is issued to assist claimants. The information contained in the manual is based on state law, regulations, and the parameters and guidelines." Cited (DSA, 29). Therefore, any documentation "standards" or cost accounting formulas published in the claiming instructions, to be enforceable, must derive from another source. However, there are no cost accounting standards for calculating the indirect cost rate for the Health Fee Elimination mandate published anywhere except the Controller's claiming instructions.

The Commission (DSA, 29, 30) also does not assert that the claiming instructions alone are enforceable. The Commission (DSA, 30, 31) characterizes the claiming instructions to only "provide guidance for the claimants and the state with respect to indirect cost rates; those instructions reveal that while federal approval of an indirect cost rate is not strictly required, it is one of two options for developing an indirect cost rate." Also, (DSA, 29): "The Mandated Cost Manual contains general instructions for claiming under all mandates, with the suggestion that claimants refer to the parameters and guidelines and specific claiming instructions." *Emphasis added*. The "guidance" is to refer back to the individual parameters and guidelines, which for the Health Fee Elimination mandate, have no specific instructions for the indirect cost rate calculation.

The Commission (DSA, 28) instead relies upon the "plain language" of the 1989 parameters and guidelines:

"The districts' argument is unsound: the parameters and guidelines plainly state that "indirect costs *may be claimed in the manner described by the State Controller.*" The districts argue that the word "may" is permissive, and that therefore the parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. The interpretation that is consistent with the plain language of the parameters and guidelines is that "indirect costs may be claimed," or may not, but if a claimant chooses to claim indirect costs, the claimant must adhere to the Controller's claiming instructions. This interpretation is urged by the Controller."

The Commission analysis strains credulity. Claiming indirect costs is not conditional on the claiming instruction methods. Colleges "may" claim indirect costs, or any other eligible cost, on every mandate, not just Health Fee Elimination. The Commission attribution of the conditional "may" to the ultimate decision to claim indirect costs, rather

administered by the Controller: the Commission's pre-May 27, 2004 P&G's for the SDC Program (§ 17558 [the Commission submits regulatory P&G's to the Controller, who in turn issues nonregulatory Claiming Instructions based thereon]; and the Controller's statutory authority to audit state-mandated reimbursement claims (§ 17561,subd. (d)(2))." Emphasis added.

than the subsequent discretionary choice to use claiming instructions methods is gratuitous.

Even though we have the permissive “may” language in the parameters and guidelines, coupled with claiming instructions that both the Controller and Commission characterize only as guidance, the Commission makes a jump to the conclusion that compliance with the claiming instructions is required (DSA 32, 33):

“As discussed above, the Commission’s duly adopted parameters and guidelines require compliance with the Controller’s claiming instructions; the parameters and guidelines incorporate the claiming instructions by reference, and the claiming instructions are therefore presumed to be valid and enforceable.”

Somehow the “guidance” provided by the claiming instructions become requirements because (DSA, 29, 30) “the distinction is that here the parameters and guidelines, which were duly adopted at a Commission hearing, require compliance with the claiming instructions” even though the parameters and guidelines use the word “may.” Due adoption of the parameters and guidelines does not automatically resolve the meaning of adopted language. Thus, the Commission now has concluded that the contents of the claiming instructions are as a matter of law derivative of the authority of the parameters and guidelines, without benefit of a legal citation for this leap of jurisprudence. Assuming for argument that the leap can be made, would that derivative authority continue for any changes made to the claiming instructions after the adoption of the 1989 parameters and guidelines, that is, an open-ended commitment of the Commission’s authority to the Controller who can make changes without reference to the Commission process? Is this derivative authority limited to Health Fee Elimination or applicable to all mandates?

Note that the Health Fee Elimination parameters and guidelines were amended on January 29, 2010. However, the indirect cost rate language remained the same:

“3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.”

The Commission has had numerous opportunities to clarify its intent and language regarding the indirect cost rate calculation methods and resolve or avoid the delegation issue. For example, and by contrast, the parameters and guidelines language for the new college mandate Cal Grants, adopted on the same date as the January 29, 2010, amendment for Health Fee Elimination, has the needed specific and comprehensive language:

“B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate."

This language in the parameters and guidelines for Cal Grants makes the Controller's guidance on the suggested three choices of indirect cost calculation methods legally enforceable. The Commission properly adopted this language within the scope of their discretion and has utilized it in college parameters and guidelines since at least 2002. However, this language has never been adopted by the Commission for Health Fee Elimination.

The Districts agree the parameters and guidelines have the force of law, but that it does not extend by reference (tenuous or not) to the claiming instructions for Health Fee Elimination. Neither the Commission or the Controller have ever adopted the Controller's claiming instructions pursuant the process required by the Administrative Procedure Act, nor has the Commission ever before stated that parameters and guidelines are subordinate to the Controller's claiming instructions.

"Reasonableness" is the only standard available

The Commission (DSA 30, 32) concludes that the Districts "*did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rates.*" Neither the Commission, the Controller, or the Districts assert that the claiming instructions are, by themselves, legally enforceable. Therefore, compliance with the claiming instruction methods is not required. In the absence of legally enforceable claiming instructions, rules or methods, or standards or specific language in the parameters and guidelines for the indirect cost rate calculation, the remaining standard is Government Code Section 17561.

No particular indirect cost rate calculation method is required by law. Government Code Section 17561(d)(2) requires the Controller to pay claims, provided that the Controller may audit the records of any school district to verify the actual amount of the mandated costs, and may reduce any claim that the Controller determines is excessive or unreasonable. The Controller is authorized to reduce a claim if the Controller determines the claim to be excessive or unreasonable. Here, the Districts computed indirect cost rates utilizing cost accounting principles from the Office of Management and Budget Circular A-21, and the Controller has disallowed the rates without a determination of whether the product of the District's calculation is excessive, unreasonable, or inconsistent with cost accounting principles.

On the issue of reasonableness, the Commission (DSA 34) concludes:

"The Commission does not have evidence in the record suggesting a finding that the Controller's reductions to San Bernardino's claim were unreasonable; the determination of which costs are direct and which are indirect is not sufficiently explained in the record, nor are any specific delineations made. Based on the foregoing, the Commission finds that the Controller's reduction was based on an alternative method authorized by the claiming instructions for calculating indirect costs, and is therefore not arbitrary, capricious, or entirely lacking in evidentiary support."

The Commission has it backwards. There is no rebuttable presumption for this mandate that the Controller's methods are per se the only reasonable method. The Controller made no determination as to whether the method used by the District was reasonable or not, but merely substituted the Controller's method for the method used by the Districts. The substitution of the Controller's method is an arbitrary choice of the auditor, not a "finding" enforceable either by fact or law. In order to move forward with the adjustment, the burden of proof is on the Controller to prove that the District's calculation is unreasonable. There are several reasonable methods which is why, for example, the federal rates are *proposed* by districts and then *negotiated*. Neither the Commission or the Controller can assume that the Controller's calculation methods are intrinsically more accurate and the Commission cannot shift that burden or create the presumption to the contrary where none is present in law.

Notwithstanding any legal conclusion about the claiming instructions, for any audit for any district, the Controller staff have readily available from the Community College Chancellor's Office sufficient information (the CCFS-311) to calculate any district's indirect cost rates using the Controller's FAM 29-C method, so an audit adjustment reduction to zero or 7% is never necessary.

PART D. DISALLOWANCE OF SALARIES AND APPLICATION OF AUDITED BENEFIT RATES

San Mateo asserts that the Controller incorrectly disallowed "overstated" employee

salaries and benefits in the amount of \$610,127 and related indirect costs of \$183,038, for the three fiscal years audited. The disallowance consists of specific employees, certain job titles, and some mathematical corrections to reported salaries of other employees. After the salaries were eliminated or adjusted, the Controller applied an audited benefit rate each year to determine benefit costs.

The District concurs with the Commission finding (DSA, 38), based on the application of the contemporary source document rule established by the *Clovis* case, "that the Controller's disallowance of salaries and benefits for Dee Howard and Ernest Rodriguez was arbitrary, capricious, or entirely lacking in evidentiary support, and the costs claimed for these two employees should be reinstated."

The Controller calculated a benefit rate to be applied to the salaries to determine the total allowable salary and employee benefits for each employee. The rates calculated are 16.69264%, 16.62719%, 17.66762% for fiscal years 1999-00, 2000-01, and 2001-02, respectively. The District did not calculate an employee benefit rate to apply to salaries since these benefits are reported as actual costs in the general ledger. Unlike most other mandate programs, the Health Fee Elimination mandate does not generally utilize productive hourly rates, instead the claiming instructions directed claimants to report general ledger amounts which are the appropriate source documentation. Since there is no documentation on the record to otherwise establish a different rate, the District will concede this issue.

PART E. DISALLOWANCE OF OTHER OUTGOING EXPENSES

For the San Mateo audit, the Controller concluded that the District overstated other outgoing expenses in the amounts of \$41,375 for FY 2001-02. Since there is no documentation on the record to otherwise explain these journal voucher transactions, the District will concede this issue.

PART F. DISALLOWANCE OF HEALTH SERVICES NOT SUBSTANTIATED IN THE BASE YEAR

In the San Bernardino audit, the Controller reduced health services costs claimed by the District in the amounts of \$41,389 for FY 2001-2002, and \$61,739 for FY 2002-2003, as unallowable costs for current period services not provided in the FY 1986-87 base year.

The District concurs with the Commission that the adjustments were arbitrary because:

- "... the Controller may not establish an alternate base year; the services provided in 1986-87 are mandated under the plain language of the test claim decision and the parameters and guidelines, and to the extent those services are not offset by student health fees, costs to provide those services are reimbursable." (DSA, 41, 42)

- "The maintenance of effort requirement of the test claim statute turns on the services "provided" in the base year, and the district's interpretation of services provided being equivalent to services *available* is consistent with the purpose and intent of a maintenance of effort requirement." (DSA,42)
- "The maintenance of effort requirement of the test claim statute should not be read so narrowly as to limit the provision of reimbursable health services to the state of medical technology and knowledge available in 1986-1987. ... Such a general approach to the concept of services provided is also consistent with the parameters and guidelines, which provide a list of services 'reimbursable to the extent they were provided by the community college district in fiscal year 1986-87.' ... (l)it would be reasonable to conclude that the immunizations named in the parameters and guidelines are illustrative, rather than exhaustive, in nature." (DSA, 43)
- "The parameters and guidelines are addressed to eligible claimants, meaning community college *districts*, not individual schools. ... (A)lthough the costs of salaries and benefits are broken down by college, the health services inventory certified by the claimant is asserted to apply to the entire district." (DSA 43, 44)

PART G. DISALLOWANCE OF INSURANCE PREMIUMS

For the San Bernardino audit, the Controller disallowed from the claimed services and supplies the amounts of \$37,348 for fiscal year 2001-2002, and \$38,322 for fiscal year 2002-2003, as athletic insurance premium expense outside the scope of the mandate. Since there is no documentation on the record to otherwise explain these insurance allocations, the District will concede this issue.

CERTIFICATION

By my signature below, I hereby declare, under penalty of perjury under the laws of the State of California, that the information in this submission is true and complete to the best of my own knowledge or information or belief, and that any attached documents are true and correct copies of documents received from or sent by the District or state agency which originated the document.

Executed on October 21, 2013, at Sacramento, California, by



Keith B. Petersen, President
SixTen & Associates

Service by Commission Electronic Drop Box

DECLARATION OF SERVICE BY EMAIL

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On October 22, 2013, I served the:

Claimant Comments and State Controller's Office Comments

Health Fee Elimination, 05-4206-I-04 and 05-4206-I-08

Education Code Section 76355

Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118

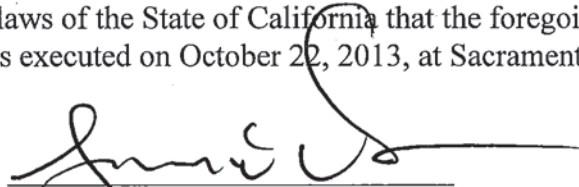
Fiscal Years 1999-2000, 2000-2001, 2001-2002, and 2002-2003

San Mateo County Community College District and San Bernardino

Community College District, Claimants

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on October 22, 2013, at Sacramento, California.



Lorenzo Duran Jr.
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814
(916) 323-3562

Commission on State Mandates

Original List Date:
Last Updated: 10/22/2013
List Print Date: 10/22/2013
Claim Number: 05-4206-I-04/05-4206-I-08
Issue: Health Fee Elimination

Mailing List

TO ALL PARTIES AND INTERESTED PARTIES:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. However, this requirement may also be satisfied by electronically filing your documents. Please see <http://www.csm.ca.gov/dropbox.shtml> on the Commission's website for instructions on electronic filing. (Cal. Code Regs., tit. 2, § 1181.2.)

Mr. Matthew Jones Commission on State Mandates 980 9th Street, Suite 300 Sacramento, CA 95814	Tel: (916) 323-3562 Email matt.jones@csm.ca.gov Fax:
Ms. Gwendolyn Carlos State Controllers Office Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 324-5919 Email gcarlos@sco.ca.gov Fax: (916) 323-4807
Mr. Nicolas Schweizer Department of Finance (A-15) Education Systems Unit 915 L Street, 7th Floor Sacramento, CA 95814	Tel: (916) 445-0328 Email nicolas.schweizer@dof.ca.gov Fax: (916) 323-9530
Mr. Michael Byrne Department of Finance 915 L Street, 8th Floor Sacramento, CA 95814	Tel: (916) 445-3274 Email michael.byrne@dof.ca.gov Fax:
Ms. Jill Kanemasu State Controller's Office (B-08) Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 322-9891 Email jkanemasu@sco.ca.gov Fax:
Mr. Dennis Speciale State Controller's Office (B-08) Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 324-0254 Email DSpeciale@sco.ca.gov Fax:

Mr. Ed Hanson Department of Finance (A-15) Education Systems Unit 915 L Street, 7th Floor Sacramento, CA 95814	Tel: (916) 445-0328 Email ed.hanson@dof.ca.gov Fax:
Ms. Lacey Baysinger State Controller's Office Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 324-0254 Email lbaysinger@sco.ca.gov Fax:
Ms. Mollie Quasebarth Department of Finance Education Systems Unit 915 L Street, 7th Floor Sacramento, CA 95814	Tel: (916) 445-0328 Email mollie.quasebarth@dof.ca.gov Fax:
Ms. Socorro Aquino State Controller's Office Division of Audits 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 322-7522 Email SAquino@sco.ca.gov Fax:
Ms. Marieta Delfin State Controller's Office (B-08) Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 323-0706 Email mdelfin@sco.ca.gov Fax: (916) 322-4404
Mr. Steve Bruckman California Community Colleges Chancellor's Office (G-01) 1102 Q Street Sacramento, CA 95814-6511	Tel: (916) 323-7007 Email sbruckman@cccco.edu Fax: (916) 322-4783
Ms. Susan Geanacou Department of Finance (A-15) 915 L Street, Suite 1280 Sacramento, CA 95814	Tel: (916) 445-3274 Email susan.geanacou@dof.ca.gov Fax: (916) 449-5252
Mr. Jim Spano State Controller's Office (B-08) Division of Audits 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 323-5849 Email jspano@sco.ca.gov Fax: (916) 327-0832
Mr. Lee Scott Department of Finance (A-15) 915 L Street, 8th Floor Sacramento, CA 95814	Tel: (916) 445-3274 Email Lee.Scott@dof.ca.gov Fax:

Mr. Charlie Ng San Bernardino Community College District 114 South Del Rosa Drive San Bernardino, CA 92408	Tel: (909) 382-4021 Email chng@sbccd.cc.ca.us Fax: (909) 382-0174
Mr. Tom Dyer Department of Finance (A-15) 915 L Street Sacramento, CA 95814	Tel: (916) 445-3274 Email tom.dyer@dof.ca.gov Fax:
Ms. Yazmin Meza Department of Finance 915 L Street Sacramento, CA 95814	Tel: (916) 445-0328 Email Yazmin.meza@dof.ca.gov Fax:
Ms. Kathy Rios State Controllers Office Division of Accounting and Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 324-5919 Email krios@sco.ca.gov Fax: (916) 323-4807
Mr. Edwin Eng State Center Community College District 1525 East Weldon Avenue Fresno, CA 93704-6398	Tel: (559) 244-5901 Email ed.eng@scccd.edu Fax: (559) 243-1949
Mr. Jay Lal State Controller's Office (B-08) Division of Accounting & Reporting 3301 C Street, Suite 700 Sacramento, CA 95816	Tel: (916) 324-0256 Email JLal@sco.ca.gov Fax: (916) 323-6527
Mr. James Keller San Mateo County Community College District 3401CSM Drive San Mateo, CA 94402	Tel: (650) 358-6790 Email kellerj@smccd.edu Fax: (650) 574-6574
Mr. Keith B. Petersen SixTen & Associates P.O. Box 340430 Sacramento, CA 95834-0430	Tel: (916) 419-7093 Email kbpsixten@aol.com Fax: (916) 263-9701



JOHN CHIANG
California State Controller

Received
October 21, 2013
Commission on
State Mandates

October 21, 2013

Via E-file

Heather Halsey, Executive Director
Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Keith Petersen
SixTen and Associates
P.O. Box 340430
Sacramento, CA 95834-0430

Re: **Consolidated Incorrect Reduction Claims**

Health Fee Elimination, 05-4206-I-04 and 05-4206-I-08

Education Code Section 76355

Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.); Statutes 1987, Chapter 1118

Fiscal Years 1999-2000, 2000-2001, 2001-2002, and 2002-2003

San Mateo County Community College District and San Bernardino
Community College District, Claimants

Dear Ms. Halsey and Mr. Petersen:

This letter constitutes the Controller's response to the Draft Staff Analysis (DSA) of the Consolidated IRCs identified above. The Controller's Office agrees with most of the conclusions in the DSA. However, the Controller's Office disagrees with the analysis and conclusions with respect to the indirect cost rate proposal, reimbursability of certain salaries and benefits, and services not identified in the Parameters & Guidelines, or provided in the base year. We address those concerns below.

STANDARD OF REVIEW

The actions of the Controller in reducing claims believed to be excessive or unreasonable are discretionary, and therefore subject to the abuse of discretion standard. That standard requires that the actions of the Controller be upheld unless they are arbitrary, capricious,

or entirely lacking in evidentiary support. Although the DSA cites this standard, it appears to ignore this standard when analyzing some of the costs identified above. We shall address this issue in more detail in the relevant sections.

BURDEN OF PROOF

Although the DSA does note that the burden of proof is on the claimant, we believe the statement is too narrow. On page 23 of the DSA it states that “the initial burden of providing evidence for a claim of reimbursement lies with the claimant.” There are two problems with this statement. The first is that it only addresses the burden of production, not the burden of persuasion, and the second is that it appears to only apply to the submission of the claim, and not to the IRC process itself. We believe that a more accurate statement of the burden is found in California Jurisprudence Third, which states that “a petitioner who seeks a writ of mandate to compel performance of a particular duty whose existence depends on the satisfaction of certain conditions precedent must establish that these requirements have been met¹.” We believe that this places both the burden of production and the burden of persuasion clearly on the claimants in the IRC process.

C. INDIRECT COST RATES: SAN MATEO

In section C.2.² the DSA asserts that the Controller has reduced the reimbursement of some indirect costs (those associated with direct costs other than salary and wages) for San Mateo to zero. However, this conclusion misapprehends the application of an Indirect Cost Rate, when the base for that rate is not based on all direct costs. The District’s rate request was approved by letter dated February 11, 1999³. The second page of that document states that the indirect cost rate is 30.0%, but notes at the bottom that the base is “[d]irect salaries and wages including all fringe benefits”. Excerpts of the OMB Circular A-21, which govern the federal approval of cost rates, are found at Tab 6 of the Controller’s Response to the DSA. Section H (at page 4) of that document provides guidance for the simplified methods for small institutions, which sets forth the method to apply for an indirect cost rate using either salaries and wages, or modified direct costs, as the distribution basis. When using the wages and salary basis, you are not excluding indirect costs that may be associated with other, reimbursable, direct costs.

¹ 43 Cal.Jur.3d (2011) Mandamus and Prohibition, § 59.

² DSA at 30, Subsection 2. heading.

³ Tab 7, of Controller’s Response to San Mateo IRC, at p. 1.

Rather you are consolidating the indirect costs and measuring them based only on salaries and wages. This method will result in a higher indirect cost rate, but when multiplied by the wages and salaries (which are obviously less than the total of all direct costs) should result in the same, or similar, dollar amount of indirect costs as if one of the other methods had been utilized. If you were to apply this higher rate to all indirect costs, the claimant would actually receive more reimbursement for indirect costs than they expended on indirect costs. That would result in a windfall for the claimant, and violate the basic concept of mandates reimbursement; that only actual costs a claimant is required to incur are reimbursable.

The issue of how to apply the indirect cost rate is also addressed in Section B of the claiming instructions⁴. That section states that “[w]ith respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives or on bases which produce an equitable result in relation to the benefits derived by the mandate.” The adjustment to indirect costs was made so that the indirect cost rate (based on wages and salaries) approved by DHSS, was applied only to salaries and wages, and not all direct costs. Since the basis for the rate approved by DHSS was salaries and wages, it was neither arbitrary nor capricious for the Controller to apply that rate only to salaries and wages. The adjustment is also not entirely lacking in evidentiary support, as it is supported by the rate approval document from DHSS, the claiming instructions, and the claim itself. Since the adjustment to indirect costs is not arbitrary, capricious, nor entirely lacking in evidentiary support, it should be upheld.

D. DISALLOWANCE OF SALARIES AND BENEFITS: SAN MATEO

The Controller’s Office disallowed reimbursement for the salaries and benefits for two employees (Ernest Rodriguez and Dee Howard), because the District did not submit documentation demonstrating the reimbursability of their salaries and benefits as required by the Parameters & Guidelines. The only evidence originally provided by the District consisted solely of employee earnings reports documenting salary and benefits charged to Program Code 643000 (Health Services)⁵. However, this report is inconsistent with their job descriptions, which are full-time faculty and professor, respectively⁶. The auditors requested additional documentation to resolve the conflict, but none was provided by the District.⁷ Although the DSA agrees that the “documents in the record pertaining to this IRC do not show ‘the actual number of hours devoted to each [mandated] function,’ as

⁴ Tab 4, of Attached Controller’s Response to DSA, page 1, ¶ 1.

⁵ Tab 2, of Attached Controller’s Response to DSA, page 5.

⁶ Tab 8, of Attached Controller’s Response to DSA, page 5.

⁷ Tab 2, of Attached Controller’s Response to DSA, page 5, ¶ 2.

required by the parameters and guidelines⁸,” it concludes that the costs should be reinstated. If the claimant admittedly failed to comply with the requirements necessary to qualify for reimbursement, on what basis are the costs to be reinstated?

When the claimant fails to meet the requirements of the Parameters & Guidelines, the analysis need go no further. However, we address the subsequent analysis of the DSA as it demonstrates a deviation from the appropriate standard of review. Besides reinstating costs for which the claimant fails to meet the burden of proof, the DSA appears to engage in a reweighing of the evidence. As the DSA correctly notes on page 22, “[t]he court may not reweigh the evidence or substitute its judgment for that of the agency.⁹” In the case of the salaries and wages in question, the DSA appears to rely on the conclusion that the evidence submitted with respect to the salaries and wages in question are the “same or similar¹⁰” to the evidence submitted for other salaries and wages that were reimbursed. Using the phrase “same or similar” clearly shows that the DSA is reweighing the evidence, which is impermissible. Since the disallowance was based on the lack of evidence submitted by the claimant, and the apparent inconsistency between the program code and the job description, that disallowance of the salary and wages for Ernest Rodriguez and Dee Howard was neither arbitrary, capricious, nor entirely lacking in evidentiary support, and therefore it should be upheld.

F. DISALLOWANCE OF HEALTH SERVICES UNSUBSTANTIATED IN BASE YEAR: SAN BERNARDINO

The Controller’s Office disagrees with the conclusions of the DSA with respect to the disallowance of health services unsubstantiated in the base year. The DSA appears to alter the standard of review, ignore the burden of proof, and accept the red herrings posited by the claimant. The claimant asserts that the Controller’s Office has confused available with provided, created a new base year, and inappropriately focused on distinctions within a class of services, instead of the class of service itself. Based on these errors, the Controller’s Office believes that the DSA incorrectly reinstates costs that were properly reduced.

As a preliminary matter, we note that after further review of the records, the Controller’s Office has determined that the Outside Labs and Influenza Immunization costs claimed by San Bernardino should be reimbursable. In the claims at issue, the claimant indicated

⁸ DSA at 37, last ¶.

⁹ *American Bd. Of Cosmetic Surgery, Inc. v. Medical Bd. Of California* (2008) 162 Cal.App.4th 534, 547.

¹⁰ DSA at 34, Section D.1. heading.

that Outside Labs were not provided in the base year (Form HFE-2.1). However the claim forms for the 1997-98 FY indicate that service was provided in the base year, therefore the Controller believes those costs should be reimbursed. With respect to the Influenza Immunizations it appears that the HFE-2.1 for the years in question and for the FY 1997-98 indicate that Influenza Immunizations were provided in the base year, and thus reimbursable. Our opposition to the reinstatement of the other costs remains. With respect to those costs the claimant's HFE-2.1 indicates that neither Hepatitis Immunizations, Pap Smears, nor Marriage Therapy were provided in the base year. Even assuming that the certified HFE-2.1 is sufficient by itself to establish the maintenance of effort, the claimant themselves asserts that these services were not provided in the base year. Therefore, the disallowance of those costs was appropriate.

The main point of contention is the substantiation of the maintenance of effort, as required in the Parameters & Guidelines. The Parameters & Guidelines state that:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. *This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort.* [Emphasis added.]

However, the District provided no source documentation of the services provided in the base year in respect to the services in question, as required by the Parameters & Guidelines. The DSA does not specifically identify the document that they believe substantiates the maintenance of effort, but it does state that "there is nothing in the parameters and guidelines to suggest that a certification by the claimant of services 'provided' in the base year is insufficient to substantiate the maintenance of effort"¹¹. Apparently the DSA considers the certification on the reimbursement claims to constitute a "source document" sufficient to prove the services provided during the base year. However, this is directly contrary to the analysis contained in the DSA's discussion of the "Disallowance of Other Outgoing Expenses" wherein the DSA states that:

As discussed above, the parameters and guidelines require that all costs claimed must be traceable to source documents that show evidence of the validity of such costs. Those documents, in turn are required to be certified under penalty of perjury, *but certification alone cannot substitute for probative value.* ... However, the documentation must show some evidence that costs are related to the mandate, and the term "other outgoing expenses," *even if claimed and certified* to be related to

¹¹ DSA, at 42, ¶ 3.

the mandate, is *not sufficient to show the validity of the costs*. ... A claimant's certification that costs are related to the mandate is not sufficient in itself to substantiate the costs. [Emphasis added.] DSA at 40, first full ¶.

We agree that certification alone cannot substitute for probative value, which is why the auditors sought additional documentation that would support the District's claims as to services provided in the base year. The lack of the probative value of a certification is abundantly evident in a case such as this, as the events in question (the base year) happened more than a decade before the filing of the claims. Even if the certifying party were present during the base year, one would have to question the ability of that person to remember, with such detail, the services provided that year. Given the lack of probative value of the certification, it was perfectly reasonable for the auditors to seek additional evidence on which to base a determination. Therefore, it was also reasonable to disallow the costs for services for which the District could not provide other documentation demonstrating that they were provided in the base year.

In its claim, San Bernardino asserts, and the DSA concurs, that the Controller has attempted to create a new base year. However, the evidence does not support such an assertion, which is simply an attempt to distract from the fact that there is no reliable evidence supporting its claim as to the services in question. Since the District did not submit any probative evidence that those services were provided in the base year, the auditors attempted to work with the District to establish alternative methods to prove that the services in question were provided in the base year. One such method was to look at the oldest available claim for the District. That claim was for FY 1997-98, and using that claim the auditors were able to verify that Outside Labs and Influenza Immunizations were claimed to be provided in the base year. If the services had been rendered in FY 1997-98, claimed, and approved, then by logical extension, those services must have been available in the base year. There was no attempt to make FY 1997-98 a new base year, rather it was utilized to try and demonstrate, thru syllogistic reasoning, that the services in question were "available" during the FY 1986-87 base year. In addition, the remaining services in question were not disallowed because they were not found on the FY 1997-98 claim; they were disallowed because the District had failed to provide the necessary evidence, as required by the Parameters & Guidelines, that the services were provided (i.e. available) in the base year.

The District also argues that the auditors have confused "available" with "rendered", however that is simply not the case. The DSA agrees, appearing to rely on the assertion that the SCO attempted to create a new base year relying solely on the FY 1997-98 inventory of services. However, as demonstrated above, there was no such attempt to

create an alternate base year. The DSA goes on to assert (at page 42) that relying on an inventory of services rendered in the base year would reduce the services available. However, the SCO never attempted to use the inventory as a restrictive document, rather it was used as an attempt to prove that a service was rendered in the reviewed year and reimbursed, which provides some evidence that it was available in the base year. The District is free to produce any reliable documentation that demonstrates what services were provided (i.e. available) in the base year. This approach also turns the burden of proof and standard of review on their heads. The SCO doesn't have to prove that a service wasn't available, rather the District has to prove that it was. As explained above, the inventories weren't used to disprove anything (such as availability), instead they were used in an attempt to prove something, that a service was rendered and reimbursed for FY 1997-98, ergo available in the base year.

The DSA also restates, and agrees with, the Claimant's position that "services provided in the base year should be viewed in terms of classes of services, rather than focusing on distinctions within those classes, for purposes of the maintenance of effort." [DSA at 42.] The DSA does not support this assertion with legal arguments, but begins making policy arguments which would support that position. However, making policy based decisions is beyond the scope of an IRC hearing, and intrudes on the legislature's policy-making role. The DSA expresses a concern that the Controller's approach might endanger public health, or restrict the provision of immunizations. However, as an auditor of claims for reimbursement, the SCO has no role in either the development or deployment of medical technology. If the claimant disagrees with the terms of the Parameters & Guidelines, they are free to submit amendments thereto, and if they disagree with the applicable legislation, they are free to seek legislative change. However, making policy decisions is beyond the scope of the Commission's authority.

The DSA's preference for "classes of services, rather than ... distinctions within those classes," is especially misplaced in the case of immunizations. As opposed to some of the other classes of services listed in the Parameters & Guidelines, such as dental and birth control, the Commission expressly chose to further clarify by listing specific covered immunizations. The DSA's preference ignores a long-standing canon of construction, known as *Expressio Unius Est Exclusio Alterius*, holding that "to express or include one thing implies the exclusion of the other, or of the alternative¹²." To put it another way, it means "that when one or more things of a class are expressly mentioned others of the same class are excluded.¹³" This last definition is most apropos in this case. The Parameters & Guidelines chose to delineate specific communicable diseases within

¹² Black's Law Dictionary, Eighth Edition, 2004.

¹³ Merriam-Webster @ m-w.com.

Heather Halsey
Keith Peterson
October 21, 2013
Page 8

the class of immunizations, even though they could have merely left it as the class, "immunizations". However, having chosen to list the specific immunizations to be reimbursed, they thereby excluded others not listed. Another factor confirming that approach is the fact that they did not use a qualifier for the list; common legalese often includes the phrase "including but not limited to," if the list is not intended to be exhaustive, and the class of service "Health Talks or Fairs – Information" includes as one subset, "etc." showing that the list is not intended to be exclusive. If the Claimants felt that this short list of reimbursable immunizations was in error, the appropriate remedy would have been a request for an amendment to the Parameters & Guidelines, not a collateral attack on the Parameters & Guidelines in the IRC process.

Since the District failed to provide reliable evidence as to the services provided (available) in the base year, and the Controller did not establish an alternative base year, and appropriately relied on the explicit list of reimbursable services in the Parameters & Guidelines, the disallowance of the services in question should be upheld.

For a detailed analysis of the disputed issues, see the State Controller's Office, Division of Audits response (attached).

Sincerely,



SHAWN D. SILVA
Senior Staff Counsel

SDS/cn

Attachment

cc: Jim Spano, Division of Audits, State Controller's Office
Jill Kanemasu, Division of Accounting and Reporting,
State Controller's Office

**RESPONSE BY THE STATE CONTROLLER'S OFFICE
TO THE COMMISSION ON STATE MANDATES
AUGUST 2, 2013 DRAFT STAFF ANALYSIS**

**HEALTH FEE ELIMINATION PROGRAM
INCORRECT REDUCTION CLAIMS
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT, 05-4206-I-08
SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT, 05-4206-I-04**

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Tab 1

1 **OFFICE OF THE STATE CONTROLLER**

2 300 Capitol Mall, Suite 1850
3 Sacramento, CA 94250
4 Telephone No.: (916) 445-6854

5 **BEFORE THE**
6 **COMMISSION ON STATE MANDATES**
7 **STATE OF CALIFORNIA**

8
9
10 **INCORRECT REDUCTION CLAIMS ON:**

11 *Health Fee Elimination Program*

12 Chapter 1, Statutes of 1984, 2nd Extraordinary
13 Session, and Chapter 1118, Statutes of 1987

14 **SAN BERNARDINO AND SAN MATEO
15 COUNTY COMMUNITY COLLEGE
16 DISTRICTS**

17 **Claimants**

No.: CSM 05-4206-I-08
San Bernardino Community College
District

No CSM 05-4206-I-04
San Mateo County Community College
District

AFFIDAVIT OF BUREAU CHIEF

18 I, Jim L. Spano, make the following declarations:

- 19 1) I am a employee of the State Controller's Office (SCO) and am over the age of 18 years.
- 20 2) I am currently employed as a bureau chief, and have been so since April 21, 2000.
21 Before that, I was employed as an audit manager for two years and three months.
- 22 3) I am a California Certified Public Accountant (CPA).
- 23 4) I reviewed the work performed by the SCO auditors.
- 24 5) Any attached copies of records are true copies of records, as provided by Santa
25 Bernardino Community College District, San Mateo County Community College
District, or retained at our place of business.
- 6) The records include attached supporting documentation, explanatory letters, or other
documents relating to the above-entitled Incorrect Reduction Claims.

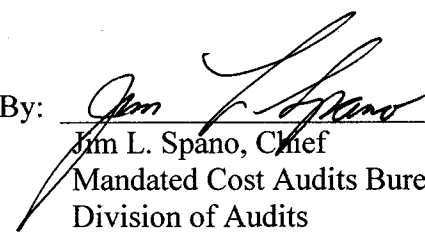
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7) A field audit was performed of claims filed by San Bernardino Community College District for fiscal year (FY) 2001-02 and FY 2002-03, and by San Mateo County Community College District for FY 1999-2000, FY 2000-01, and FY 2001-02.

I do declare that the above declarations are made under penalty of perjury and are true and correct to the best of my knowledge, and that such knowledge is based on personal observation, information, or belief.

Date: October 18, 2013

OFFICE OF THE STATE CONTROLLER

By: 

Jim L. Spano, Chief
Mandated Cost Audits Bureau
Division of Audits
State Controller's Office

Tab 2

STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE
TO THE COMMISSION ON STATE MANDATES
AUGUST 2, 2013, DRAFT STAFF ANALYSIS

HEALTH FEE ELIMINATION PROGRAM
INCORRECT REDUCTION CLAIMS

SAN BERNARDINO COMMUNITY COLLEGE DISTRICT, 05-4206-I-08
FY 2001-02 and FY 2002-03

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT, 05-4206-I-04
FY 1999-2000, FY 2000-01, and FY 2001-02

Chapter 1, Statutes of 1984, 2nd Extraordinary Session,
and Chapter 1118, Statutes of 1987

The following is the State Controller's Office (SCO) response to the Commission on State Mandates' (CSM) draft staff analysis and proposed statement of decision relative to the subject incorrect reduction claims (IRC).

A. Statute of Limitations Applicable to Audits of Mandate Reimbursement Claims

1. *The audit of community college district claims beginning in 1999-2000 is not barred by the statute of limitations found in Government Code section 17558.5.*

CSM Draft Staff Analysis

[T]he audit of San Mateo's reimbursement claims is not barred by the statute of limitation.

SCO Comments

The SCO agrees with the CSM draft staff analysis.

2. *Documentation retention requirements cited by the Controller are consistent with the parameters and guidelines, and are not dependent on the period subject to audit.*

CSM Draft Staff Analysis

[S]ource documents are required to be retained for a minimum of three years after final payment of the claim.

SCO Comments

The SCO agrees with the CSM draft staff analysis.

B. Understated Offsetting Revenues: Clovis Unified and the Health Fee Rule

CSM Draft Staff Analysis

[T]he Controller's reduction of reimbursement to the extent of the fee authority found in Education Code section 76355 was not arbitrary, capricious, or entirely lacking in evidentiary support.

SCO Comments

The SCO agrees with the CSM draft staff analysis.

C. Application of an Indirect Cost Rate Proposal

1. *The parameters and guidelines expressly reference the Controller's claiming instructions, which in turn provide for an indirect cost rate to be developed in accordance with federal OMB guidelines.*

CSM Draft Staff Analysis

[T]he parameters and guidelines, which were duly adopted at a Commission hearing, require compliance with the claiming instructions.

SCO Comments

The SCO agrees with the CSM draft staff analysis.

2. *San Mateo did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rate, but a minimum 7 percent indirect cost rate is provided if a claimant cannot support a greater amount; therefore reduction to zero for indirect costs, to the extent direct costs were allowed, was arbitrary, capricious, or entirely lacking in evidentiary support.*

CSM Draft Staff Analysis

[T]he Controller's reduction to zero of allowable indirect costs was arbitrary, capricious, or entirely lacking in evidentiary support; a minimum 7 percent indirect cost rate should have been allowed, but if the Controller has sufficient information to support a higher indirect cost rate by applying the alternate state procedure, the Controller should apply a reasonable and fair indirect cost rate calculated consistently with the Controller's claiming instructions.

SCO Comments

The SCO disagrees with the CSM draft staff analysis for the reasons explained below.

Parameters and Guidelines

The parameters and guidelines (section VI.B.3.) (Tab 3) state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions."

Claiming Instructions – The 7% flat rate methodology was not available during the audit period

The SCO's claiming instructions (section B.(2)) **(Tab 4)** in effect during the audit period (FY 1999-2000, FY 2000-01, and FY 2001-02) state:

A college has the option of using a federally approved rate, utilizing the cost accounting principles from OMB Circular A-21 'Cost Principles for Educational Institutions,' or the Controller's methodology outlined in the following paragraphs [FAM-29C methodology]. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The 7% indirect cost rate methodology was not available during the audit period **(Tab 4)**. The 7% indirect cost rate methodology was added to the claiming instructions effective for FY 2004-05 in section 8, second paragraph **(Tab 5**, which includes a copy of FY 2003-04 and FY 2004-05 claiming instructions). The 7% flat rate option cited (and referenced as footnote 110) on page 31 of the draft staff analysis is from the FY 2001-02 SCO's School Mandated Cost Manual as revised in September 2002. The reference is to section 2, subdivision 5B (Types of Claims, Cost Elements of a Claim, Indirect Cost) of the manual. This section of the manual provides community colleges with instructions for claiming indirect costs using the Controller's FAM-29C methodology. The reference cited refers to the following instructions:

A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

These instructions allow districts that are claiming indirect costs using the FAM 29C methodology the option of claiming as indirect a portion of amounts contained in its expenditure line item account 6500 (Operation & Maintenance). A district can compute 7% of its total expenditures in this line item account as indirect costs or can use an additional amount as indirect costs if it can provide support for the calculation. Reference to 7% does not relate to the third indirect costs methodology added for community colleges effective FY 2004-05.

Claiming Instructions – Application of indirect cost rates to all object accounts

The claiming instructions (section B.) **(Tab 4)** in effect during the audit period also state:

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives or on bases which produce an equitable result in relation to the benefits derived by the mandate.

There is no requirement that indirect costs be allocated to every objective account, but rather that indirect costs are allocated in a manner that produces an equitable result, i.e., that the mandated program is allocated its fair share of indirect costs.

Application of the Federally Approved Indirect Cost Rates

The U.S. Department of Health and Human Services approved a 30% indirect cost rate on a distribution base of salaries and wages, including fringe benefits **(Tab 6)** for the audit period

based on an indirect cost rate proposal submitted by the district. However, the district applied the federally approved indirect cost rate to direct costs, inclusive of services and supplies, other operating expenses, and capital outlays. Consequently, the district overclaimed indirect costs.

Had the distribution base been direct costs (inclusive of services and supplies, other operating expenses, and capital outlays), the indirect cost rate would have been less. An indirect cost rate is calculated by dividing total indirect costs by a distribution base. In the example attached (**Tab 7**), the indirect cost rate is 30% if distributed on direct salaries and benefits (\$450,000/\$1,500,000) and 23.68421% if distributed on direct costs (\$450,000/\$1,900,000). It is inappropriate to use a different indirect cost methodology during the same fiscal year. Using two different indirect cost methodologies would result in the application of indirect costs that are greater than total indirect costs.

Using information from the district's FY 1999-2000 claim as an example, the district claimed direct costs totaling \$746,385 (\$644,994 in direct salaries and benefits [\$552,729 in salaries + \$92,265 in benefits] and \$101,391 in other direct costs [\$24,276 in services and supplies + \$63,624 in other operating expenses + \$13,491 in capital outlay costs]). As noted above, the distribution base per the federally approved indirect cost rate is salaries and wages, including fringe benefits. Therefore, based on the amounts claimed, indirect costs should have been \$193,498 (\$644,994 in salaries and benefits \times 30%) rather than \$223,916 (\$746,385 in total direct costs \times 30%). The distribution base on the flat 7% methodology (that was effective for FY 2004-05 and is generally used if the district is unable to support its total indirect costs) also has a distribution base of salaries and benefits. Based on the amounts claimed, indirect costs using the 7% flat rate methodology would only be \$45,150 (\$644,994 \times 7%).

3. *San Bernardino did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rates.*

CSM Draft Staff Analysis

[T]he Controller's reduction was based on an alternative method authorized by the claiming instructions for calculating indirect costs, and therefore not arbitrary, capricious, or entirely lacking in evidentiary support.

SCO Comments

The SCO agrees with the CSM draft staff analysis.

D. Disallowance of Salaries and Application of Audited Benefit Rates

1. *The Controller's documentation requirements must be consistent with the parameters and guidelines, and must be applied consistently, in order to be enforceable: the disallowance of salaries and benefits was arbitrary, in light of other costs allowed based on the same or similar documentation.*

CSM Draft Staff Analysis

[T]he Controller's disallowance of salaries and benefits for Dee Howard and Ernest Rodriquez was arbitrary, capricious, or entirely lacking in evidentiary support, and the costs claimed for these two employees should be reinstated.

SCO Comments

The SCO disagrees with the CSM draft staff analysis for the reasons explained below.

Subsequent to the October 29, 2003, exit conference for this audit, we worked with the district by considering additional documentation that it provided to support the unallowable costs identified in the exit conference handout. The district did not provide documentation supporting the allowability of salaries and benefits for Ernest Rodriguez and Dee Howard.

The CSM draft staff analysis appears to conclude that we based our determination of allowable costs for the four employees cited below based *solely* on salary and benefits charged to district Program Code 643000 (Health Services). However, we also used additional information provided by the district to support our conclusions. **Tab 8** consists of 45 pages of working papers documenting the exchange of emails between Jim Venneman and Kathy Blackwood, Chief Fiscal Officer of the district, and the additional supporting documentation that the district provided subsequent to the exit conference. We considered and accepted the additional supporting documentation for certain employees of the district in lieu of timesheets or other time records supporting hours charged for Health Fee Elimination activities.

Tab 8, pages 8 and 9, documents the results of our analysis of the additional documentation provided by the district, which included personnel forms, salary orders, job announcements, and employee earnings reports. Based on this analysis, we adjusted the audit findings presented at the exit conference for the following employees:

- Arlene Wiltberger – Counselor (Student Services Counseling/Psychological Services)
- Donald Nichols – Medical Doctor
- Donna Elliott – Office Assistant (Secretary – College of San Mateo Health Center)
- Gloria D'Ambra – Office Assistant (Secretary – Skyline College Health Center)

However, we did not adjust the audit findings for the following employees:

- Ernest Rodriguez – Full-Time Faculty
- Dee Howard – Professor

We made this determination based on the totality of the information provided.

For the four employees cited above for which we adjusted the audit findings, the evidence provided by the district reasonably supported that the employees worked either exclusively or primarily at one of the district's Health Centers. In other words, the job descriptions, along with related payroll information, reasonably supported that the employees incurred costs related to the mandate in the absence of any time records supporting the actual number of hours worked. For instance, the additional documentation provided for district employee Arlene Wiltberger indicated that she was regularly assigned as a faculty member of the district (**Tab 8, page 15**); however, it also supported the extent to which she worked as a Counselor in the College of San Mateo's Health Center (**Tab 8, pages 13 through 21**). The additional documentation included Personnel Action Forms, Academic/Administrative Salary Orders, and an Approval of Personnel Actions Form.

For the two employees cited above for which no adjustments were made, the evidence provided to support claimed costs consisted solely of employee earnings reports documenting salary and benefits charged to Program Code 643000 (Health Services). However, this information ran

contrary to the job descriptions for these employees, which indicated that they were primarily instructors. We inquired with the district as to the nature of the mandated activities that these employees performed at either of the district's Health Centers. However, the district did not provide any additional information for us to consider other than the employee earnings reports and a statement in the letter dated August 31, 2004, from Kathy Blackwood, Chief Financial Officer, indicating that these two employees were Counselors in one of the district's Health Centers. The district did not provide the same level of documentation that it provided for Arlene Wiltberger to support that Ernest Rodriguez and Dee Howard were assigned as Counselors within one of the district's Health Centers.

Therefore, we concluded that the documentation provided supported only that salary and benefit costs paid by the district for these two employees came out of the budget for Health Services. In this instance, we concluded that the job descriptions, lack of time records, and lack of rationale provided by the district to support how these two employees incurred mandate-related costs were sufficient to determine that the salary and benefit costs claimed were unsupported and unallowable.

2. *There is no evidence in the record to support the benefits claimed by San Mateo.*

CSM Draft Staff Analysis

[T]he Controller's audited benefit rate is not arbitrary, capricious, or entirely lacking in evidentiary support.

SCO Comments

The SCO agrees with the CSM draft staff analysis.

E. Disallowance of Other Outgoing Expenses

CSM Draft Staff Analysis

[T]he Controller's finding regarding "other outgoing expenses" was not arbitrary, capricious, or entirely lacking in evidentiary support, and a reduction of San Mateo's claim in the amount of \$41,375 is therefore supported.

SCO Comments

The SCO agrees with the CSM draft staff analysis.

F. Disallowance of Health Services Not Substantiated in the Base Year

CSM Draft Staff Analysis

[T]he disallowance of health services not rendered in the 1997-98 fiscal year was arbitrary, capricious, or entirely lacking in evidentiary support. The Controller must allow reimbursement for those services that the district certifies under penalty of perjury were available in the 1986-87 fiscal year, including services that fit the classifications provided in the parameters and guidelines.

SCO Comments

The SCO disagrees with the CSM draft staff analysis for the reasons explained below.

Documentation of FY 1986-87 base year services provided

The CSM states that there is "nothing in the parameters and guidelines to suggest that a certification by the claimant of services 'provided' in the base year is insufficient to substantiate the maintenance of effort." We disagree. As noted by the CSM, the parameters and guidelines state:

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. *This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort* [emphasis added].

A "certification" does not equate to source documents that show evidence of the validity of costs. The CSM's conclusion that a certification is sufficient in this instance directly contradicts the CSM's analysis of the San Mateo County Community College District IRC. In its analysis of the IRC (see page 10 of CSM draft staff analysis and proposed statement of decision), the CSM states:

The parameters and guidelines require that all costs claimed must be traceable to source documents that show evidence of the validity of such costs. Those documents, in turn are required to be certified under penalty of perjury, *but certification alone cannot substitute for probative value* [emphasis added] . . . [T]he documentation must show some evidence that costs are related to the mandate

The district did not provide any source documentation to support the services provided in FY 1986-87.

Services provided, available, and rendered

The CSM believes that the district's reasoning with respect to the distinction between services rendered and services available is sound. While the SCO agrees with this distinction, it is irrelevant to analyzing the factual accuracy of the audit finding. The SCO agrees that the term "provided," as used in the parameters and guidelines, is synonymous to "available." The SCO has consistently referenced services "provided," because this is the only terminology included in the parameters and guidelines. In its IRC (see page 12 of district's IRC), the district states:

The Controller is endeavoring to compare the student health services *rendered* during the fiscal years claimed (audit years) to those services *rendered* during 1986-87 fiscal year (the base year) . . . The Controller is requiring claimants to prove that services rendered in the audit years were also rendered in the base year.

The district's statement is incorrect as it relates to the FY 1986-87 base year. The parameters and guidelines state, "Only services provided in 1986-87 fiscal year may be claimed." Contrary to the district's statement, the SCO compared services rendered during the claim years to services *provided* (i.e., available) in the FY 1986-87 base year. Based on the parameters and guidelines, services rendered during the claim years that were not provided (available) during the base year are unallowable because they are beyond the mandate-required maintenance of effort.

Relevance of district's FY 1997-98 claim

Both the district and the CSM have misinterpreted the SCO's use of the district's FY 1997-98 claim as it relates to the unallowable costs at issue. The SCO took no action to establish "an alternate base year." For certain health services (pap smears and outside laboratory services), the district's FY 2001-02 and FY 2002-03 claims indicated that the district provided the service in the claim years, but not during the FY 1986-87 base year (**Tab 9**).

Because the district provided no documentation to support base year services provided, the SCO sought the district's earliest available claim as an alternative source of corroborating documentation. The SCO reviewed the FY 1997-98 claim solely to determine whether it indicated that the district provided pap smears and outside laboratory services during the FY 1986-87 base year. For this audit, the SCO would have concluded that the district simply completed its FY 2001-02 and FY 2002-03 claim forms incorrectly if the district's earliest available claim indicated that the services in question were provided during the base year. In short, the SCO took every reasonable action in attempting to validate that the district provided the services during the FY 1986-87 base year.

Because the district provided no documentation of FY 1986-87 services provided *and* the district's FY 1997-98, FY 2001-02, and FY 2002-03 claims also did not indicate that the services were provided in the base year, the SCO's final audit report issued November 10, 2004, concluded that the services are unallowable. This is consistent with the parameters and guidelines, which state "Only services provided in 1986-87 fiscal year may be claimed."

However, we subsequently re-reviewed the district's FY 1997-98 claim. We noted that the district's FY 1997-98 claim *does* indicate that the district provided outside laboratory services during the 1986-87 base year. Therefore, for this reason only, the SCO agrees to allow claimed costs attributable to outside laboratory services. Our audit report published November 10, 2004, identified an audit adjustment totaling \$103,128 in salaries and benefits related to audit period services that were not provided during the FY 1986-87 base year. Upon resolution of the district's IRC, the SCO will publish a revised final audit report that reduces the salaries and benefits audit adjustment to \$83,734, a reduction of \$19,394. This adjustment results in an increase in indirect costs of \$5,818 (using the district claimed 30% federally approved indirect costs rate).

"Classes of services" and required maintenance of effort

The CSM states:

The maintenance of effort requirement of the test claim statute should not be read so narrowly as to limit the provision of reimbursable health services to the state of medical technology and knowledge available in 1986-87; such limitations might well endanger public health, especially with respect to services such as immunizations. The districts should be encouraged to keep pace with medical technology and knowledge in their health service offerings, and a maintenance of effort requirement can be read to provide for those changes.

We disagree with the CSM's position as it relates to immunizations. Further, we are concerned that the CSM's statement could be misconstrued to infer that new services resulting from advances in medical technology and knowledge would somehow become reimbursable under the mandated program. It might be reasonable to expect *changes* in how districts provide certain generic services, such as dental services and birth control. However, changing the method used to provide a generic service is a different issue from allowing reimbursement for a specific service

that is neither identified in the parameters and guidelines nor certified and documented as having been provided during the FY 1986-87 base year.

Per Government Code section 17514, "costs mandated by the state" means any increased costs which a local agency or school district *is required to incur* [emphasis added]. . . ." The parameters and guidelines define eligible claimants as "districts which provided health services in 1986-87 fiscal year and continue to provide *the same services* [emphasis added]. . . ."

Government Code section 17557, subdivision (a), requires the test claimant to submit proposed parameters and guidelines that "may include proposed reimbursable activities that are reasonably necessary for the performance of the state-mandated program." The Health Fee Elimination Program's parameters and guidelines identify a lengthy list of reimbursable activities. For immunizations, the parameters and guidelines specify the following immunizations: diphtheria/tetanus, measles/rubella, and influenza. The parameters and guidelines do not identify hepatitis B vaccinations. The hepatitis B vaccination does not represent a "change" to the method of providing immunizations; it is a separate service.

The CSM states that, based on the "general nature of many of the other items listed in the parameters and guidelines," it is reasonable to conclude that the actual immunizations named are illustrative only. We disagree. There is nothing on record to support an assertion that the immunizations listed were intended to be illustrative only. Instead, it is reasonable to conclude that if the listing was meant to be illustrative, the immunization category would have been notated with "for example," or "such as." Even so, districts would still be required to specify the actual immunizations provided during the FY 1986-87 base year. If a district provided one immunization (such as influenza) during the base year, then ten other immunizations provided during subsequent claim years would not be reimbursable simply because they are "immunizations."

An immunization is not equivalent to a general service such as dental services. Because the test claimant *did* identify other specific immunizations, the CSM is essentially presuming that the test claimant neglected to list hepatitis B vaccinations when developing the parameters and guidelines. The test claim for this mandated program was filed on November 27, 1985. **Tab 10**, a vaccine timeline published by the U.S. Department of Health and Human Services, Center for Disease Control, shows that hepatitis B vaccinations were available as early as 1982. Therefore, the test claimant could have identified hepatitis B vaccinations when the parameters and guidelines were developed, if in fact districts were actually providing the vaccination.

Further, note that the district's claims (**Tab 9**) do not identify hepatitis B as a service provided in the base year. Similarly, the district did not check mark the immunization category; instead, the district check marked only specific immunizations. Therefore, the district's claim does not include even the basic certification, under penalty of perjury, that the district provided hepatitis B vaccinations during the FY 1986-87 base year. The district provided no evidence that it provided hepatitis B vaccinations during the base year; therefore, hepatitis B vaccinations must be considered a service that is beyond the mandate-required maintenance of effort.

District-level versus college-level examination of services provided

The district asserts that the SCO incorrectly reviewed health services provided at the college level rather than the district level. We disagree. It appears that the CSM believes the district's assertion is valid because the SCO stated:

Throughout the audit field work and until December 26, 2006 (the date of this response), the district did not provide us with any documentation to substantiate its assertion that the health services in question were provided at the San Bernardino Valley College and/or at Crafton Hills College in FY 1986-87.

The CSM staff misinterpreted the SCO's statement in its analysis. The SCO evaluated FY 1986-87 health services provided at the district level, not at the individual college level. The SCO has consistently taken the position that a district provided a specific health service if that service was provided by any of the district's colleges. Only one college needs to provide the service for the SCO to conclude that the *district* provided the service. When the SCO determined that the district did not provide certain services during the FY 1986-87 base year, we asked the district to provide documentation showing that the services in question were actually provided during the base year at one or both of the district's colleges. The district did not provide documentation showing that either college provided the services in question; therefore, the SCO concluded that the *district* did not provide the services during the base year.

It appears that the CSM has confused the SCO's calculation of unallowable costs with the analysis of whether the district provided services in the base year. Once the SCO concluded that the district did not provide the services in the base year, the SCO appropriately calculated the unallowable costs attributable to each college. The calculation shows the unallowable costs claimed for each college attributable to the services that the *district* did not provide in the base year.

The calculation is illustrated in the SCO's response to the district's IRC. Alternatively, the SCO could have combined the unallowable services rendered by both colleges and calculated an overall percentage of unallowable services attributable to the district as a whole. Based on the information presented in the SCO's response to the district's IRC for FY 2002-03, combining unallowable services from both colleges results in an unallowable percentage of 10.77%. By applying that percentage to the total adjusted direct costs, the audit adjustment would have totaled \$63,223 rather than the adjustment taken of \$61,739. Therefore, the SCO calculated the audit adjustment using a methodology that was not only more precise, but also more favorable to the district. (Note: These figures will change once the SCO publishes its revised final audit report, as indicated above in the discussion regarding the relevance of the district's FY 1997-98 claim.)

Percentage of Services Rendered

Although the district's IRC contests the calculation of the audit adjustment, the CSM did not comment on this issue in its draft staff analysis and proposed statement of decision, presumably because the CSM concluded that the costs should be allowed for other reasons.

The district asserts that the SCO's calculation does not result in a determination of actual costs. However, the district did not present any documentation or alternative methodology to identify the costs attributable to the unallowable services. The parameters and guidelines direct districts to provide the following information for salaries and benefits claimed:

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed *and specify the actual number of hours devoted to each function* [emphasis added], the productive hourly rate, and the related benefits. . . .

For services and supplies, the parameters and guidelines specify, "Only expenditures which can be identified as a direct cost of the mandate can be claimed."

The district did not provide any information documenting the actual salaries and benefits, and services and supplies attributable to the unallowable health services (i.e., functions) identified. Therefore, the SCO concluded that it is reasonable to identify unallowable costs based on a percentage of unallowable services provided to total services provided. The SCO identified an audit adjustment for the excessive and unreasonable costs claimed, consistent with Government Code section 17561, subdivision (d)(2)(B).

Summary

The unallowable costs at issue in our final audit report issued November 10, 2004, are attributable to the following health services: flu shots, hepatitis shots, pap smears, outside laboratory services, and marriage therapy. Our comments specific to each individual service are as follows:

- Flu shots: On July 7, 2004, Elaine Akers, Health Services Coordinator, San Bernardino Valley College, identified via email the immunizations that the district provided during the FY 1986-87 base year (**Tab 11**). The base year immunizations excluded flu shots. Therefore, the SCO properly concluded that flu shots are unallowable in the district's FY 2001-02 and FY 2002-03 claims because they are services beyond the mandate-required maintenance of effort.
- Hepatitis B shots: The parameters and guidelines identify the immunizations that are reimbursable under the mandated program. The parameters and guidelines do not identify hepatitis immunizations as a mandated activity. Further, the district did not provide any documentation or certification showing that it provided hepatitis B shots during the FY 1986-87 base year. Therefore, the SCO properly concluded that hepatitis B shots are unallowable in the district's FY 2001-02 and FY 2002-03 claims because they are services beyond the mandate-required maintenance of effort.
- Pap smears: For each fiscal year, the district submitted claim form HFE-2.1 (**Tab 9**), in which the district identifies and certifies, under penalty of perjury, those health services that it provided during the FY 1986-87 base year. The district's FY 2001-02 and FY 2002-03 claims show that the district did not provide pap smears during the FY 1986-87 base year. The district did not provide any other documentation showing health services provided during the FY 1986-87 base year. Therefore, the SCO properly concluded that these costs are unallowable because the services are beyond the mandate-required maintenance of effort.
- Outside laboratory services: For each fiscal year, the district submitted claim form HFE-2.1 (**Tab 9**), in which the district identifies and certifies, under penalty of perjury, those health services that it provided during the FY 1986-87 base year. The district's FY 2001-02 and FY 2002-03 claims indicate that the district did not provide outside laboratory services during the FY 1986-87 base year. However, the district's FY 1997-98 claim (**Tab 9**) indicates that the district did provide these services during the FY 1986-87 base year. For resolution of this IRC only, the SCO will publish a revised final audit report to allow claimed costs attributable to outside laboratory services. The revised final audit report will reduce the salaries and benefits audit adjustment from \$103,128 to \$83,734, a reduction of \$19,394. This adjustment results in an increase in indirect costs of \$5,818.
- Marriage therapy: The parameters and guidelines do not identify marriage therapy as a mandated activity. Further, the district did not provide any documentation or certification showing that it provided marriage therapy during the FY 1986-87 base year. Therefore, the SCO properly concluded that marriage therapy is unallowable in the district's FY 2001-02

and FY 2002-03 claims because it is a service beyond the mandate-required maintenance of effort.

G. Disallowance of Insurance Premiums

CSM Draft Staff Analysis

[T]he disallowance of costs related to insurance premiums for intercollegiate athletes [is] not arbitrary, capricious, or entirely lacking in evidentiary support.

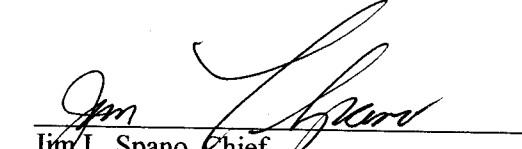
SCO Comments

The SCO agrees with the CSM draft staff analysis.

H. CERTIFICATION

I hereby certify by my signature below that the statements made in this document are true and correct of my own knowledge, or, as to all other matters, I believe them to be true and correct based upon information and belief.

Executed on October 18, 2013, at Sacramento, California, by:



Jim L. Spano, Chief
Mandated Cost Audits Bureau
Division of Audits
State Controller's Office

Tab 3

Adopted: 8/27/87
Amended: 5/25/89

PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S. .
Chapter 1118, Statutes of 1987
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 72246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal. year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required them to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

College Physician - Surgeon
Dermatology, Family Practice, Internal Medicine
Outside Physician
Dental Services
Outside Labs (X-ray, etc.)
Psychologist, full services
Cancel/Change Appointments
R.N.
Check Appointments

ASSESSMENT, INTERVENTION 81 COUNSELING

Birth Control
Lab Reports
Nutrition
Test Results (office)
VD
Other Medical Problems
CD
URI
ENT
Eye/Vision
Derm./Allergy
Gyn/Pregnancy Services
Neuro
Ortho
GU
Dental
GI
Stress Counseling
Crisis Intervention
Child Abuse Reporting and Counseling
Substance Abuse Identification and Counseling
Aids
Eating Disorders
Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)

Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
Reading
Information
Vision
Glucometer
Urinalysis

Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

Identify the employee,(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no

less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school, or \$5.00 per full-time student per quarter, as authorized by Education Code section 72246(a). This shall also include payments (fees) received from individuals other than students who are not covered by Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

0350d

Tab 4

B. Indirect Cost

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases which produce an equitable result in relation to the benefits derived by the mandate.

(1) Indirect Costs for Schools

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580, respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No.422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

(2) Indirect Cost Rate for Community Colleges

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the State Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The State Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES				FORM FAM-29C		
(01) Claimant:				(02) Period of Claim:		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant:				(02) Period of Claim:		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$91,423
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0
Staff Services	345	0	0	0	0	0
Noninstr. Staff Benft & Incent.	346	10,937	0	10,937	0	10,937
Community Services	6800					
Community Recreation	351	703,858	20,509	683,349	0	683,349
Community Service Classes	352	423,188	24,826	398,362	0	398,362
Community Use of Facilities	353	89,877	10,096	79,781	0	79,781
Ancilliary Services	6900					
Bookstores	361	0	0	0	0	0
Child Development Center	362	89,051	1,206	87,845	0	87,845
Farm Operations	363	0	0	0	0	0
Food Services	364	0	0	0	0	0
Parking	365	420,274	6,857	413,417	0	413,417
Student Activities	3663	0	0	0	0	0
Student Housing	67	0	0	0	0	0
Other	379	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	381	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	382	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(06) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(07) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(08) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services and Logistical Services. If any costs included in these accounts are claimed as a mandated cost (i.e. salaries of employee performing mandated cost activities), the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

C. Offset Against Mandated Claims

As noted previously, allowable costs are defined as those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. When all or part of the costs of a mandated program are specifically reimbursable from local assistance revenue sources (e.g., state, federal, foundation, etc.), only that portion of any increased costs payable from school district funds is eligible for reimbursement under the provisions of Government Code Section 17561.

B. Indirect Cost

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases which produce an equitable result in relation to the benefits derived by the mandate.

(1) Indirect Costs for Schools

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580, respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No. 422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

(2) Indirect Cost Rate for Community Colleges

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.
- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employee performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

FY 2000-01

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
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General Inst. Sup. Serv. (cont.)	6700					
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$81,423
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0
Staff Services	345	0	0	0	0	0
Noninstr. Staff Benefit & Incent.	346	10,937	0	10,937	0	10,937
Community Services	6800					
Community Recreation	351	703,858	20,509	683,349	0	683,349
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Bookstores	361	0	0	0	0	0
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Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(07) Notes						
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B. Indirect Cost

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Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
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Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(07) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

Tab 5

perform the mandated activity. The claimant must give the name of the contractor, explain the reason for having to hire a contractor, describe the mandated activities performed, give the dates when the activities were performed, the number of hours spent performing the mandate, the hourly billing rate, and the total cost. The hourly billing rate shall not exceed the rate specified in the Parameters and Guidelines for the mandated program. The contractor's invoice, or statement, which includes an itemized list of costs for activities performed, must accompany the claim.

(h) Equipment Rental Costs

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the Parameters and Guidelines for the particular mandate. Equipment rentals used solely for the mandate are reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. The claimant must explain the purpose and use for the equipment, the time period for which the equipment was rented and the total cost of the rental. If the equipment is used for purposes other than reimbursable activities, only the prorata portion of the rental costs can be claimed.

(i) Capital Outlay

Capital outlays for land, buildings, equipment, furniture and fixtures may be claimed if the Parameters and Guidelines specify them as allowable. If they are allowable, the claiming instructions for the program will specify a basis for the reimbursement. If the fixed asset or equipment is also used for purposes other than reimbursable activities for a specific mandate, only the prorata portion of the purchase price used to implement the reimbursable activities can be claimed.

(j) Travel Expenses

Travel expenses are normally reimbursable in accordance with travel rules and regulations of the local jurisdiction. For some programs, however, the Parameters and Guidelines may specify certain limitations on expenses, or that expenses can only be reimbursed in accordance with the State Board of Control travel standards. When claiming travel expenses, the claimant must explain the purpose of the trip, identify the name and address of the persons incurring the expense, the date and time of departure and return for the trip, description of each expense claimed, the cost of transportation, number of private auto miles traveled, and the cost of tolls and parking with receipts required for charges over \$10.00.

(k) Documentation

It is the responsibility of the claimant to make available to the SCO, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, contracts, canceled warrants, equipment usage records, land deeds, receipts, employee time sheets, agency travel guidelines, inventory records, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

8. Indirect Costs

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits

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3. The development of a ratio between the total indirect expenses and the total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the community college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning, Policy Making and Coordination, Fiscal Operations, Human Resources Management, Management Information Systems, Other General Institutional Support Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employees performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Development, Staff Diversity, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher indirect cost percentage if the college can support its allocation basis.

The indirect cost rate, derived by determining the ratio of total indirect expenses to total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES				FORM FAM-29C		
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration and Instructional Governance	6000					
Academic Administration	6010	2,941,386	105,348	2,836,038	0	2,836,038
Course and Curriculum Develop.	6020	21,595	0	21,595	0	21,595
Academic/Faculty Senate	6030					
Other Instructional Administration & Instructional Governance	6090					
Instructional Support Services	6100					
Learning Center	6110	22,737	863	21,874	0	21,874
Library	6120	518,220	2,591	515,629	0	515,629
Media	6130	522,530	115,710	406,820	0	406,820
Museums and Galleries	6140	0	0	0	0	0
Academic Information Systems and Tech.	6150					
Other Instructional Support Services	6190					
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300					
Student Counseling and Guidance	6310					
Matriculation and Student Assessment	6320					
Transfer Programs	6330					
Career Guidance	6340					
Other Student Counseling and Guidance	6390					
Other Student Services	6400					
Disabled Students Programs & Services	6420					
Subtotal		\$24,201,764	\$1,576,523	\$22,625,241	\$0	\$22,625,241

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES				FORM FAM-29C		
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Extended Opportunity Programs & Services	6430					
Health Services	6440	0	0	0	0	0
Student Personnel Admin.	6450	289,926	12,953	276,973	0	276,973
Financial Aid Administration	6460	391,459	20,724	370,735	0	370,735
Job Placement Services	6470	83,663	0	83,663	0	83,663
Veterans Services	6480	25,427	0	25,427	0	25,427
Miscellaneous Student Services	6490	0	0	0	0	0
Operation & Maintenance of Plant	6500					
Building Maintenance and Repairs	6510	1,079,260	44,039	1,035,221	72,465	962,756
Custodial Services	6530	1,227,668	33,677	1,193,991	83,579	1,110,412
Grounds Maintenance and Repairs	6550	596,257	70,807	525,450	36,782	488,668
Utilities	6570	1,236,305	0	1,236,305	86,541	1,149,764
Other	6590	3,454	3,454	0	0	0
Planning, Policy Making, and Coordination	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	6710	0	0	0	0	0
Fiscal Operations	6720	634,605	17,270	617,335	553,184	(a) 64,151
Human Resources Management	6730					
Noninstructional Staff Benefits & Incentives	6740					
Staff Development	6750					
Staff Diversity	6760					
Logistical Services	6770					
Management Information Systems	6780					
Subtotal		\$30,357,605	\$1,801,898	\$28,555,707	\$1,397,917	\$27,437,157

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C	
(01) Claimant				(02) Period of Claim			
(03) Expenditures by Activity				(04) Allowable Costs			
Activity	EDP	Total	Adjustments	Total	Indirect	Direct	
General Inst. Sup. Serv. (cont.)	6700						
Other General Institutional Support Services	6790						
Community Services and Economic Development	6800						
Community Recreation	6810	703,858	20,509	683,349	0	683,349	
Community Service Classes	6820	423,188	24,826	398,362	0	398,362	
Community Use of Facilities	6830	89,877	10,096	79,781	0	79,781	
Economic Development	6840						
Other Community Svcs. & Economic Development	6890						
Ancillary Services	6900						
Bookstores	6910	0	0	0	0	0	
Child Development Center	6920	89,051	1,206	87,845	0	87,845	
Farm Operations	6930	0	0	0	0	0	
Food Services	6940	0	0	0	0	0	
Parking	6950	420,274	6,857	413,417	0	413,417	
Student and Co-curricular Activities	6960	0	0	0	0	0	
Student Housing	6970	0	0	0	0	0	
Other	6990	0	0	0	0	0	
Auxiliary Operations	7000						
Contract Education	7010	1,124,557	12,401	1,112,156	0	1,112,156	
Other Auxiliary Operations	7090	0	0	0	0	0	
Physical Property Acquisitions	7100	814,318	814,318	0	0	0	
(05) Total		\$34,022,728	\$2,692,111	\$31,330,617	\$1,397,917	\$30,212,067	
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				4.63%			
(07) Notes							
(a) Mandated Cost activities designated as direct costs per claim instructions.							
(b) 7% of Operation and Maintenance of Plant costs are shown as indirect in accordance with claiming instructions.							

invoice, or statement, which includes an itemized list of costs for activities performed, must accompany the claim.

(h) Equipment Rental Costs

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the P's & G's for the particular mandate. Equipment rentals used solely for the mandate is reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. The claimant must explain the purpose and use for the equipment, the time period for which the equipment was rented and the total cost of the rental. If the equipment is used for purposes other than reimbursable activities, only the pro rata portion of the rental costs can be claimed.

(i) Capital Outlay

Capital outlays for land, buildings, equipment, furniture and fixtures may be claimed if the P's & G's specify them as allowable. If they are allowable, the parameters and guidelines for the program will specify a basis for the reimbursement. If the fixed asset or equipment is also used for purposes other than reimbursable activities for a specific mandate, only the pro rata portion of the purchase price used to implement the reimbursable activities can be claimed.

(j) Travel Expenses

Travel expenses are normally reimbursable in accordance with travel rules and regulations of the local jurisdiction. For some programs, however, the P's & G's may specify certain limitations on expenses, or that expenses can only be reimbursed in accordance with the State Board of Control travel standards. When claiming travel expenses, the claimant must explain the purpose of the trip, identify the name and address of the persons incurring the expense, the date and time of departure and return for the trip, description of each expense claimed, the cost of transportation, number of private auto miles traveled, and the cost of tolls and parking with receipts required for charges over \$10.00.

(k) Documentation

It is the responsibility of the claimant to make available to the SCO, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, contracts, canceled warrants, equipment usage records, land deeds, receipts, employee time sheets, agency travel guidelines, inventory records, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

8. Indirect Costs

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. To be allowable, a cost must be allocable to a particular cost objective. Indirect costs must be distributed to benefiting cost objectives on bases which produce an equitable result related to the benefits derived by the mandate.

A CCD may claim indirect costs using the Controller's methodology (FAM-29C) outlined in the following paragraphs. If specifically allowed by a mandated program's P's & G's, a district may alternately choose to claim indirect costs using either (1) a federally approved rate prepared in

accordance with Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*; or (2) a flat 7% rate.

The SCO developed FAM-29C to be consistent with OMB Circular A-21, cost accounting principles as they apply to mandated cost programs. The objective is to determine an equitable rate to allocate administrative support to personnel who performed the mandated cost activities. The FAM-29C methodology uses a direct cost base comprised of salary and benefit costs and operating expenses. Form FAM-29C provides a consistent indirect cost rate methodology for all CCD's mandated cost programs.

FAM-29C uses total expenditures that districts report in their *California Community Colleges Annual Financial and Budget Report (CCFS-311)*, Expenditures by Activity for the General Fund – Combined. The computation excludes Capital Outlay and Other Outgo in accordance with OMB Circular A-21. The indirect cost rate computation includes any depreciation or use allowance applicable to district buildings and equipment. Districts calculate depreciation or use allowance costs separately from the CCFS-311 report and should calculate them in accordance with OMB Circular A-21.

OMB Circular A-21, Section C.4, states that cost is allocable to a particular cost objective in accordance with the relative benefits received. Also, Section E.2.b. states that the overall objective of the cost allocation process is to distribute indirect costs to the institution's major functions in proportions reasonably consistent with their use of the institution's resources. In addition, Section E.2.c. notes that where certain items or categories of expense relate to less than all functions, such expenses should be set aside for selective allocation.

OMB Circular A-21, Section H, describes a simplified method for indirect cost rate calculations. However, Section H.1.b. states that the simplified method should not be used where it produces results that appear inequitable. As previously noted, FAM-29C strives to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by CCD. For example, library costs and department administration expenses, normally classified fully or partly as indirect costs in OMB Circular A-21, are instead classified as direct costs for FAM-29C. These costs do not benefit mandated cost activities. In summary, FAM-29C indirect costs include Operation and Maintenance of Plant; Planning, Policy Making, and Coordination; General Institutional Support Services (excluding Community Relations); and depreciation or use allowance. Community Relations includes fundraising costs, which are unallowable under OMB Circular A-21. If the district claims any costs from these indirect accounts as a direct mandate-related costs, the same costs should be reclassified as direct on FAM-29C.

Table 4 presents an example of the FAM-29C methodology.

Table 4: Indirect Cost Rate for Community Colleges

		MANDATED COST			FORM		
		INDIRECT COST RATE FOR COMMUNITY COLLEGE DISTRICTS			FAM 29-C		
(1) Claimant	(02) Period of Claim	EDP	Total Costs Per CCFs-311	Less: Capital Outlay and Other Outgo	FAM 29-C Adjusted Total	Indirect	Direct
Instructional Activities		599	\$ 51,792,408	\$ (230,904)	\$ 51,561,504		\$ 51,561,504
Instruct. Admin. & Instruct. Governance		6000	6,882,034	(216,518)	6,665,516		6,665,516
Instructional Support Services		6100	4,155,095	(9,348)	4,145,747		4,145,747
Admissions and Records		6200	2,104,543	(3,824)	2,100,719		2,100,719
Student Counseling and Guidance		6300	4,570,658	(1,605)	4,569,053		4,569,053
Other Student Services		6400	5,426,510	(41,046)	5,385,464		5,385,464
Operation and Maintenance of Plant		6500	8,528,585	(111,743)	8,416,842	8,416,842	
Planning, Policy Making, and Coordination		6600	5,015,333	(23,660)	4,991,673	4,991,673	
General Institutional Support Services		6700					
Community Relations		6710	885,089	(6,091)	878,998		878,998
Fiscal Operations		6720	1,891,424	(40,854)	1,850,570	1,850,570	
Human Resources Management		6730	1,378,288	(25,899)	1,352,389	1,352,389	
Non-instructional Staff Retirees' Benefits and Retirement Incentives		6740	1,011,060	-	1,011,060	1,011,060	
Staff Development		6750	108,655	(8,782)	99,873	99,873	
Staff Diversity		6760	30,125	-	30,125	30,125	
Logistical Services		6770	2,790,091	(244,746)	2,545,345	2,545,345	
Management Information Systems		6780	2,595,214	(496,861)	2,098,353	2,098,353	
Other General Institutional Support Services		6790	33,155	(4,435)	28,720	28,720	
Community Services and Economic Development		6800	340,014	-	340,014		340,014
Ancillary Services		6900	1,148,730	(296)	1,148,434		1,148,434
Auxiliary Operations		7000					
Depreciation or Use Allowance - Building						2,620,741	
Depreciation or Use Allowance - Equipment						1,706,396	
Totals			\$100,687,011	\$ (1,466,612)	\$ 99,220,399	\$26,752,087	\$ 76,795,449
Indirect Cost Rate (A)/(B)						(A)	(B)
							34.84%

FY 2004-05

Tab 6



DEPARTMENT OF HEALTH & HUMAN SERVICES

ATTENTION:
NEW ROOM #

Program Support Center
Financial Management Service
Division of Cost Allocation

DCA Western Field Office
50 United Nations Plaza, Room 347
San Francisco, CA 94102

FEB 11 1999


Raymond Chow
Accountant
San Mateo County Community College District
3401 CSM Drive
San Mateo, CA 94402

Dear Mr. Chow:

The original and one copy of an indirect cost Negotiation Agreement are enclosed. This Agreement reflects an understanding reached between your organization and a member of my staff concerning the rate(s) that may be used to support your claim for indirect costs on grants and contracts with the Federal Government. Please have the original signed by a duly authorized representative of your organization and return it to me, retaining the copy for your files. We will reproduce and distribute the Agreement to the appropriate awarding organizations of the Federal Government for their use.

An indirect cost proposal together with supporting information are required to substantiate your claim for indirect costs under grants and contracts awarded by the Federal Government. Thus, your next proposal based on your fiscal year ending 06/30/02, is due in our office by 12/31/02.

Sincerely,


David S. Low
Director

Enclosures

PLEASE SIGN AND RETURN THE ORIGINAL OF THE NEGOTIATION AGREEMENT

Phone: (415) 437-7820 - Fax: (415) 437-7823 - E-mail: dcafs@psc.gov

COLLEGES AND UNIVERSITIES RATE AGREEMENT

TN #:

DATE: February 4, 1999

INSTITUTION:
San Mateo County Community College District
3401 CSM Drive

FILING REF.: The preceding
Agreement was dated
February 21, 1996

San Mateo CA 94402

The rates approved in this agreement are for use on grants, contracts and other agreements with the Federal Government, subject to the conditions in Section III.

SECTION I: FACILITIES AND ADMINISTRATIVE COST RATES*

RATE TYPES: FIXED FINAL PROV. (PROVISIONAL) PRED. (PREDETERMINED)

TYPE	EFFECTIVE PERIOD		RATE(%)	LOCATIONS	APPLICABLE TO
	FROM	TO			
PRED.	07/01/99	06/30/03	30.0	All	All Programs
PROV.	07/01/03	06/30/04	30.0	All	All Programs

*BASE:

Direct salaries and wages including all fringe benefits.

INSTITUTION:

San Mateo County Community College District

AGREEMENT DATE: February 4, 1999

SECTION II: SPECIAL REMARKS

TREATMENT OF FRINGE BENEFITS:

This organization charges the actual cost of each fringe benefit direct to Federal projects. However, it uses a fringe benefit rate which is applied to salaries and wages in budgeting fringe benefit costs under project proposals. The fringe benefits listed below are treated as direct costs.

TREATMENT OF PAID ABSENCES:

Vacation, holiday, sick leave pay and other paid absences are included in salaries and wages and are claimed on grants, contracts and other agreements as part of the normal cost for salaries and wages. Separate claims for the costs of these paid absences are not made.

DEFINITION OF EQUIPMENT

Equipment is defined as tangible nonexpendable personal property having a useful life of more than one year and an acquisition costs of \$500 or more per unit.

The following fringe benefits are treated as direct costs:

FICA, RETIREMENT PLAN, UNEMPLOYMENT, WORKERS COMPENSATION, HEALTH/DENTAL/LIFE INSURANCE, AND SALARY INCOME PROTECTION.

INSTITUTION:
San Mateo County Community College District

AGREEMENT DATE: February 4, 1999

SECTION III: GENERAL

A. LIMITATIONS:

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its facilities and administrative cost pools as finally accepted: such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as facilities and administrative costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government. In such situations the rate(s) would be subject to renegotiation at the discretion of the Federal Government.

B. ACCOUNTING CHANGES:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from facilities and administrative to direct. Failure to obtain approval may result in cost disallowances.

C. FIXED RATES:

If a fixed rate is in this Agreement, it is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined, an adjustment will be made to a rate of a future year(s) to compensate for the difference between the costs used to establish the fixed rate and actual costs.

D. USE BY OTHER FEDERAL AGENCIES:

The rates in this Agreement were approved in accordance with the authority in Office of Management and Budget Circular A-21 Circular, and should be applied to grants, contracts and other agreements covered by this Circular, subject to any limitations in A above. The organization may provide copies of the Agreement to other Federal Agencies to give them early notification of the ment.

BY THE INSTITUTION:

San Mateo County Community College District

(INSTITUTION)

Joseph Newmyer
(SIGNATURE)

Joseph Newmyer
(NAME)

Acting Associate Chancellor
(TITLE)

3-2-99
(DATE)

BY THE COGNIZANT AGENCY

ON BEHALF OF THE FEDERAL GOVERNMENT:

DEPARTMENT OF HEALTH AND HUMAN SERVICES

(AGENCY)

David S. Low
(SIGNATURE)

David S. Low
(NAME)

DIRECTOR, DIVISION OF COST ALLOCATION
(TITLE)

February 4, 1999
(DATE) 0213

HHS REPRESENTATIVE: May J. Wong
Telephone: (415) 437-7820

Tab 7

San Mateo Community College District
 Sample Indirect Cost Worksheet
 To Illustrate Application of Indirect Cost Rate

	Total Expenditures	Total Indirect Cost	Total Direct Cost	Mandates Direct Cost	Non-Mandates Direct Cost
Sample Data Used in Indirect Cost Rate Calculation					
<u>Personnel Expenditures:</u>					
Salaries	\$ 1,300,000	\$ 300,000	\$ 1,000,000	\$ 552,729	\$ 447,271
Benefits	570,000	70,000	500,000	92,265	407,735
Subtotal - Salaries, Wages, & Benefits	<u>1,870,000</u>	<u>370,000</u>	<u>1,500,000</u>	<u>644,994</u>	<u>855,006</u>
<u>Other Expenditures:</u>					
Services and supplies	110,000	10,000	100,000	24,276	75,724
Other operating expenses	220,000	20,000	200,000	63,624	136,376
Capital outlays	150,000	50,000	100,000	13,491	86,509
Subtotal - Other Expenditures	<u>480,000</u>	<u>80,000</u>	<u>400,000</u>	<u>101,391</u>	<u>298,609</u>
Total Costs	<u>\$ 2,350,000</u>	<u>\$ 450,000</u>	<u>\$ 1,900,000</u>	<u>\$ 746,385</u>	<u>\$ 1,153,615</u>

Indirect Cost Applied

Applying indirect costs using a distribution base of salaries and benefits

Allowable indirect cost rate: 30% (\$450,000/\$1,500,000)

Mandates indirect costs applied (\$644,994 x 30%)	\$ 196,498
Non-Mandates indirect costs applied (\$855,006 x 30%)	253,502
Total indirect costs applied (\$1,500,000 x 30%)	<u>\$ 450,000</u>

Applying indirect costs using a distribution base of direct costs:

Allowable indirect cost rate: 23.68421% (\$450,000/\$1,900,000)

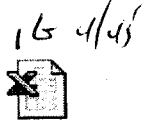
Mandates indirect costs applied (\$746,385 x 23.68421%)	\$ 176,775
Non-Mandates indirect costs applied (\$1,153,615 x 23.68421%)	273,225
Total indirect costs applied (\$1,900,000 x 23.68421%)	<u>\$ 450,000</u>

Tab 8

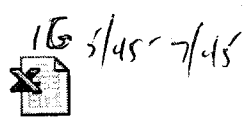
Venneman, Jim

From: Venneman, Jim
Sent: Friday, October 01, 2004 12:59 PM
To: 'Blackwood, Kathy'
Cc: Spano, Jim
Subject: RE: Health Fee Mandated Costs Audit

10/7



SMCCD HFE Insert
2.xls



SMCCD HFE
Salaries & Benefits...

Hi Kathy,

We recently completed our review of the materials that you sent to our offices on 8/31. Our position is unchanged from my last e-mail, which is that we will allow salaries, benefits, and related indirect costs for Arlene Wiltberger, Donald Nichols, Donna Elliott, and Gloria D'Ambra. This includes \$5,762 of salary expense for Donna Elliott that was charged to program code 543000 during FYs 99-00 and 00-01 that do not appear to have part of the district's original claim.

Your last communication stated that Dee Howard and Ernest Rodriguez were both full-time faculty. We understood that they were both Counselors at the Health Center, which now appears to be in error. We cannot allow costs for these two employees on the basis of job descriptions in the absence of time records supporting the hours worked performing mandate activities at the Health Center.

We are continuing our draft report process today. Attached is a revised Schedule 1 showing the current status of the audit findings. You will note that net audit adjustments have dropped by \$241,840.

I am also including detail schedules of allowable and unallowable salary and benefit costs for all three years.

It will take several more weeks before our draft report is issued. In the meantime, please let me know if you have any more information to submit in support of claimed costs.

Jim Venneman, CPA
Audit Manager
Division of Audits
State Controller's Office
(916) 322-9887 - Phone
(916) 828-4709 - Pager

-----Original Message-----

From: Blackwood, Kathy [mailto:blackwoodk@smccd.net]
Sent: Friday, August 13, 2004 8:25 AM
To: jvenneman@sco.ca.gov
Subject: RE: Health Fee Mandated Costs Audit

Jim-

Thanks for the info. I will be providing a response as soon as I can; however, school starts next week, so things are pretty hectic around here. I hope to get back to you in the following week.

Kathy

-----Original Message-----

From: jvenneman@sco.ca.gov [mailto:jvenneman@sco.ca.gov]
Sent: Thursday, August 12, 2004 11:07 AM

To: Blackwood, Kathy
Cc: jspano@sco.ca.gov
Subject: Health Fee Mandated Costs Audit

aud 16 - W/S No 16
Date 10/1/01 Page 2/45

Kathy,

We looked over the backup documentation that you provided to us based upon our last records request. We are satisfied that it adequately supports salaries claimed for Arlene Wiltberger, Donald Nichols, Donna Elliott, and Gloria D'Ambra.

For the most part, the salaries and benefits for these employees were charged 100% to the Health Services program (TOPS code 643000). The only exceptions to this were the following:

Gloria D'Ambra: FY 1999-00 - \$642.67 charged to code 649001 and \$1,310.67 charged to code 649003 and

Donna Elliott: FY 1999-00 - \$2,304.96 charged to code 543000 and for FY 2000-01 - \$3,457.44 charged to code 543000

Please explain what departments these codes refer to and how the costs are split between these codes in the absence of time records.

In addition, there are two employees who charged time to the mandate in FY 2001-02 for which we have no job titles. Specifically - Roger Hubbard and Rosemary O'Neil. Could you please provide this information?

I have also noted that there were several other employees listed as Counselors who did not record 100% of their salaries and benefits to TOPS code 643000. It seems to us that Counselors would work in the Health Center, for the most part. Specifically, I am referring to Ernest Rodriguez (FYs 1999-00 through 2000-02) and Dee Howard (FYs 1999-00 and 2000-01). Approximately 95% of Dee's payroll costs were charged to code 643000 and 5% to code 646000 for both years. I analyzed the payroll information for Ernest Rodriguez for FY 2001-02 only and noted that 68% of his payroll was charged to code 643000. The remainder was charged to codes 200100 and 493010. We are prepared to allow costs claimed for Counselors, but are curious how the salary and benefit costs for these employees are split between various departments in the absence of time records. I suspect that you probably have job description information for these two employees as well.

One last thing - my e-mail that started this process also addressed several Professors who charged time to the mandate. I assume that you were not able to locate any documentation supporting hours worked in the health services program for these folks.

You will be pleased to know that our finding for unallowable salaries

and benefits has, so far, decreased by \$364,949 (\$107,417 in FY 99-00, \$113,287 in FY 00-01, and 144,245 in FY 01-02) plus related indirect costs based on additional documentation that you have provided to our office.

W/S No 16
Date 10/1/04 Page 3/45

Thanks again for your help. This should be the last records request that I will need to make for this audit, based upon my review of the workpapers and the additional documents that you have provided to us. Let me know if you have any questions or need additional information.

Jim Venneman, CPA
Audit Manager
Division of Audits
State Controller's Office
(916) 322-9887 - Phone
(916) 828-4709 - Pager

[Insert 2]

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SCHEDULE 1
SUMMARY OF PROGRAM COSTS
JULY 1, 1999 through JUNE 30, 2002

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustments	Reference
<u>July 1, 1999 through June 30, 2000</u>				
Salaries	\$ 552,729	\$ 367,095	\$ (185,634)	Finding 1
Benefits	92,265	61,278	(30,987)	Finding 1
Services and supplies	24,276	24,276	-	
Other operating expenses	63,624	63,624	-	
Capital outlays	13,491	13,491	-	
Subtotals	746,385	529,764	(216,621)	
Indirect costs	223,916	128,513	(95,403)	Finding 1 & 3
Subtotals, health expenditures	970,301	658,277	(312,024)	
Less offsetting savings/reimbursements	(613,153)	(626,328)	(13,175)	Finding 4
Adjust for health fees exceeding health expenditures	-	-	-	Finding 5
Total costs	\$ 357,148	31,949	\$ (325,199)	
Less amount paid by the State		(357,148)		
Allowable costs claimed in excess of (less than) amount paid		\$ (325,199)		
<u>July 1, 2000 through June 30, 2001</u>				
Salaries	\$ 550,480	\$ 387,826	\$ (162,654)	Finding 1
Benefits	91,530	64,485	(27,045)	Finding 1
Services and supplies	37,335	37,335	-	
Other operating expenses	60,628	60,628	-	
Capital outlays	11,131	11,131	-	
Subtotals	751,104	561,405	(189,699)	
Indirect costs	225,331	135,693	(89,638)	Finding 1 & 3
Subtotals, health expenditures	976,435	697,098	(279,337)	
Less offsetting savings/reimbursements	(615,404)	(615,404)	-	
Total costs	\$ 361,031	81,694	\$ (279,337)	
Less amount paid by the State		(111,475)		
Allowable costs claimed in excess of (less than) amount paid		\$ (29,781)		
<u>July 1, 2001 through June 30, 2002</u>				
Salaries	\$ 601,571	\$ 428,365	\$ (173,206)	Finding 1
Benefits	106,283	75,682	(30,601)	Finding 1
Services and supplies	42,558	42,558	-	
Other operating expenses	100,573	59,198	(41,375)	Finding 2
Capital outlays	20,530	20,530	-	
Subtotals	871,515	626,333	(245,182)	
Indirect costs	261,454	151,214	(110,240)	Finding 1 & 3
Subtotals, health expenditures	1,132,969	777,547	(355,422)	
Less offsetting savings/reimbursements	(591,922)	(649,350)	(57,428)	Finding 4
Total costs	\$ 541,047	128,197	\$ (412,850)	
Less amount paid by the State		(94,223)		
Allowable costs claimed in excess of (less than) amount paid		\$ 33,974		
<u>Summary: July 1, 1999 through June 30, 2002</u>				
Salaries	\$ 1,704,780	\$ 1,183,286	\$ (521,494)	Finding 1
Benefits	290,078	201,445	(88,633)	Finding 1
Services and supplies	104,169	104,169	-	
Other operating expenses	224,825	183,450	(41,375)	Finding 2
Capital outlays	45,152	45,152	-	
Subtotals	2,369,004	1,717,502	(651,502)	
Indirect costs	710,701	415,420	(295,281)	Finding 1 & 3
Subtotals, health expenditures	3,079,705	2,132,922	(946,783)	
Less offsetting savings/reimbursements	(1,820,479)	(1,891,082)	(70,603)	Finding 4
Total costs	\$ 1,259,226	241,840	\$ (1,017,386)	
Less amount paid by the State		(562,846)		
Allowable costs claimed in excess of (less than) amount paid		\$ (321,006)		

1 See the Findings and Recommendations section.

IDENTICAL TO WLT 3E 3/5 & SP 1/2

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San Mateo Community College District
 Legislatively Mandated Health Fee Elimination Program
 Schedule of Allowable Salaries & Benefits
 Fiscal Year 1999-2000

Name	Position	Salaries Audited	Benefits Audited *	Allowable Salaries	Allowable Benefits *	Net Unallowable
Jennifer Martin	Instructional Aid I	2,843.18	474.60	2,722.49	454.46	140.83
Walter McVeigh	Instructional Aid I	1,724.40	287.85	1,724.40	287.85	0.00
Ernest Rodriguez	Full-time Faculty	68,161.55	11,377.96	0.00	0.00	79,539.51
Gloria Pena-Bench	Office Assistant	3,361.33	561.09	0.00	0.00	3,922.42
Arlene Wiltberger	Counselor	71,355.92	11,911.19	71,355.92	11,911.19	0.00
Dee Howard	Full-time Faculty	39,786.00	6,641.33	0.00	0.00	46,427.33
Gloria D'Ambra	Office Assistant	29,472.59	4,919.75	29,472.59	4,919.75	0.00
Angela Stocker	Professor	3,386.51	565.30	0.00	0.00	3,951.81
Lawrence Stringari	Professor	38,469.08	6,421.51	0.00	0.00	44,890.59
Sheila Claxton	Office Assistant	8,197.55	1,368.39	0.00	0.00	9,565.94
Donna Elliot	Office Assistant	8,892.55	1,484.40	8,892.55	1,484.40	0.00
Rosario Car-Casanova	Professor	34,870.00	5,820.72	0.00	0.00	40,690.72
Sharon Bartel	Nurse	49,592.80	8,278.35	49,592.80	8,278.35	0.00
Marianne Burrows	Nurse	8,835.07	1,474.81	8,835.07	1,474.81	0.00
Betsi Goff	Nurse	18,952.03	3,163.59	18,952.03	3,163.59	0.00
Kathleen Desmond	Nurse	9,662.38	1,612.91	9,662.38	1,612.91	0.00
Diann Garcia	Nurse	7,816.52	1,304.78	7,816.52	1,304.78	0.00
Janet Gersonde	Nurse	32,811.39	5,477.09	32,811.39	5,477.09	0.00
Tatiana Isaeff	Nurse	6,214.47	1,037.36	6,214.47	1,037.36	0.00
Edna James	Nurse	10,140.32	1,692.69	10,140.32	1,692.69	0.00
Shirley James	Nurse	7,399.18	1,235.12	7,399.18	1,235.12	0.00
Janet Lindsey	Nurse	512.12	85.49	512.12	85.49	0.00
Barbara Madick	Nurse	1,318.45	220.08	1,318.45	220.08	0.00
Lisa Marlowe	Nurse	9,181.50	1,532.63	9,181.50	1,532.63	0.00
Ruth McCracken	Nurse	5,474.44	913.83	5,474.44	913.83	0.00
Lesli Sachs	Nurse	65,156.64	10,876.36	65,156.64	10,876.36	0.00
Judith Ward	Nurse	585.71	97.77	585.71	97.77	0.00
Judith West	Nurse	19,273.96	3,217.33	19,273.96	3,217.33	0.00
		<u>563,447.64</u>	<u>94,054.28</u>	<u>367,094.93</u>	<u>61,277.84</u>	<u>229,129.15</u>
Understated Salaries & Benefits		(10,718.55)	(1,789.18)			(12,507.73)
Net Salaries and Benefits Claimed		<u>552,729.09</u>	<u>92,265.10</u>			
Net Allowable Salaries and Benefits				<u>367,094.93</u>	<u>61,277.84</u>	
Net Unallowable Salaries and Benefits						<u>216,621.42</u>

* - Based on audited benefit rate of 16.69264%

	Salaries	Benefits	Total
Total Claimed	552,729.09	92,265.10	644,994.19
Total Allowable	367,094.93	61,277.84	428,372.77
Total Unallowable	185,634.16	30,987.26	216,621.42

See 36-5 3/5

San Mateo Community College District
 Legislatively Mandated Health Fee Elimination Program
 Schedule of Allowable Salaries & Benefits
 Fiscal Year 2000-2001

Name	Position	Salaries Audited	Benefits Audited *	Allowable Salaries	Allowable Benefits *	Net Unallowable
Ernest Rodriguez	Full-time Faculty	71,569.18	11,899.94	0.00	0.00	83,469.12
Arlene Wiltberger	Counselor	60,640.39	10,082.79	60,640.39	10,082.79	0.00
Dee Howard	Full-time Faculty	43,184.67	7,180.40	0.00	0.00	50,365.07
Gloria D'Ambr	Office Assistant	33,045.47	5,494.53	33,045.47	5,494.53	0.00
Angela Stocker	Professor	3,555.86	591.24	0.00	0.00	4,147.10
Lawrence Stringari	Professor	35,025.57	5,823.77	0.00	0.00	40,849.34
Donna Elliot	Office Assistant	23,059.03	3,834.07	23,059.03	3,834.07	0.00
Barbara Mascher	Unknown	651.46	108.32	651.46	108.32	0.00
Kathleen Masket	Unknown	411.08	68.35	411.08	68.35	0.00
Rosario Car-Casanova	Professor	8,682.63	1,443.68	0.00	0.00	10,126.31
Jo Anne Taylor	Professor	786.68	130.80	786.68	130.80	0.00
Harold Berrero	Faculty	716.15	119.08	677.04	112.57	45.62
Sharon Bartel	Nurse	54,189.00	9,010.11	54,189.00	9,010.11	0.00
Marianne Burrows	Nurse	2,546.71	423.45	2,546.71	423.45	0.00
Betsi Goff	Nurse	10,762.29	1,789.47	10,762.29	1,789.47	0.00
Kathleen Desmond	Nurse	9,150.56	1,521.48	9,150.56	1,521.48	0.00
Diann Garcia	Nurse	7,824.90	1,301.06	7,824.90	1,301.06	0.00
Janet Gersonde	Nurse	37,075.99	6,164.70	37,075.99	6,164.70	0.00
Tatiana Isaëff	Nurse	7,592.06	1,262.35	7,592.06	1,262.35	0.00
Edna James	Nurse	11,392.69	1,894.28	11,392.69	1,894.28	0.00
Shirley James	Nurse	8,161.83	1,357.08	8,161.83	1,357.08	0.00
Janet Lindsey	Nurse	13,316.82	2,214.21	13,316.82	2,214.21	0.00
Barbara Madick	Nurse	1,722.65	286.43	1,722.65	286.43	0.00
Lisa Marlowe	Nurse	11,884.24	1,976.02	11,884.24	1,976.02	0.00
Ruth McCracken	Nurse	5,252.04	873.27	5,252.04	873.27	0.00
Lesli Sachs	Nurse	67,238.14	11,179.81	67,238.14	11,179.81	0.00
Judith West	Nurse	20,444.34	3,399.32	20,444.34	3,399.32	0.00
		<u>549,882.43</u>	<u>91,430.01</u>	<u>387,825.41</u>	<u>64,484.47</u>	<u>189,002.56</u>

Overstated Salaries	597.49	99.34		696.83
Net Salaries and Benefits Claimed	<u>550,479.92</u>	<u>91,529.35</u>		
Net Allowable Salaries and Benefits			<u>387,825.41</u>	<u>64,484.47</u>
Net Unallowable Salaries and Benefits				<u>189,699.39</u>

* - Based on audited benefit rate of 16.62719%

	Salaries	Benefits	Total
Total Claimed	550,479.92	91,529.35	642,009.27
Total Allowable	387,825.41	64,484.47	452,309.88
Total Unallowable	162,654.51	27,044.88	189,699.39

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San Mateo Community College District
 Legislatively Mandated Health Fee Elimination Program
 Schedule of Allowable Salaries & Benefits
 Fiscal Year 2001-2002

Name	Position	Salaries Audited	COLA Adjustment	Total Salaries	Benefits Audited *	Allowable Salaries	Allowable Benefits *	Net Unallowable
Ernest Rodriguez	Full-time faculty	57,255.36	4,007.88	61,263.24	10,823.76	0.00	0.00	72,087.00
Arlene Willberger	Counselor	60,827.68	3,783.42	64,611.10	11,415.24	64,611.10	11,415.24	0.00
Gloria D'Ambra	Office Assistant	36,217.82	2,422.41	38,640.23	6,826.81	38,640.23	6,826.81	(0.00)
Angela Stocker	Professor	3,555.90	236.47	3,792.37	670.02	0.00	0.00	4,462.39
Lawrence Stringari	Professor	42,030.60	2,819.55	44,850.15	7,923.95	0.00	0.00	52,774.10
Donna Elliot	Office Assistant	34,799.04	2,171.23	36,970.27	6,531.77	36,970.27	6,531.77	0.00
Roger Hubbard	Unknown	3,444.27	32.20	3,476.47	614.21	0.00	0.00	4,090.68
Donald Nichols	Medical Doctor	12,400.00	868.00	13,268.00	2,344.14	13,268.00	2,344.14	0.00
Rosemary O'Neil	Unknown	11,534.04	807.38	12,341.42	2,180.44	0.00	0.00	14,521.86
Jozsef Veres	Unknown	335.53	23.49	359.02	63.43	359.02	63.43	0.00
Dee Howard	Professor	43,184.70	3,022.93	46,207.63	8,163.79	0.00	0.00	54,371.42
Sharon Bartel	Nurse	56,300.00	3,743.95	60,043.95	10,608.34	60,043.95	10,608.34	0.00
Betsi Goff	Nurse	11,236.08	683.76	11,919.84	2,105.95	11,919.84	2,105.95	0.00
Diann Garcia	Nurse	5,637.60	312.42	5,950.02	1,051.23	5,950.02	1,051.23	0.00
Janet Gersonde	Nurse	36,370.41	2,035.51	38,405.92	6,785.41	38,405.92	6,785.41	0.00
Tatiana Isaef	Nurse	7,047.00	327.49	7,374.49	1,302.90	7,374.49	1,302.90	0.00
Edna James	Nurse	4,487.57	122.23	4,609.80	814.44	4,609.80	814.44	0.00
Shirley James	Nurse	7,943.04	487.61	8,430.65	1,489.50	8,430.65	1,489.50	0.00
Janet Lindsey	Nurse	17,436.87	1,190.30	18,627.17	3,290.98	18,627.17	3,290.98	0.00
Barbara Madick	Nurse	7,066.60	494.66	7,561.26	1,335.89	7,561.26	1,335.89	0.00
Lisa Martowe	Nurse	11,205.48	688.63	11,894.11	2,101.41	11,894.11	2,101.41	0.00
Ruth McCracken	Nurse	3,406.05	176.76	3,582.81	633.00	3,582.81	633.00	0.00
Lesli Sachs	Nurse	69,944.70	4,682.37	74,627.07	13,184.83	74,627.07	13,184.83	0.00
Judith West	Nurse	20,358.04	1,131.14	21,489.18	3,796.63	21,489.18	3,796.63	0.00
		564,024.38	36,271.79	600,296.17	106,058.07	428,364.89	75,681.90	202,307.45
Overstated Salaries		2,647.10	(1,372.56)	1,274.54	225.18			1,499.72
Net Salaries and Benefits Claimed		566,671.48	34,899.23	601,570.71	106,283.25			
Net Allowable Salaries and Benefits						428,364.89	75,681.90	
Net Unallowable Salaries and Benefits								203,807.17

* - Based on audited benefit rate of 17.66762%

	Salaries	Benefits	Total
Total Claimed	601,570.71	106,283.25	707,853.96
Total Allowable	428,364.89	75,681.90	504,046.79
Total Unallowable	173,205.82	30,601.35	203,807.17

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San Mateo Community College District
Health Fee Elimination Audit
Results of employee time review based on job descriptions---- (FOR AUDIT FILE)

1. Arlene Wiltberger – Counselor – charged 100% to the mandate for all three FYs

The district provided personnel forms and salary orders (changes) over the audit period showing that she was assigned to the Health Services area as a Counselor (Student Services Counseling/Psychological Services. 16 13-21/45

Appears OK. Allowable costs claimed increased by \$71,356 for FY 99/00, \$60,640 for FY 00/01, and \$60,828 for FY '01/02. (see 16 10-12/45) 36-3 3/31 ✓

2. Gloria D'Ambra – Office Assistant – charged to mandate 95.7% in FY 99/00, and 100% in FYs 00/01 and '01/02.

The district provided a job announcement dated 4/26/85 for a secretary with the Health Center at the College of San Mateo. Also provided was employee earnings reports showing that the missing 4.3% of time not charged to the mandate in FY 99/00 was } 16 27-28/45 overtime hours charged to a different grant. 16 26/45

Appears OK. Allowable costs increased by \$29,473 for FY 99/00, \$33,045 for FY 00/01, and \$36,218 for FY '01/02. (see 16 10-12/45) 36-3 3/31 ✓

3. Donna Elliott – Office Assistant – charged to mandate 74.1% in FY 99/00, 85.0% in FY 00/01, and 100% in FY '01/02.

The district provided a job announcement dated 2/15/00 for an Office Assistant II with the Health Center at Skyline College. The district also provided personnel forms showing that she was assigned 100% to Health Services. The posting of hours to program 543000 instead of 643000 was attributed to a typo on the personnel form. } 16 24-25/45

Appears OK. Allowable costs increased by \$1,800 for FY 99/00, \$18,829 for FY 00/01, and \$34,799 for FY '01/02. (see 16 10-12/45) 36-3 3/31 ✓

4. Donald Nichols – Position unknown – charged 100% to the mandate in FY '01/02.

The district provided an employee information form showing that he is serving as a Medical Doctor within the Health Services Center. 16 29-30/45

Appears OK. Allowable costs increased by \$12,400 for FY '01/02. **

* plus 2304.92 and 2457.44 additional allowable in FYs 99/00 & 00/01 (see 16 10/99 11/45)

** plus COLA adjustment of 7% (see 36-3 3/31)

5. Dee Howard – Full-time Faculty – charged to the mandate 94.0% in FY 99/00, 95.3% in FY 00/01, and 94.1% in FY '01/02.

The district provided an employee earnings report for FY '01/02 to support their contention that the hours not charged to the mandate were for work during the summer and or during the school year on "overload" assignments. The earnings reports in the workpapers showed that most of these hours were worked in program code 646000. However, this employee is not a Counselor, but full-time faculty. This job description does not imply that mandated functions were performed primarily in the Health Services area.

16 3/1/45

Does not appear OK because of job description.

6. Ernest Rodriguez – full time faculty – charged to the mandate 82.3% in FY 99/00, 73.7% in FY 00/01, and 68.3% in FY '01/02. This employee is not a Counselor, but full-time faculty. This job description does not imply that mandated functions were performed primarily in the Health Services area. The district provided an employee earnings report for FY '01/02 to support their contention that the hours not charged to the mandate were for work during the summer and or during the school year on "overload" assignments. The earnings reports in the workpapers showed that these hours were worked in program codes 200100, 210400, and 493010 and in significant amounts. Some hours reported under program code 643000 were recorded within fund codes 30066 and 32031 (not part of the mandate).

16 3/1/45

Does not appear OK because of job description and lack of time records to support hours worked within the various programs.

7. No explanation of job titles was provided for Roger Hubbard and Rosemary O'Neil (FY '01/02 only). Also not addressed was time recorded for professors whose time was recorded to the Health Center.

(see 16 33-45/45 for original correspondence to/from district)

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 Date 10/1/07 - Proc 10/45

San Mateo Community College District
 Legislatively Mandated Health Fee Elimination Program
 Analysis of Unallowable Salaries and Benefits
 FY 1999-2000

Employee	Job Title	Tested?	Total gross salary	Salary Claimed	% Claimed
Jennifer Martin	Instructional Aid I	y	12,097.32	2,843.18	23.50%
Walter McVeigh	Instructional Aid I	y	2,129.04	1,724.40	80.99%
Ernest Rodriguez	Full-time faculty	y	82,843.34	68,161.55	82.28%
Gloria Pena-Bench	Office Assistant	y	31,295.04	3,361.33	10.74%
Arlene Wiltberger	Counselor	y	71,355.92	<u>71,355.92</u>	100.00%
Dee Howard	Full-time faculty	y	42,335.85	39,786.00	93.98%
Gloria D'Ambra	Office Assistant	y	30,783.26	<u>29,472.59</u>	95.74%
Angela Stocker	Professor	y	86,467.32	3,386.51	3.92%
Lawrence Stringari	Professor	y	75,889.19	38,469.08	50.69%
Sheila Claxton	Office Assistant	y	30,014.23	8,197.55	27.31%
Donna Elliot	Office Assistant	y	8,892.55	<u>6,587.59</u>	74.08%
Rosario Car-Casanova	Professor	y	69,740.00	<u>34,870.00</u>	50.00%
Sharon Bartel	Nurse **	y	49,629.00	49,592.80	99.93%
Marianne Burrows	Nurse	n			
Betsi Goff	Nurse	y	18,952.03	18,952.03	100.00%
Kathleen Desmond	Nurse	n			
Diann Garcia	Nurse	n			
Janet Gersonde	Nurse	y	32,811.39	32,811.39	100.00%
Tatiana Isaeff	Nurse	n			
Edna James	Nurse	y	10,140.32	10,140.32	100.00%
Shirley James	Nurse	n			
Janet Lindsey	Nurse	n			
Barbara Madick	Nurse	n			
Lisa Marlowe	Nurse	n			
Ruth McCracken	Nurse	n			
Lesli Sachs	Nurse	n			
Judith Ward	Nurse	n			
Judith West	Nurse	n			

2,704.96

* - district provided additional supporting documentation - job descriptions/personnel records/payroll re
 ** - only some nurses selected to determine that close to 100% of salaries were being claimed for nurs

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San Mateo Community College District
 Legislatively Mandated Health Fee Elimination Program
 Analysis of Unallowable Salaries and Benefits
 FY 2000-2001

Employee	Job Title	Tested?	Total gross salary	Salary Claimed	% Claimed
Ernest Rodriguez	Full-time faculty	y	97,173.82	71,569.18	73.65%
Arlene Wiltberger	Counselor	y	60,640.39	60,640.39	100.00%
Dee Howard	Full-time faculty	y	45,315.65	43,184.67	95.30%
Gloria D'Ambra	Office Assistant	y	33,045.47	33,045.47	100.00%
Angela Stocker	Professor	y	90,578.56	3,555.86	3.93%
Lawrence Stringari	Professor	y	78,346.82	35,025.57	44.71%
Donna Elliot	Office Assistant	y	23,059.03	19,601.59	85.01%
Barbara Mascher	Unknown	n		n/a	
Kathleen Masket	Unknown	n		n/a	
Rosario Car-Casanova	Professor	y	18,502.10	8,682.63	46.93%
Jo Anne Taylor	Professor	n	4,655.26	786.68	16.90%
Harold Berrero	Faculty	y	2,887.88	716.15	24.80%
Sharon Bartel	Nurse	n			
Marianne Burrows	Nurse	n			
Betsi Goff	Nurse	y	10,762.29	10,762.29	100.00%
Kathleen Desmond	Nurse	n			
Diann Garcia	Nurse	y	8,749.69	7,824.90	89.43%
Janet Gersonde	Nurse	y	37,075.99	37,075.99	100.00%
Tatiana Isaeff	Nurse	n			
Edna James	Nurse	y	11,519.36	11,392.69	98.90%
Shirley James	Nurse	n			
Janet Lindsey	Nurse	n			
Barbara Madick	Nurse	n			
Lisa Marlowe	Nurse	n			
Ruth McCracken	Nurse	n			
Lesli Sachs	Nurse	n			
Judith West	Nurse	n			

3,437.44

aud. ^{9/21} 10/1/02 - W/S No 16
 Date 10/1/02 Page 12/45

San Mateo Community College District
 Legislatively Mandated Health Fee Elimination Program
 Analysis of Unallowable Salaries and Benefits
 FY 2001-2002

Employee	Job Title	Tested?	Total gross salary	Salary Claimed	% Claimed
Ernest Rodriguez	Counselor	y	83,824.34	57,255.36	68.30%
Arlene Wiltberger	Counselor	y	60,827.68	60,827.68	100.00%
Gloria D'Ambra	Office Assistant	y	36,217.82	36,217.82	100.00%
Angela Stocker	Professor	y	93,203.85	3,555.90	3.82%
Lawrence Stringari	Professor	y	77,336.64	42,030.60	54.35%
Donna Elliot	Office Assistant	y	34,799.04	34,799.04	100.00%
Jozsef Veres	Unknown	n	79,119.28	335.53	0.42%
Dee Howard	Professor	y	45,875.72	43,184.07	94.13%
Roger Hubbard	Position unknown	y	4,150.47	3,444.27	82.99%
Donald Nichols	Medical Doctor	y	12,400.00	12,400.00	100.00%
Rosemary O'Neil	Position unknown	y	18,308.00	11,534.04	63.00%
Sharon Bartel	Nurse	n			
Betsi Goff	Nurse	n			
Diann Garcia	Nurse	y	5,637.60	5,637.60	100.00%
Janet Gersonde	Nurse	n			
Tatiana Isaeff	Nurse	n			
Edna James	Nurse	n			
Shirley James	Nurse	y	7,943.04	7,943.04	100.00%
Janet Lindsey	Nurse	n			
Barbara Madick	Nurse	n			
Lisa Marlowe	Nurse	n			
Ruth McCracken	Nurse	n			
Lesli Sachs	Nurse	n			
Judith West	Nurse	n			

ACADEMIC/ADMINISTRATIVE SALARY ORDER

100% in all 3 F's

Name: Wiltberger, Arlene Soc. Sec. #: [REDACTED] Date: 7/18/2002

Position No: 4F0239 / 00 Title: Counselor

Depart/Div: Stu. Svcs. Counseling/Psych. Svcs. Unit: CSM

Acc't No:	Fund	Orgn	Account	Program	Pct:	Percent Funding:
	10004	4340	1255	643000		33.3%
	39030	4340	1255	643000		66.7%
					Pct:	100%

Schedule: 80 Grade 8 Step 26

Annual Salary: \$ 78,378.00

Actual Salary:

Salary Order Prepared for: Increase Assignment

Comments:

Increase in staff allocation to 100% from 80% due to an increase of responsibilities in psychological services.
Effective August 14, 2002. Board approved May 29, 2002.

Pay Information:

Month -Month Aug-May Factor: 10 Pays: 10 Appt % 100

Computation:

Authorized Signature:

Lynn Pontaca

Salary Order prepared by (initial) : tf

Distribution: Payroll, Employee, Operations, Bargaining Unit Rep (if applicable)

6-9-99 W/S No. 16 #1144

6-9-99 #99-6-1A

C. INCREASE IN STAFF ALLOCATION AND TEMPORARY REASSIGNMENT

College of San Mateo academic employee:

1. **Arlene Wiltberger**

Counselor


Office of the Vice-President

100%

Recommend temporary increase in staff allocation for one Counselor allocation, currently held by incumbent at 66.67% of full-time, effective 1999-2000 only (August 17, 1999 through May 30, 2000). Employee will return to 66.67% of full-time regular assignment after May 30, 2000 (reference recommended action in Board Report No. 1).

Position Title: **Counselor**

AFI 54



Authorized Signature, Personnel Services

Date: July 28, 1999

Banner completed:

Distribution: Payroll (2)/Personnel File/Employee/Operations/Bargaining Unit Rep (when appl.)

Reference item C-1 on Board Report No. 99-6-1A: employee to resign only from .33 increase in Counselor allocation, effective May 30, 2000, and will return to regular faculty allocation of 66.67% for the 2000-01 academic year.

and 10/1/99 W/S No 16
Date 10/1/99 Page 15/45

Position Title: Counselor

AFI-54.1

Paula Green
Authorized Signature, Personnel Services

Date: July 28, 1999

Banner completed:

Distribution: Payroll (2)/Personnel File/Employee/Operations/Bargaining Unit Rep (when appl.)

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
ACADEMIC/ADMINISTRATIVE SALARY ORDER

EMPLOYEE NAME: WILTBERGER, Arlene S.S. #: [REDACTED]

ACCOUNT NO: 39030-4340-1255-643000 - 66.7% POSITION #: 4F0239 00
10004-4340-1255-643000 - 33.3%

UNIT: College of San Mateo DEPT/DIV: Counseling Services

NEW EMPLOYEE LWOP/OTHER DEDUCTION REVISION

INCREASE/DECREASE IN ASSIGNMENT OTHER (SPECIFY)
Temporary increase in Staff Allocation

8/99

YEAR: 1999-00 GRADE: 8 STEP: 26 APPT %: 100% ANNUAL SALARY: \$65,821.00

PAY SCHEDULE: 10 AUG MAY

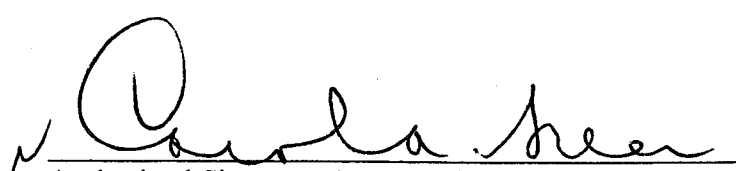
COMMENTS:

Employee's assigned to a temporary increase in staff allocation to 100% of full-time for the 1999/2000 Academic year only, Board approved June 9, 1999, Board Report No. 99-6-1A. Employee will return to 66.67% of full-time effective June 1, 2000, Board approved June 9, 1999, Board Report No. 1.

COMPUTATION:

Salary Schedule: 80 Grade 8 Step 26
Position Title: Counselor

AFI = 54.12


Authorized Signature, Personnel Services

Date: July 28, 1999

Banner completed:

Distribution: Payroll (2)/Personnel File/Employee/Operations/Bargaining Unit Rep (when appl.)

ACADEMIC / ADMINISTRATIVE PERSONNEL ACTION FORM

W/S No 16
Date 10/10/01 Page 17/45

PART I: This Section to be completed for all Personnel Actions:

SKYLINE CSM CAÑADA CHANC OFC

Today's Date: May 12, 2001

Wiltberger, Arlene
 Social Security Number 4F0239 / 00 Last Name, First Name, MI
Counselor Position Title 4340 Organization # Student Services, Counseling/Psych S
 Position/Suffix Organization Title
 Status: TEMPORARY CONTRACT I CONTRACT II CONTRACT III CONTRACT IV
 REGULAR ACADEMIC SUPERVISOR ADMINISTRATOR

PART II: Check below and complete the appropriate information pertaining to:

NEW EMPLOYMENT REASSIGNMENT RE-EMPLOYMENT TRANSFER
 INCREASE ASSIGNMENT DECREASE ASSIGNMENT

LABOR DISTRIBUTION CHANGE LEAVE REPLACEMENT (Replacing: _____)
Increase in assignment from 66.6667% to 80% of full time for 2000-2001
 OTHER CHANGE (Reason: academic year (August 16, 2000 through May 25, 2001) only. Employee will return to 66.6667% of full time after May 25, 2001.)

EFFECTIVE DATE: August 16, 2000 through May 25, 2001

Faculty (80) 8 26 80%
 Salary Schedule Grade/Range Step Percent of Full-Time

80%
 Fall Semester Spring Semester
 From: _____ Units From: _____ Units
 To: _____ Units To: _____ Units

Fund	Org	Acct	Prog	Pct	Grant/Funding Source (if applicable)	Grant Expir Date
10004	4340	1255	643000	33.3%	M. Stilo	
39030	4340	1255	643000	66.7%		
TOTAL 100% (Must Total 100%)						

PART III: Check below and complete the appropriate information pertaining to:

RESIGNATION RETIREMENT TERMINATION - DISMISSAL TERMINATION - LAYOFF

Last Working Day: _____ Last Paid Day: _____

PART IV: Check below and complete the appropriate information pertaining to Leaves (over 30 days requires Board Approval):

LONG-TERM ILLNESS (Work-Related?) PREGNANCY DISABILITY PERSONAL BUSINESS
 OTHER (Explain: _____)

PART V:

	Name (print)	Signature	Date
Immediate Supervisor	Imelda Hermosillo	<i>Imelda Hermosillo</i>	May 12, 2000
Org. Administrator	Imelda Hermosillo	<i>Imelda Hermosillo</i>	May 12, 2000
Vice-President	Patricia L. Griffin	<i>Patricia L. Griffin</i>	May 12, 2000
Operations Office	Nancy Morrissette	<i>Nancy Morrissette</i>	May 12, 2000
Chief Executive Officer	Shirley J. Kelly	<i>Shirley Kelly</i>	May 12, 2000

After obtaining approval signatures, forward the original of this form to the Chancellor's Office of Personnel Services. Please call Personnel Services at extension 6555 for information concerning deadline dates for Board Reports, Payroll processing, and other required follow-up procedures.

3/94

B:10 PAF93a-2.fm

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
Office of Human Resources

W/S No 16
10/1/01
18/43

ACADEMIC/ADMINISTRATIVE SALARY ORDER

EMPLOYEE NAME: WILTBERGER, Arlene S.S. #: [REDACTED]

ACCOUNT NO: 39030-4340-1255-643000 - 66.7% POSITION #: 4F0239 00
10004-4340-1255-643000 - 33.3%

UNIT: College of San Mateo DEPT/DIV: Counseling Services

NEW EMPLOYEE LWOP/OTHER DEDUCTION REVISION

INCREASE/DECREASE IN ASSIGNMENT OTHER (SPECIFY)
Temporary increase in Staff Allocation

YEAR: 2000-01 GRADE: 8 STEP: 26 APPT %: 100% ANNUAL SALARY: \$54,184.00

PAY SCHEDULE: 10 AUG MAY

COMMENTS:

Employee's assigned to a temporary increase in staff allocation to 80% of full-time for the 2000/2001 Academic year only, Board approved June 14, 2000, Board Report No. 99-6-1A. Employee will return to 66.67% of full-time for Academic year 2001-02.

SMCCCD
PAYROLL DEPT.
AUG 22 P 1:41

COMPUTATION:

Salary Schedule: 80 Grade 8 Step 26
Position Title: Counselor

80%

$24/30 \times \$67,730.00 = \$54,184.00$

R. Russell Taylor
Authorized Signature, Personnel Services

Date: August 22, 2000

Banner completed:

Distribution: Payroll (2)/Personnel File/Employee/Operations/Bargaining Unit Rep (when appl.)

8/22/00
PIR
C

already on PIR

San Mateo County Community College District

June 14, 2000

BOARD REPORT NO. 00-6-1A

TO: Members of the Board of Trustees
FROM: Earl P. Johnson, Chancellor-Superintendent
PREPARED BY: Carol Ann Green, Director of Human Resources, 574-6555

APPROVAL OF PERSONNEL ACTIONS

Changes in assignment, compensation, placement, leaves, staff allocations and classification of academic and classified personnel

A. INCREASES IN ASSIGNMENT

College of San Mateo employees:

1. Arlene Wiltberger Counselor 114 K Counseling

Recommend increase from .66 to .80 of full time for the 2000-01 academic year.
Employee will return to .66 of full time for 2001-02.

2001-02.

CD
2 P1:41
LL DEPT.

COMPUTATION:

Salary Schedule: 80 Grade 8 Step 26
Position Title: Counselor

80% 24/30 x \$67,730.00 == \$54,184.00

Richard Taylor
Authorized Signature, Personnel Services

Date: August 22, 2000

Banner completed:
Distribution: Payroll (2)/Personnel File/Employee/Operations/Bargaining Unit Rep (when appl.)

8/22/00
AIR
C

Handwritten notes at bottom left

ACADEMIC / ADMINISTRATIVE PERSONNEL ACTION FORM

PART I: This Section to be completed for all Personnel Actions:

Date 10/1/04 Page 30/45

SKYLINE CSM CAÑADA CHANC OFC Today's Date: February 26, 2002

Wiltberger, Arlene
 Social Security Number 4F0239 / 00 Last Name, First Name, MI Counselor
 Position/Suffix _____ Position Title _____ Organization # 4340 Organization Title Student Services Counseling/Psych Services
 Status: TEMPORARY CONTRACT I CONTRACT II CONTRACT III CONTRACT IV
 REGULAR ACADEMIC SUPERVISOR ADMINISTRATOR

PART II: Check below and complete the appropriate information pertaining to:

NEW EMPLOYMENT REASSIGNMENT RE-EMPLOYMENT TRANSFER

INCREASE ASSIGNMENT DECREASE ASSIGNMENT

LABOR DISTRIBUTION CHANGE LEAVE REPLACEMENT (Replacing: _____)

OTHER CHANGE (Reason): academic year (August 20, 2001 through May 24, 2002) only. Employee will return to 66.666% of full time after May 24, 2002.

EFFECTIVE DATE: August 20, 2001 through May 24, 2002

Faculty (80) 8 26 80%
 Salary Schedule Grade/Range Step Percent of Full-Time

Fall Semester Spring Semester
 From: _____ Units From: _____ Units
 To: _____ Units To: _____ Units

Fund	Orgn	Acct	Prog	Pct	Grant/Funding Source (if applicable)	Grant Expir Date
0004	4340	1255	643000	33.3%		
39030	4340	1255	643000	66.7%	<u>Mc 5/11/02</u>	
TOTAL 100 (Must Total 100%)						

PART III: Check below and complete the appropriate information pertaining to:

RESIGNATION RETIREMENT TERMINATION - DISMISSAL TERMINATION - LAYOFF

Last Working Day: _____ Last Paid Day: _____

PART IV: Check below and complete the appropriate information pertaining to Leaves (over 30 days requires Board Approval):

LONG-TERM ILLNESS (Work-Related?) PREGNANCY DISABILITY PERSONAL BUSINESS
 OTHER (Explain: _____)

PART V:

	Name (print)	Signature	Date
Immediate Supervisor	<u>Carlene Gibson</u>	<u>Carlene Gibson</u>	<u>February 26, 2002</u>
Org. Administrator	<u>Carlene Gibson</u>	<u>Carlene Gibson</u>	<u>February 26, 2002</u>
Vice-President	<u>Patricia L. Griffin</u>	<u>Patricia L. Griffin</u>	<u>February 26, 2002</u>
Operations Office	<u>Robert Loeffler</u>	<u>Robert Loeffler</u>	<u>February 26, 2002</u>
Chief Executive Officer	<u>Shirley J. Kelly</u>	<u>Shirley J. Kelly</u>	<u>February 26, 2002</u>

or obtaining approval signatures, forward the original of this form to the Chancellor's Office of Personnel Services. Please call Personnel Services extension 6555 for information concerning deadline dates for Board Reports, Payroll processing, and other required follow-up procedures.

2. Arlene Wiltberger, Counselor Office of Counseling, Advising and Matriculation

Recommend approval of temporary change in staff allocation to increase Counselor assignment from 66.666% to 80% for the 2001-02 academic year only. Notification received in the Office of Human Resources on March 11, 2002.

ALREADY PAID AT 80% ON THE PAYROLL!

Depart/Div: Counseling/Psych Services

Unit: CSM

Acc't No:	Fund	Orgn	Account	Program	Percent Funding:
	10004	4340	1255	643000	Pct: 33.3%
Acc't No:	39030	4340	1255	643000	66.7%
					Pct: 100%
Schedule:	80	Grade	8	Step	26
Annual Salary:	\$ 71,117.00				
Actual Salary:	\$ 56,893.60				

Salary Order Prepared for: Increase in Assignment

Comments: assignment
Increase in assignment from 66.666% to 80% of full time for 2001-02 academic year only. Employee will return to 66.666% of full time after May 24, 2002. The salary has been paid at 80% from the fall of 2001.

Pay Information:

Month -Month Aug-May Factor: 10 Pays: 10 Appt % 80

Computation:

Annual Salary:	Days worked	Days per year	X Base Sal	Total Due:
Faculty:	80%	175	\$ 71,117.00	\$ 56,893.60

Authorized Signature, CEMS:

Lynn Pontaca

Salary Order prepared by (initial) : tf

Distribution: Payroll, Employee, Operations, Bargaining Unit Rep (if applicable)

Sharon
The salary has been paid correctly. You don't need to do anything.

and _____ W/S No. 16
Date _____ 2/15/95 Elliott, Donna
FY 99/00 74.1 %
FY 00/01 85.0 %
FY 01/02 100 %

San Mateo County Community College District Employment Opportunity

OFFICE ASSISTANT II

(Announcement No. 9900.43-Extended)

CLOSING DATE: TUESDAY, FEBRUARY 15, 2000

SALARY: \$1152.48 – 1400.16 per month

ASSIGNMENT: 48% of full time, 11 months per year

DIVISION/DEPT.: Office of the Vice-President, Student Services, (Health Center)
Skyline College (San Bruno)

APPLICATION PROCEDURE: All completed application packets must be received in the Office of Personnel Services on or before the stated closing date. Completed application packets include the following:

- * A standard District application form
- * A resume which details all relevant training, education and experience
- * A cover letter which addresses applicant qualifications as they directly relate to the Requirements section below

EXAMPLES OF ESSENTIAL FUNCTIONS: under general supervision, provide general clerical support to the Health Center and related College activities; exchange information with students, staff and the general public regarding a variety of Health Center issues and College policies and procedures; answer the telephone; greet visitors; screen calls and refer staff, students and the public to various College offices; assess the needs of callers and determine if/when follow-up is necessary; call emergency medical and other personnel as required; initiate follow-up to telephone inquiries where appropriate; set-up and maintain a variety of financial and other files, both manual and online; retrieve, modify and enter online data; monitor invoices (identify discrepancies and follow-up where appropriate); maintain online and manual files of student, course and other information as assigned; compose and/or prepare correspondence, memoranda and other materials from rough draft, using word processing and spreadsheet software; process the mail on a daily basis; complete forms and surveys, and compile data for a variety of reports; maintain inventory of office supplies; and other clerical duties and support activities to assist staff as assigned.

REQUIREMENTS: successful general clerical experience of increasing responsibility that has included demonstrated skills in public contact with people of diverse cultures, language groups and abilities; demonstrated skills in oral and written communication; composing and preparing correspondence, memoranda and other printed materials from rough draft using word processing and/or spreadsheet software; retrieving, modifying and entering online data; demonstrated skills in setting-up and maintaining detailed and accurate online and manual records and files; or, an acceptable equivalent combination of education and experience.

NOTE: Work experience using Windows, Microsoft Word, Excel and Access is highly desirable
(See Reverse)

IMPORTANT INFORMATION FOR YOU, OUR APPLICANT:

GENERAL APPLICATION INFORMATION: please note the list of materials which are to be included in your completed application packet (see "Application Procedure" on the front of this announcement). Resumes may not be substituted for the completed, standard District application form.

FAX'd materials will be accepted by the Office of Personnel Services; however, you will be required to submit the originals of your application packet as soon as possible, preferably before the stated closing date of recruitment.

During the selection process, you may be contacted either by telephone or by mail. Please notify the Office of Personnel Services immediately, and in writing, of any changes to your current address or contact telephone numbers.

Please note: If you are selected as a finalist, the three individuals whose names you provide on the District application form as Business References will be asked to discuss details concerning your applicable previous training, job duties and applicable job responsibilities as they relate to the vacant position. Please provide only those persons as references who will be able to fully participate in such a discussion.

DISTRICT SELECTION PROCESS: application packets are received in the Office of Personnel Services until the stated closing date. Following the close of recruitment, application packets are forwarded to the hiring manager and Screening Committee for the start of the selection process. The basic selection procedure consists of a committee review of the application packets received, an interview for those candidates who most closely meet the stated qualifications (meeting the minimum requirements does not guarantee an interview), and a "final interview" for those candidates who are selected for the next step in the process. Candidates are often asked to demonstrate their job-related skills.

Applicants who have disabilities may request that special accommodations be made in order to complete the selection process. Accommodation request forms and a copy of the Americans with Disabilities Act applicant procedures are available in the Office of Personnel Services.

PAYROLL INFORMATION: District employees are paid on the last working day of each month. Academic employees are automatically enrolled into the State Teachers' Retirement System and make monthly contributions to that system. Classified (non-academic) employees are automatically enrolled in the Public Employees' Retirement System and into Social Security, and monthly employee contributions are made to both of these companion retirement systems. *Many District positions are also represented by collective bargaining units which require employees to pay monthly dues or equivalent employee contributions.*

APPLICATION MATERIALS: Copies of job announcements, standard District application forms and other materials may be obtained from, and must be returned directly to, the Office of Personnel Services as follows:

San Mateo County Community College District
Office of Personnel Services

3401 CSM Drive, San Mateo CA 94402

Telephone: (650) 574-6555

FAX: (650) 574-6574

Job Line at (650) 574-6111

WEB PAGE (copies of our job announcements and application materials are available ON THE WEB) at:

www.smccd.cc.ca.us/smccd/jobs/jobs.html

EMPLOYMENT POLICIES: A) The San Mateo County Community College District is an Equal Opportunity Employer that actively seeks applicants who represent the rich diversity of racial and language groups, cultures and abilities of its surrounding communities.; B) Smoking is strictly prohibited within a minimum of fifteen (15) feet from any doorway, indoor entrance or air vent. C) All new employees will be required to show proof of identification and authorization to work in the United States, pursuant to the 1986 Immigration Reform and Control Act.

(1/20/00-CG-extended)

CLASSIFIED PERSONNEL ACTION FORM

PART I: This Section to be completed for all Personnel Actions:

X SKYLINE CSM CAÑADA CHANC OFC

Today's Date: January 10, 2001

100 73

[Redacted] Elliott, Donna
Social Security Number 20 0182 00
Last Name, First Name, MI

Py 01/01/01
W/S No 16
Date 10/11/01 Page 27/43

Office Assistant II 2333 Admissions & Records
Position/Suffix Position Title Organization # Organization Title

PART II: Check below and complete the appropriate information pertaining to:

NEW EMPLOYMENT REASSIGNMENT X RE-EMPLOYMENT TRANSFER LABOR DISTRIBUTION
OTHER CHANGE (Reason:)

Classified Salary Schedule 18 Range 2 Step 100% Percent of Full-Time January 25, 2001 Effective Date

Table with columns: Name of Previous Incumbent (if applicable), Start Time, Lunch/Dinner, End Time, Total Hours, List Months NOT Worked if less than 12 months/year. Includes rows for Monday through Sunday.

Table with columns: Fund, Organ, Acct, Prog, Pot, Grant/Funding Source (if applicable), Grant Expir Date. Includes entry for Fund 39030, Organ 2333, Acct 2130, Prog 54300, Pot 100, Grant/Funding Source Health Services Fee, Grant Expir Date N/A.

PART III: Check below and complete the appropriate information pertaining to:

RESIGNATION RETIREMENT TERMINATION - DISMISSAL TERMINATION - LAYOFF
Last Working Day: Last Paid Day:

PART IV: Check below and complete the appropriate information pertaining to Leaves (over 30 days requires Board approval):

LONG-TERM ILLNESS (Work-Related?) PREGNANCY DISABILITY PERSONAL BUSINESS

DETAIL - Replaced Name: Position # / Title:
Absence Due To: #Days on Detail Assignment:
Detail Dates:
OTHER (Explain):

PART V: Table with columns: Name (print), Signature, Date. Includes entries for Immediate Supervisor Dennis Arreola, Org. Administrator Rosemary Ybarra Garcia, Operations Office Eloisa Briones, Chief Executive Officer Dr. Frances White.

Forward the original of this form to the Chancellor's Office of Personnel Services. Please call Personnel Services at extension 8555 for information concerning deadline dates for Board Reports, Payroll processing, and other required follow-up procedures.

Handwritten initials and date 3/7/01

CLASSIFIED PERSONNEL ACTION FORM

PART I: This Section to be completed for all Personnel Actions:

X SKYLINE CSM CAÑADA CHANC OFC

Today's Date: 3-5-2000

[Redacted]

Elliott, Donna

Social Security Number

Last Name, First Name, MI

Office Assistant II

2333

Admissions & Records

Position/Suffix

Position Title

Organization #

Organization Title

PART II: Check below and complete the appropriate information pertaining to:

X NEW EMPLOYMENT REASSIGNMENT RE-EMPLOYMENT TRANSFER LABOR DISTRIBUTION
OTHER CHANGE (Reason:)

Classified Salary Schedule 18 Range 1 Step 48 Percent of Full-Time March 23, 2000 Effective Date

Shiela Claxton

Name of Previous Incumbent (if applicable)

List Months NOT Worked if less than 12 months/year

Table with columns: Day, Start Time, Lunch/Dinner, End Time, Total Hours. Rows for Monday through Sunday.

Table with columns: Fund, Organ, Acct, Prog, Pct, Grant/Funding Source, Grant Expir Date. Row for 39030, 2333, 2130, 543000, 100, Health Services Fee, N/A.

PART III: Check below and complete the appropriate information pertaining to:

RESIGNATION RETIREMENT TERMINATION - DISMISSAL TERMINATION - LAYOFF
Last Working Day: Last Paid Day:

PART IV: Check below and complete the appropriate information pertaining to Leaves (over 30 days requires Board approval):

LONG-TERM ILLNESS (Work-Related?) PREGNANCY DISABILITY PERSONAL BUSINESS

DETAIL - Replaced Name: Position# /Title:
Absence Due To: #Days on Detail Assignment:
Detail Dates:
OTHER (Explain):

PART V:

Table with columns: Name (print), Signature, Date. Rows for Immediate Supervisor, Org. Administrator, Vice-President, Operations Office, Chief Executive Officer.

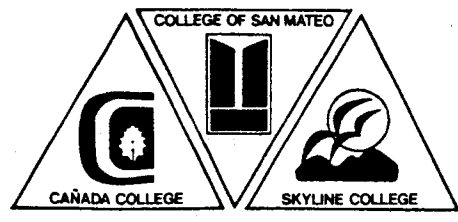
Forward the original of this form to the Chancellor's Office of Personnel Services. Please call Personnel Services at extension 6555 for information concerning deadline dates for Board Reports, Payroll processing, and other required follow-up procedures.

Fy 99/00 73.1
Fy 00/01 100.7
Fy 01/02 100.7

Gloria D'AMBR A

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT

and 10 9/15 No 16
Date 10/1/85 Page 26/4



EMPLOYMENT OPPORTUNITY

No. 8485.93 (Reissued)

April 26, 1985

SECRETARY

Salary Range 12: Start at Step 1, \$1157, advance to Step 6, \$1463 per month
(Regular assignment: 10.5 months per year)

THE POSITION

The Health Center at College of San Mateo has an opening for a Secretary. Secretaries typically perform duties such as the following: answer the telephone, greet visitors, and provide procedural information; log work requests; maintain office records; enter, modify, and retrieve data using a computer terminal; file; maintain running balances of expenditures; type work orders, time sheets, injury reports and correspondence from copy; order supplies; and perform a variety of related tasks as assigned.

REQUIREMENTS

Successful secretarial experience that has included record keeping and public contact; or, an acceptable equivalent combination of education and experience.

SELECTION PROCEDURE

The selection procedure will consist of a screening of applications and an interview for those applicants who most closely meet the stated qualifications. Among the topics which may be covered in the interview are the following: skills in record keeping, taking dictation and typing; skill in maintaining accurate financial records; and the ability to work and communicate effectively with individuals of diverse cultures and language groups. Finalists may be tested to verify secretarial skills.

FINAL DATE FOR FILING APPLICATIONS

Standard District application forms must be received in the SMCCCD Personnel Services Office, 3401 CSM Drive, San Mateo, California 94402, by 4:00 p.m., Friday, May 17, 1985. NO APPLICATIONS WILL BE ACCEPTED AFTER THIS DEADLINE!

For news about other SMCCCD employment opportunities
and to request application forms,
telephone (415) 574-6111 at any hour, day or night.

AN EQUAL OPPORTUNITY/ AFFIRMATIVE ACTION EMPLOYER

EMPLOYEE EARNINGS

CO COMMUNITY COLLEGE DIST

FOR THE PERIOD: 7/1/99 - 6/30/00
M01 0 ADD'L-FED
M01 0 ADDL RET:

BASE RET CD: 111 FED: M01 STATE: M01
RET START: 01-08-89 RET WITHDRAW:

PCT: HIRE: 07-01-83 ANNIV:

SSN: [REDACTED]

ACTUAL: R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000
OT X X N 1 N Y 319 B 03/31031/4339/2341/649001

UNITS RETIRE
185.52

TOT GRS
2783.50

ADJUST

GROSS
2783.50

PAY RATE
2783.50

COMP
1

STATE TAX

FED TAX

TSA/DFC

GROSS
2,989.10

DATE SEQ
12-17-99

PRC PRTYP
CLS 1

RETIRE
185.52

VOL DEDS NET P

RETIRE

SDI

MEDICARE

FICA

STATE TAX

FED TAX

TSA/DFC

GROSS
2,989.10

DATE SEQ
12-17-99

PRC PRTYP
CLS 1

RETIRE

NET P

M01 0 ADD'L-FED
M01 0 ADDL RET:

FED: M01 STATE: M01
RET START: 01-08-89 RET WITHDRAW:

PCT: HIRE: 07-01-83 ANNIV:

ACTUAL: R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000
RET 1 1 N 1 N Y 313 B 03/39030/4339/2130/643000
RET X X N 1 N Y 319 B 03/31031/4339/2341/649001

COMP
1

STATE TAX

FED TAX

TSA/DFC

GROSS
3,120.50

DATE SEQ
01-31-00

PRC PRTYP
CLS 1

RETIRE

UNITS RETIRE
324.28

TOT GRS
2783.50

ADJUST

GROSS
2783.50

PAY RATE
2783.50

COMP
1

STATE TAX

FED TAX

TSA/DFC

GROSS
3,120.50

DATE SEQ
01-31-00

PRC PRTYP
CLS 1

RETIRE

VOL DEDS NET P

RETIRE

SDI

MEDICARE

FICA

STATE TAX

FED TAX

TSA/DFC

GROSS
3,120.50

DATE SEQ
01-31-00

PRC PRTYP
CLS 1

RETIRE

NET P

M01 0 ADD'L-FED
M01 0 ADDL RET:

FED: M01 STATE: M01
RET START: 01-08-89 RET WITHDRAW:

PCT: HIRE: 07-01-83 ANNIV:

ACTUAL: R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000
RET 1 1 N 1 N Y 313 B 03/39030/4339/2130/643000
RET X X N 1 N Y 319 B 03/31031/4339/2341/649001

COMP
1

STATE TAX

FED TAX

TSA/DFC

GROSS
3,120.50

DATE SEQ
01-31-00

PRC PRTYP
CLS 1

RETIRE

UNITS RETIRE
2783.50

TOT GRS
2783.50

ADJUST

GROSS
2783.50

PAY RATE
2783.50

COMP
1

STATE TAX

FED TAX

TSA/DFC

GROSS
2,783.50

DATE SEQ
02-29-00

PRC PRTYP
CLS 1

RETIRE

VOL DEDS NET P

RETIRE

SDI

MEDICARE

FICA

STATE TAX

FED TAX

TSA/DFC

GROSS
2,783.50

DATE SEQ
02-29-00

PRC PRTYP
CLS 1

RETIRE

NET P

NC = 966.75

Net Date: 6/1/04 M/S No: 16 Page: 28/45

Skyline CSM Cañada Chanc Ofc

EMPLOYEE INFORMATION FORM

To be completed by regular, adjunct academic, short-term, and substitute employees only after District employment has been confirmed.)

SECTION I: NEW DISTRICT EMPLOYMENT (To Be Completed by Hiring Manager or Designee)

Title of Position: Medical Doctor
Division/Department: Health Center Administrator: John Stewart
Rate of Pay: \$ 100 per hour OR \$ _____ per day/month/year
Salary Schedule: _____ Grade/Range _____ and/or Step _____ Salary Rate %: _____
Start date of new District Employment: 10/1 2001
Scheduled work days per week: 1 Scheduled work hours per day: 4 week: _____

(Sections II, III, and IV To Be Completed By Employee)

SECTION II: PERSONAL INFORMATION

Name (please print) DONALD B NICHOLS
(Must be the same name that is printed on the Social Security card)

ocial Security # [redacted] the original of the Social Security card, or a receipt of application for a new or replacement card must be presented upon initial employment, pursuant to County and District payroll policy)

Gender: Female Male Birthdate: [redacted]

Address: [redacted]

City, State, Zip Code: [redacted]

Home Telephone: [redacted] Work Telephone: [redacted]

For Temporary Employees Only:

Estimated end date of temporary assignment: July 2003
(Short-term and Substitute classified employees are subject to employment time limits established by State law and District policy. Adjunct academic employees are subject to State law and District policy pertaining to full-time equivalent.)

For All Employees:
All persons who are employed by the District after November 6, 1986, are required to submit proof of identity and authorization to work in the United States within three (3) business days of initial employment.

(See Reverse)

MZ
11/01/01
U.W.

INTENT TO HIRE: CLASSIFIED SHORT-TERM or SUBSTITUTE EMPLOYEES

Skyline CSM Cañada Chanc Ofc

Name of Temporary Employee: Donald Nichols
(please print)

Title of Temporary Position: Medical Doctor

This temporary position is (check one) Full-time (37.5 hours per week)
 Part-time (Less than 37.5 hours per week)

This assignment will require approximately hours per day 4-6 hours per week

Do you intend to employ this temporary person for more than six months on a continuous basis?
 No Yes

(NOTE: Temporary employees who exceed the maximum paid time allowable for the Public Employees' Retirement System [1,000 hours or 125 days, whichever occurs first] will automatically become members of PERS and will have the required payroll deduction taken from their salary during the next pay month.)

Do you intend to employ this temporary person for 75% of the academic year? (The maximum allowed for temporary employees by Education Code section 88003.)

No Yes

ADMINISTRATOR SIGNATURE:

I understand that temporary District employment is "at will" employment and that it is subject to be discontinued at any time, subject to the needs of the division/department and/or at the discretion of administrative staff. I agree to abide the policies pertaining to the use of the "short-term" and "substitute" employee categories.

I also understand that the California Education Code and District procedures strictly prohibit the employment of temporary classified employees beyond 75% of an academic year (194 days), and that individual District units may impose maximums of shorter length in order to avoid the consequences of recordkeeping errors. In addition, I understand that classified temporary employees automatically become members of the Public Employees' Retirement System (and have the required payroll deduction) if their assignments reach either 1,000 hours or 125 days of work, whichever occurs first.

Print Name: Sharon Bartels Extension: 6396
(Hiring Manager or Designee)

Signature: Sharon Bartels Date: 10/9/01
(Hiring Manager or Designee)

Title: Health Services Coordinator

SSN: [REDACTED]

FOR THE PERIOD:

D'AMBRA, GLORIA M (C) ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED 7/1/89 - 6/30/90

CONTRACT: REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000 COMP 1 2702.330 2702.33 Chimed 2702.33

PRC PRTPY DATE SEQ W GROSS 2,702.33 FICA MEDICARE SDI RETIRE VOL DEDS NET P

CLS 1 08-31-99 2,702.33 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED 7/1/89 - 6/30/90

CONTRACT: REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000 COMP 1 2702.330 2702.33 Chimed 2702.33

PRC PRTPY DATE SEQ W GROSS 2,702.33 FICA MEDICARE SDI RETIRE VOL DEDS NET P

CLS 1 09-30-99 2,702.33 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED 7/1/89 - 6/30/90

CONTRACT: OT X X N 1 N Y 319 B 03/31031/4339/2341/649001 COMP 1 2702.330 2702.33 Chimed 2702.33

PRC PRTPY DATE SEQ W GROSS 2,926.88 FICA MEDICARE SDI RETIRE VOL DEDS NET P

CLS 1 10-29-99 2,926.88 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED 7/1/89 - 6/30/90

CONTRACT: OT X X N 1 N Y 319 B 03/31031/4339/2341/649001 COMP 4 24.950 199.60 not claimed 199.60

PRC PRTPY DATE SEQ W GROSS 2,901.93 FICA MEDICARE SDI RETIRE VOL DEDS NET P

CLS 1 11-30-99 2,901.93 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

16 27/45

CONTRACT: 64,777.000 ACTUAL: 43,184.670
 R C R F S U W HIRE: 01/10/83
 TYP C C A M D N PLN H ACCOUNT CODE
 WH E 01/10/83

PRC PR	DATE SEQ	GROSS	TSA/DFC	FED TAX	STATE TAX	FICA	MEDICARE	SDI	RETIRE	VOL DEDS	NET PAY	WITHHOLD	CHECK #
4	07-31-01	0.00											

CONTRACT: 64,777.000 ACTUAL: 43,184.670
 R C R F S U W HIRE: 01/10/83
 TYP C C A M D N PLN H ACCOUNT CODE
 WH E 01/10/83

PRC PR	DATE SEQ	GROSS	TSA/DFC	FED TAX	STATE TAX	FICA	MEDICARE	SDI	RETIRE	VOL DEDS	NET PAY	WITHHOLD	CHECK #
4	08-31-01	0.00											

CONTRACT: 64,777.000 ACTUAL: 43,184.670
 R C R F S U W HIRE: 01/10/83
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N 2 N Y 114 E 01/10004/4340/1251/643000
 VAR 1 3 N 2 N Y 149 A 01/10004/4340/1451/631000
 VAR 1 3 N 2 N Y 149 A 03/31002/4340/1451/646000
 DM X N 2 N Y 149 A 01/10004/4340/1451/631000

PRC PR	DATE SEQ	GROSS	TSA/DFC	FED TAX	STATE TAX	FICA	MEDICARE	SDI	RETIRE	VOL DEDS	NET PAY	WITHHOLD	CHECK #
1	09-28-01	6,353.81											

CONTRACT: 64,777.000 ACTUAL: 43,184.670
 R C R F S U W HIRE: 01/10/83
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N 2 N Y 114 E 01/10004/4340/1251/643000

PRC PR	DATE SEQ	GROSS	TSA/DFC	FED TAX	STATE TAX	FICA	MEDICARE	SDI	RETIRE	VOL DEDS	NET PAY	WITHHOLD	CHECK #
1	10-31-01	4,318.47											

CONTRACT: 64,777.000 ACTUAL: 43,184.670
 R C R F S U W HIRE: 01/10/83
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N 2 N Y 114 E 01/10004/4340/1251/643000

overload assignments } not claimed } 2035.24

RODRIGUEZ, EN (3) SSN: [REDACTED] 68390

REPORT DATE 06-25-03

FOR THE PERIOD: 07-30-01 THRU 06-30-02

CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: 0.00 ST: 0.00
UNION: AFI

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

PRC PRTPY DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET PAY WITHHOLD CHECK #
CRT 1 02-28-02 7533.60 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: 0.00 ST: 0.00
UNION: AFI

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000
COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE W-COMP RETRO
3 7533.600 7533.600 4520.16 4520.16
3 7533.600 3013.44 3013.44

PRC PRTPY DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET PAY WITHHOLD CHECK #
CRT 1 03-28-02 7,533.60 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: 0.00 ST: 0.00
UNION: AFI

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000
COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE W-COMP RETRO
3 7533.600 7533.600 4520.16 4520.16
3 7533.600 3013.44 3013.44

PRC PRTPY DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET PAY WITHHOLD CHECK #
CRT 1 04-30-02 7,533.60 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: 0.00 ST: 0.00
UNION: AFI

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000
COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE W-COMP RETRO
3 7533.600 7533.600 4520.16 4520.16
3 7533.600 3013.44 3013.44

PRC PRTPY DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET PAY WITHHOLD CHECK #
CRT 1 05-31-02 7,533.60 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: 75,336.000 ACTUAL: 75,336.000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X
HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: 0.00 ST: 0.00
UNION: AFI

R C R F S U W
TYP C C A M D N PLN H ACCOUNT CODE
REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000
COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE W-COMP RETRO
3 7533.600 7533.600 4520.16 4520.16
3 7533.600 3013.44 3013.44

And W/S No 16
Date 8/2/05

68390

7533.60

teaching assignment

Claimed

885

Venneman, Jim

From: Venneman, Jim
Sent: Wednesday, July 07, 2004 1:51 PM
To: 'chow@smccd.net'
Cc: 'keller@smccd.net'; Spano, Jim
Subject: Health Fee Elimination audit

Hi Raymond,

We are analyzing the findings contained in the draft report for the district's Health Fee Elimination audit. Before we issue the report, we decided to provide your district another opportunity to support salary and benefit costs that were deemed unallowable during the fieldwork phase of the audit. We believe there may be other documentation available that was not previously considered.

We noted several employees whose claimed hours were deemed unallowable that apparently work 100% within the district's health services program. Although the district did not provide timesheets to support claimed costs for these employees, official job descriptions might provide evidence that is compelling enough to deem the hours as allowable. Specifically, we are looking at the following employees:

- Arlene Wiltberger - Counselor - FYs 99-00, 00-01, and 01-02 ✓
- Gloria D'Ambra - Office Assistant - FYs 99-00, 00-01, and 01-02 ✓
- Donna Elliott - Office Assistant - FY 01-02 ✓
- Donald Nichols - Position Unknown - FY 01-02 ✓

NOT Addressed

Also, hours for several Professors were included in your claims (Rosario Car-Casanova, Angela Stocker, Lawrence Stringari, and Jo Anne Taylor) who apparently kept office hours at the health center. We learned from other college districts that Professors may have employment contracts with the district that contain information supporting the hours worked in the health services program (e.g. - stated regular office hours). Please let us know if you have any documentation like this to support their hours.

There are other employees (Instructional Aids, Counselors, Office Assistants) whose payroll records indicate time spent in various departments/programs in addition to the health services program. I was curious how the district determined the hours these employees worked for the health services department in the absence of timesheets.

NOT Addressed

That's it. Please let me know if you have any questions or need any additional information.

Jim Venneman, CPA
Audit Manager
Division of Audits
State Controller's Office
(916) 322-9887 - Phone
(916) 828-4709 - Pager

SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT

Office of the Executive Vice-Chancellor, 650 358 6869

July 21, 2004 ic/1

Jim Venneman, CPA
Audit Manager
Division of Audits
State Controller's Office
P.O. Box 942850
300 Capitol Mall, Ste. 518
Sacramento, CA 95814


Re: San Mateo Community College District, Health Fees Mandated Cost Audit

Dear Mr. Venneman:

Here is the backup you requested.

A couple of notes: the information for Arlene Wiltberger shows that she was the psychological services counselor and was charged 100% to the program of health services (TOPS code 643000). However, her salary and benefits were split between health services fees and our general fund. I can only assume that she wasn't charged to the fee account 100% because there wasn't sufficient funding. I am also providing information on Donald Nichols that shows he is a doctor hired to work in the health center. In addition, there are job descriptions for the two classified employees in the health center that clearly show their duties. I hope that this helps. I will also include this information in an email to you.

Sincerely,



Kathy Blackwood
Chief Financial Officer
San Mateo Community College District

c: Jim Keller, Executive Vice Chancellor, SMCCCD
Greg Wedner, Esq.

Aud 10/1/04 - W/S No 16
 Date 10/1/04 Page 35/45

Venneman, Jim

From: Venneman, Jim
Sent: Thursday, August 12, 2004 11:07 AM
To: 'Blackwood, Kathy'
Cc: Spano, Jim
Subject: Health Fee Mandated Costs Audit

Hi Kathy,

We looked over the backup documentation that you provided to us based upon our last records request. We are satisfied that it adequately supports salaries claimed for Arlene Wiltberger, Donald Nichols, Donna Elliott, and Gloria D'Ambra.

For the most part, the salaries and benefits for these employees were charged 100% to the Health Services program (TOPS code 643000). The only exceptions to this were the following:

① Gloria D'Ambra: FY 1999-00 - \$642.67 charged to code 649001 and \$1,310.67 charged to code 649003 and

② Donna Elliott: FY 1999-00 - \$2,304.96 charged to code 543000 and for
 FY 2000-01 - \$3,457.44 charged to code 543000

CALWORKS
> typo claimed

Please explain what departments these codes refer to and how the costs are split between these codes in the absence of time records.

In addition, there are two employees who charged time to the mandate in FY 2001-02 for which we have no job titles. Specifically - Roger Hubbard and Rosemary O'Neil. Could you please provide this information? - *NOT Addressed*

I have also noted that there were several other employees listed as Counselors who did not record 100% of their salaries and benefits to TOPS code 643000. It seems to us that Counselors would work in the Health Center, for the most part. Specifically, I am referring to Ernest Rodriguez (FYs 199-00 through 2000-02) and Dee Howard (FYs 1999-00 and 2000-01). Approximately 95% of Dee's payroll costs were charged to code 643000 and 5% to code 646000 for both years. I analyzed the payroll information for Ernest Rodriguez for FY 2001-02 only and noted that 68% of his payroll was charged to code 643000. The remainder was charged to codes 200100 and 493010. We are prepared to allow costs claimed for Counselors, but are curious how the salary and benefit costs for these employees are split between various departments in the absence of time records. I suspect that you probably have job description information for these two employees as well.

One last thing - my e-mail that started this process also addressed several Professors who charged time to the mandate. I assume that you were not able to locate any documentation supporting hours worked in the health services program for these folks. - *NOT Addressed*

You will be pleased to know that our finding for unallowable salaries and benefits has, so far, decreased by \$364,949 (\$107,417 in FY 99-00, \$113,287 in FY 00-01, and 144,245 in FY 01-02) plus related indirect costs based upon the additional documentation that you have provided to our office.

Thanks again for your help. This should be the last records request that I will need to make for this audit, based upon my review of the workpapers and the additional documents that you have provided to us. Let me know if you have any questions or need additional information.

Jim Venneman, CPA

Audit Manager
 Division of Audits
 State Controller's Office
 (916) 322-9887 - Phone

08/12/2004

868



W/S No 16
 Date 10/16/04 Page 3 of 4

Cañada College, Redwood City
 College of San Mateo, San Mateo
 Skyline College, San Bruno

**SAN MATEO COUNTY
 COMMUNITY COLLEGE DISTRICT**

Associate Chancellor

August 31, 2004

Jim Venneman, CPA
 Audit Manager
 Division of Audits
 State Controller's Office
 P.O. Box 942850
 300 Capitol Mall, Ste. 518
 Sacramento, CA 95814

Re: San Mateo Community College District, Health Fees Mandated Cost Audit

Dear Mr. Venneman:

Below is an explanation for the distribution and claiming of salaries & benefits for Gloria D'Ambra, Dee Howard, Ernest Rodriguez and Donna Elliott. I have also attached copies of some of the payroll and personnel data. You should already have the attachments, but I have circled the pertinent items. Please let me know if you have any further questions.

Both Dee Howard and Ernest Rodriguez are full-time faculty assigned to Health Services. Their regular pay was claimed as part of the mandated cost claim. In addition to their regular assignments, both of these faculty worked during the summer and/or during the school year in overload assignments. These assignments can be readily seen on the payroll registers provided by looking at the account code structure of the payments charged:

Dee Howard September 2001

				Claimed	Not Claimed
10004	4340	1251	643000	\$4318.47	
General Fund	CSM	Counselor Salary-Reg	Health Services		
10004	4340	1451	631000		\$997.18
General Fund	CSM	Counselor Salary-Overload	Counseling Services		
31002	4340	1451	646000		655.68
DSPS	CSM	Counselor Salary-Overload	Handicapped Student Services		
10004	4340	1451	631000		382.48
General Fund	CSM	Counselor Salary-Overload	Counseling Services		
		Total September 2001 pay		\$4318.47	\$2035.34

3401 CSM DRIVE, SAN MATEO, CALIFORNIA 94402-3699 ✦ V:(650) 358-6790 F:(650) 574-6574

Business Services ✦ Compensation & Employee Management System ✦ Facilities ✦ Purchasing ✦ Payroll

3

If you look at the payroll registers for all three years, the reason that varying percentages of pay was charged to the claim becomes apparent. For Ernest Rodriguez, in March, 2002, he took on a teaching assignment which is reflected in the account code 10003-3413-1110-201000 (General Fund-Cañada-Teaching Faculty-Psychology). This was not charged to the claim.

1 A similar analysis of Gloria D'Ambra shows that for 1999-2000, she had some overtime pay that was charged to 31031-4339-2341-649001 (CalWORKS-CSM-Classified Overtime-Student Personnel Services Programs & Services). That pay was not charged to the claim.

2 For Donna Elliott, the coding to program 543000 instead of 643000 appears to be the result of a poor quality typewriter ribbon. The attached assignment clearly shows health services fee, but, as you can see, the quality of the ribbon was poor and the program code appears to be 543000. This error was corrected on the personnel action form dated January 10, 2001. All of Donna Elliott's salary should have been charged to 643000 and should have been claimed on the mandated cost claim.

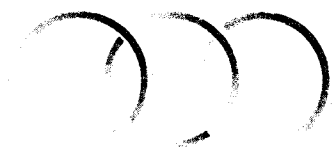
I hope this helps.

Sincerely,

Kathy Blackwood

Kathy Blackwood
Chief Financial Officer
San Mateo Community College District

Cc: Jim Keller
Greg Wedner



Aud 10/1/04 W/S No 16
 Date 10/1/04 Page 18/49

Cañada College, Redwood City
 College of San Mateo, San Mateo
 Skyline College, San Bruno

**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

Associate Chancellor

August 31, 2004 *ic/7*

Jim Venneman, CPA
 Audit Manager
 Division of Audits
 State Controller's Office
 P.O. Box 942850
 300 Capitol Mall, Ste. 518
 Sacramento, CA 95814

Re: San Mateo Community College District, Health Fees Mandated Cost Audit

Dear Mr. Venneman:

Below is an explanation for the distribution and claiming of salaries & benefits for Gloria D'Ambra, Dee Howard, Ernest Rodriguez and Donna Elliott. I have also attached copies of some of the payroll and personnel data. You should already have the attachments, but I have circled the pertinent items. Please let me know if you have any further questions.

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Dee Howard September 2001

				Claimed	Not Claimed
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General Fund	CSM	Counselor Salary-Reg	Health Services		
10004	4340	1451	631000		\$997.18
General Fund	CSM	Counselor Salary-Overload	Counseling Services		
31002	4340	1451	646000		655.68
DSPS	CSM	Counselor Salary-Overload	Handicapped Student Services		
10004	4340	1451	631000		382.48
General Fund	CSM	Counselor Salary-Overload	Counseling Services		
		Total September 2001 pay		\$4318.47	\$2035.34

If you look at the payroll registers for all three years, the reason that varying percentages of pay was charged to the claim becomes apparent. For Ernest Rodriguez, in March, 2002, he took on a teaching assignment which is reflected in the account code 10003-3413-1110-201000 (General Fund-Cañada-Teaching Faculty-Psychology). This was not charged to the claim.

A similar analysis of Gloria D'Ambra shows that for 1999-2000, she had some overtime pay that was charged to 31031-4339-2341-649001 (CalWORKS-CSM-Classified Overtime-Student Personnel Services Programs & Services). That pay was not charged to the claim.

For Donna Elliott, the coding to program 543000 instead of 643000 appears to be the result of a poor quality typewriter ribbon. The attached assignment clearly shows health services fee, but, as you can see, the quality of the ribbon was poor and the program code appears to be 543000. This error was corrected on the personnel action form dated January 10, 2001. All of Donna Elliott's salary should have been charged to 643000 and should have been claimed on the mandated cost claim.

I hope this helps.

Sincerely,

Kathy Blackwood
Kathy Blackwood
Chief Financial Officer
San Mateo Community College District

Cc: Jim Keller
Greg Wedner

CLASSIFIED PERSONNEL ACTION FORM

PART I: This Section to be completed for all Personnel Actions:

X SKYLINE CSM CAÑADA CHANC OFC

Today's Date: January 10, 2001

Employee: Elliott, Donna; Social Security Number: 20 0182 00; Position: Office Assistant II; Organization: Admissions & Records

PART II: Check below and complete the appropriate information pertaining to:

NEW EMPLOYMENT REASSIGNMENT X RE-EMPLOYMENT TRANSFER LABOR DISTRIBUTION OTHER CHANGE (Reason:)

Classified Salary Schedule: 18; Range: 2; Step: 100%; Effective Date: January 25, 2001

Table with columns: Name of Previous Incumbent (if applicable), Start Time, Lunch/Dinner, End Time, Total Hours, List Months NOT Worked if less than 12 months/year. Includes working hours for Monday through Sunday.

Table with columns: Fund, Organ, Acct, Prog, Pot, Grant/Funding Source (if applicable), Grant Expir Date. Includes entry for Fund 39030, Organ 2333, Acct 2130, Prog 54300, Pot 100, Grant Health Services Fee.

TOTAL Must Total 100%

PART III: Check below and complete the appropriate information pertaining to:

RESIGNATION RETIREMENT TERMINATION - DISMISSAL TERMINATION - LAYOFF Last Working Day: Last Paid Day:

PART IV: Check below and complete the appropriate information pertaining to Leaves (over 30 days requires Board approval):

LONG-TERM ILLNESS (Work-Related?) PREGNANCY DISABILITY PERSONAL BUSINESS

DETAIL - Replaced Name: Position# /Title: Absence Due To: #Days on Detail Assignment: Detail Dates: OTHER (Explain):

PART V: Name (print) Signature Date. Immediate Supervisor: Dennis Arreola (1-10-2001); Org. Administrator: Rosemary Ybarra Garcia (01/10/01); Operations Office: Eloisa Briones (1/11/01); Chief Executive Officer: Dr. Frances White (1-10-01)

Forward the original of this form to the Chancellor's Office of Personnel Services. Please call Personnel Services at extension 6555 for information concerning deadline dates for Board Reports, Payroll processing, and other required follow-up procedures.

Handwritten initials and date: B 3/17/01

CLASSIFIED PERSONNEL ACTION FORM

PART I: This Section to be completed for all Personnel Actions:

X SKYLINE CSM CAÑADA CHANC OFC

Today's Date: 3-5-2000

[Redacted] Social Security Number

Elliott, Donna Last Name, First Name, MI

74.08%

yd FY 99/00 10
W/S No
Date 1-1-00

Office Assistant II 2333 Admissions & Records
Position/Suffix Position Title Organization # Organization Title

PART II: Check below and complete the appropriate information pertaining to:

X NEW EMPLOYMENT REASSIGNMENT RE-EMPLOYMENT TRANSFER LABOR DISTRIBUTION
OTHER CHANGE (Reason):

Classified Salary Schedule 18 Range 1 Step 48 Percent of Full-Time March 23, 2000 Effective Date

Shiela Claxton

Name of Previous Incumbent (if applicable)

List Months NOT Worked if less than 12 months/year

Table with columns: Start Time, Lunch/Dinner, End Time, Total Hours. Rows for Monday through Sunday.

(List Working Hours if other than Monday thru Friday, 8:00 a.m. to 4:30 p.m.)

Table with columns: Fund, Organ, Acct, Prog, Pct, Grant/Funding Source, Grant Expir Date. Row: 39030, 2333, 2130, 543000, 100, Health Services Fee, N/A.

TOTAL Must Total 100%

PART III: Check below and complete the appropriate information pertaining to:

RESIGNATION RETIREMENT TERMINATION - DISMISSAL TERMINATION - LAYOFF
Last Working Day: Last Paid Day:

PART IV: Check below and complete the appropriate information pertaining to Leaves (over 30 days requires Board approval):

LONG-TERM ILLNESS (Work-Related?) PREGNANCY DISABILITY PERSONAL BUSINESS

DETAIL - Replaced Name: Position # / Title: Absence Due To: #Days on Detail Assignment: Detail Dates: OTHER (Explain):

PART V:

Name (print) Signature Date
Immediate Supervisor Dennis Arreola 3-8-2000
Org. Administrator
Vice-President Rosemary Ybarra Garcia 3-8-00
Operations Office Eloisa Briones 3-8-00
Chief Executive Officer Dr. Frances White 3-18-00

Forward the original of this form to the Chancellor's Office of Personnel Services. Please call Personnel Services at extension 8555 for information concerning deadline dates for Board Reports, Payroll processing, and other required follow-up procedures.

EMPLOYEE EARNINGS

SSN [REDACTED]
 HIRE: [REDACTED]
 PCT: [REDACTED]
 ANNIV: [REDACTED]
 COMP PAY RATE 2237.17
 GROSS 2237.17
 ADJUST 2237.17
 TOT GRS 2237.17
 UNITS [REDACTED]
 RETIRE [REDACTED]
 W-COMP [REDACTED]
 RETRO [REDACTED]

PRC PRTPY DATE SEQ W
 CRT 4 07-31-01
 GROSS 0.00
 FICA MEDICARE [REDACTED]
 SDI [REDACTED]
 RETIRE [REDACTED]
 VOL DEDS [REDACTED]
 NET PAY [REDACTED]
 WITHHOLD CHECK # [REDACTED]

CONTRACT: 64,777.000 ACTUAL: 43,184.670 DAYS: 175.20/30 PCT: 67.00
 HIRE: 07-12-83 ANNIV: [REDACTED]
 BASE RET CD: XXX
 RET WITHDRAW: [REDACTED]
 ADD'L-FED: 0.00 ST: 0.00
 ADDL RET: 0.00 UNION: [REDACTED]

PRC PRTPY DATE SEQ W
 CRT 4 08-31-01
 GROSS 0.00
 FICA MEDICARE [REDACTED]
 SDI [REDACTED]
 RETIRE [REDACTED]
 VOL DEDS [REDACTED]
 NET PAY [REDACTED]
 WITHHOLD CHECK # [REDACTED]

CONTRACT: 64,777.000 ACTUAL: 43,184.670 DAYS: 175.20/30 PCT: 67.00
 HIRE: 07-12-83 ANNIV: [REDACTED]
 BASE RET CD: XXX
 RET WITHDRAW: [REDACTED]
 ADD'L-FED: 422.00 ST: 117.00
 ADDL RET: 0.00 UNION: AF2

PRC PRTPY DATE SEQ W
 CRT 1 09-28-01
 GROSS 6,353.81
 FICA MEDICARE [REDACTED]
 SDI [REDACTED]
 RETIRE [REDACTED]
 VOL DEDS [REDACTED]
 NET PAY [REDACTED]
 WITHHOLD CHECK # [REDACTED]

CONTRACT: 64,777.000 ACTUAL: 43,184.670 DAYS: 175.20/30 PCT: 67.00
 HIRE: 07-12-83 ANNIV: [REDACTED]
 BASE RET CD: XXX
 RET WITHDRAW: [REDACTED]
 ADD'L-FED: 422.00 ST: 117.00
 ADDL RET: 0.00 UNION: AF2

PRC PRTPY DATE SEQ W
 CRT 1 10-31-01
 GROSS 4,318.47
 FICA MEDICARE [REDACTED]
 SDI [REDACTED]
 RETIRE [REDACTED]
 VOL DEDS [REDACTED]
 NET PAY [REDACTED]
 WITHHOLD CHECK # [REDACTED]

overload assignments
 not claimed

89
 51

SSN [REDACTED]

CONTRACT: 75,336,000 ACTUAL: 75,336,000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X FED: X07 STATE: X07 00 ADD'L-FED: 0.00 ST: 0.00
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: ADDL RET: 0.00 UNION: AFI

R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

PRC	PRTP	DATE	SEQ	GROSS	TSA/DFC	FED TAX	STATE TAX	FICA	MEDICARE	SDI	RETIRE	TOT GRS	UNITS	ADJUST	W-COMP	RETRO	WITHHOLD	CHECK #
CRT	1	02-28-02		7,533.60														

CONTRACT: 75,336,000 ACTUAL: 75,336,000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X FED: X07 STATE: X07 00 ADD'L-FED: 0.00 ST: 0.00
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: ADDL RET: 0.00 UNION: AFI

R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

PRC	PRTP	DATE	SEQ	GROSS	TSA/DFC	FED TAX	STATE TAX	FICA	MEDICARE	SDI	RETIRE	TOT GRS	UNITS	ADJUST	W-COMP	RETRO	WITHHOLD	CHECK #
CRT	1	03-28-02		7,533.60														

CONTRACT: 75,336,000 ACTUAL: 75,336,000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X FED: X07 STATE: X07 00 ADD'L-FED: 0.00 ST: 0.00
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: ADDL RET: 0.00 UNION: AFI

R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

PRC	PRTP	DATE	SEQ	GROSS	TSA/DFC	FED TAX	STATE TAX	FICA	MEDICARE	SDI	RETIRE	TOT GRS	UNITS	ADJUST	W-COMP	RETRO	WITHHOLD	CHECK #
CRT	1	04-30-02		7,533.60														

CONTRACT: 75,336,000 ACTUAL: 75,336,000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X FED: X07 STATE: X07 00 ADD'L-FED: 0.00 ST: 0.00
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: ADDL RET: 0.00 UNION: AFI

R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

REG 1 3 N X N Y 114 C 01/10003/3345/1255/643000

R C R F S U W
 TYP C C A M D N PLN H ACCOUNT CODE
 REG 1 3 N X N Y 114 C 01/10003/3413/1110/200100

PRC	PRTP	DATE	SEQ	GROSS	TSA/DFC	FED TAX	STATE TAX	FICA	MEDICARE	SDI	RETIRE	TOT GRS	UNITS	ADJUST	W-COMP	RETRO	WITHHOLD	CHECK #
CRT	1	05-31-02		7,533.60														

CONTRACT: 75,336,000 ACTUAL: 75,336,000 DAYS: 175 PCT: 100.00 BASE RET CD: 13X FED: X07 STATE: X07 00 ADD'L-FED: 0.00 ST: 0.00
 HIRE: 09-01-70 ANNIV: RET START: 01-08-89 RET WITHDRAW: ADDL RET: 0.00 UNION: AFI

W/S No 16
 Date 10/1/03 Page 43/49

EMPLOYEE EARNINGS

SAN MATEO COMMUNITY COLLEGE DISTRICT

REPO

SSN: [REDACTED]

FOR THE PERIOD:

CONTRACT: ACTUAL: DAYS: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RETIRE VOL DEDS NET P

R C R F S U W
TYP C C A M D N P L N H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000
COMP 1 2702.330 2702.33 ADJUST *Claimed* 2702.33 TOT GRG 2702.33 UNITS RETIRE [REDACTED]

PRC PR TYP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 08-31-99 2,702.33 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: ACTUAL: DAYS: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RETIRE VOL DEDS NET P

R C R F S U W
TYP C C A M D N P L N H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000
COMP 1 2702.330 2702.33 ADJUST *Claimed* 2702.33 TOT GRG 2702.33 UNITS RETIRE [REDACTED]

PRC PR TYP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 09-30-99 2,702.33 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: ACTUAL: DAYS: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RETIRE VOL DEDS NET P

R C R F S U W
TYP C C A M D N P L N H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000
COMP 1 2702.330 2702.33 ADJUST *Claimed* 2702.33 TOT GRG 2702.33 UNITS RETIRE [REDACTED]

OT X X N 1 N Y 319 B 03/31031/4339/2341/649001 *Overtime, different grant* 224.55 224.55 9.00

PRC PR TYP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 10-29-99 2,926.88 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

CONTRACT: ACTUAL: DAYS: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
RET START: 01-08-89 RET WITHDRAW: RETIRE VOL DEDS NET P

R C R F S U W
TYP C C A M D N P L N H ACCOUNT CODE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000
COMP 1 2702.330 2702.33 ADJUST 2702.33 TOT GRG 2702.33 UNITS RETIRE [REDACTED]

OT X X N 1 N Y 319 B 03/31031/4339/2341/649001 199.60 199.60 8.00

PRC PR TYP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 11-30-99 2,901.93 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Page 16
4/1/45

D'AMBRA, GLORIA M SSN: [REDACTED]

CONTRACT: ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
R C R F S U W DAYS: 4 25.700 205.60 not claimed 205.60 8.00
TYP C C A M D N PLN H ACCOUNT CODE COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000 1 2783.500 2783.50 2783.50
OT X X N 1 N Y 319 B 03/31031/4339/2341/649001 4 25.700 205.60 not claimed 205.60 8.00

PRC PRTP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 12-17-99 2,989.10 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
CONTRACT: ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
R C R F S U W DAYS: 4 25.700 324.28 } not claimed 324.28
TYP C C A M D N PLN H ACCOUNT CODE COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000 1 2783.500 2783.50 2783.50
RET 1 1 N 1 N Y 313 B 03/39030/4339/2130/643000 1 2783.500 324.28 } not claimed 324.28
RET X X N 1 N Y 319 B 03/31031/4339/2341/649001 4 25.700 12.72 12.72

8789

PRC PRTP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 01-31-00 3,120.50 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]
CONTRACT: ACTUAL: HIRE: 07-01-83 ANNIV: PCT: BASE RET CD: 111 FED: M01 STATE: M01 0 ADD'L-FED
R C R F S U W DAYS: 4 25.700 2783.50 2783.50
TYP C C A M D N PLN H ACCOUNT CODE COMP PAY RATE GROSS ADJUST TOT GRS UNITS RETIRE
REG 2 1 N 1 N Y 313 B 03/39030/4339/2130/643000 1 2783.500 2783.50 2783.50
PRC PRTP DATE SEQ GROSS TSA/DFC FED TAX STATE TAX FICA MEDICARE SDI RETIRE VOL DEDS NET P
CLS 1 02-29-00 2,783.50 [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED] [REDACTED]

Tab 9

MANDATED COSTS
HEALTH ELIMINATION FEE
HEALTH SERVICES

FORM HFE-2

(01) Claimant: San Bernardino Community College District - Crafton Hills College (02) Fiscal Year costs were incurred: 97/98

(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.

	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon		
Dermatology, family practice		
Internal Medicine		
Outside Physician	X	X
Dental Services		
Outside Labs, (X-ray, etc.)	X	X
Psychologist, full services		
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments	X	X
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports	X	X
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service	X	X
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Acquired Immune Deficiency Syndrome	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list cardiovascular, pulmonary	X	X
Examinations, minor illnesses		
Recheck Minor Injury	X	X
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X

FY 1997-98 880

**MANDATED COSTS
HEALTH ELIMINATION FEE
HEALTH SERVICES**

**FORM
HFE-2**

Ad 8/14/97

(01) Claimant: San Bernardino Community College District - Craton Hills College | (02) Fiscal Year costs were incurred: 97/98

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.

	(a) FY 1986/87	(b) FY of Claim
Child Abuse	X	X
Birth Control/Family Planning	X	X
Stop Smoking	X	X
Library, Videos and Cassettes	X	X
First Aid, Major Emergencies		
First Aid, Minor Emergencies	X	X
First Aid Kits, Filled	X	X
Immunizations		X
Diphtheria/Tetanus		X
Measles/Rubella	X	X
Influenza	X	X
Information		
Insurance		
On Campus Accident	X	X
Voluntary	X	X
Insurance Inquiry/Claim Administration		
Laboratory Tests Done	X	
Inquiry/Interpretation		X
Pap Smears		X
Physical Examinations		
Employees		
Students		
Athletes		
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, Etc	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X
Ear Drops	X	X
Toothache, oil cloves	X	X
Stingkill	X	X
Midol, Menstrual Cramps		X
Other, list		X
		X
Rx pharmaceuticals at cost		X
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry		
Elevator Passes		
Temporary Handicapped Parking Permits		

Revised 9/93

**MANDATED COSTS
HEALTH ELIMINATION FEE
HEALTH SERVICES**

**FORM
HFE-2**

08/18/97

(01) Claimant: San Bernardino Community College District - Craton Hills College (02) Fiscal Year costs were incurred: 97/98

(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.

	(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies		
Tests		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis		
Reading	X	X
Information	X	X
Vision		
Glucometer	X	X
Urinalysis	X	X
Hemoglobin		
EKG		
Strep A testing	X	X
PG Testing		
Monospot	X	X
Hemacult		
Others, list		
Miscellaneous		
Absence Excuses/PE Waiver	X	X
Allergy Injections	X	X
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change	X	X
Rest	X	X
Suture Removal	X	X
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form		
Wart Removal		
Others, list	X	X
Ear irrigation		
Suturing		
Committees		
Safety	X	X
Environmental	X	X
Disaster Planning	X	X
Crisis Intervention		

at
office

State of California

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant	Fiscal Year	
	(a) FY 1986/87	(b) FY of Claim
San Bernardino Community College District	2001-2002	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services		X
Outside Labs (X-ray, etc.)		
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments		
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports	X	X
Nutrition	X	X
Test Results, office	X	X
Veneral Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy		X
Gynecology/Pregnancy Service	X	X
Neurologic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list		
Examinations, minor illnesses	X	X
Recheck Minor Injury		
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse		

FY 2001-02

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

65
1/14

(01) Claimant

Fiscal Year

2001-2002

San Bernardino Community College District

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.

(a) FY 1996/97	(b) FY of Claim
----------------------	-----------------------

Birth Control/Family Planning
Stop Smoking
Library, Videos and Cassettes

X	X
X	X
X	X

First Aid, Major Emergencies
First Aid, Minor Emergencies
First Aid Kits, Filled

X	X
X	X
X	X

Immunizations
Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

	X
	X
X	X
X	X

Insurance
On-Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

X	X
X	X
X	X

Laboratory Tests Done
Inquiry/Interpretation
Pap Smears

X	X
	X

Physical Examinations
Employees
Students
Athletes

Medications
Antacids
Antidiarrheal
Aspirin, Tylenol, etc.,
Skin Rash Preparations
Eye Drops
Ear Drops
Toothache, oil cloves
Stingall
Midol, Menstrual Cramps
Other, list--> Ibuprofen

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Parking Cards/Elevator Keys
Tokens
Return Card/Key
Parking Inquiry
Elevator Passes
Temporary Handicapped Parking Permits

FY 2001-02

at
9/14/02

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant

Fiscal Year

2001-2002

San Bernardino Community College District

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health service was provided by student health service fees for the indicated fiscal year.

(a)
FY
1996/97

(b)
FY
of Claim

Referrals to Outside Agencies

- Private Medical Doctor
- Health Department
- Clinic
- Dental
- Counseling Centers
- Crisis Centers
- Transitional Living Facilities, battered/homeless women
- Family Planning Facilities
- Other Health Agencies

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Tests

- Blood Pressure
- Hearing
- Tuberculosis
- Reading
- Information
- Vision
- Glucometer
- Urinalysis
- Hemoglobin
- EKG
- Strep A Testing
- PG Testing
- Monospot
- Hemacult
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Miscellaneous

- Absence Excuses/PE Waiver
- Allergy Injections
- Bandaids
- Booklets/Pamphlets
- Dressing Change
- Rest
- Suture Removal
- Temperature
- Weigh
- Information
- Report/Form
- Wart Removal
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Committees

- Safety
- Environmental
- Disaster Planning
- Skin Patch Preparations
- Eye Drops

X	X
X	X
X	X
X	X
X	X

FY 2001-02

State of California

**MANDATED COSTS
 HEALTH FEE ELIMINATION
 COMPONENT/ACTIVITY COST DETAIL**

**FORM
 HFE-2.1**

03/14

(01) Claimant San Bernardino Community College District	Fiscal Year 2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1999/00	(b) FY of Claim
Accident Reports	X	X
Appointments	X	X
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine	X	X
Outside Physician	X	X
Dental Services		X
Outside Labs (X-ray, etc.)		X
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments		
Assessment, Intervention and Counseling	X	X
Birth Control		X
Lab Reports	X	X
Nutrition	X	X
Test Results, office	X	X
Veneral Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy		X
Gynecology/Pregnancy Service	X	X
Neurologic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	X
Substance Abuse Identification and Counseling	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list		
Examinations, minor illnesses	X	X
Recheck Minor Injury		
Health Talks or Fairs, Information	X	X
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse		

FY 2002-03

11.1
6/1/03

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant

Fiscal Year

San Bernardino Community College District

2002-2003

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health service was provided by student health service fees for the indicated fiscal year.

(a)
FY
1986/87

(b)
FY
of Claim

Birth Control/Family Planning
Stop Smoking
Library, Videos and Cassettes

X
X
X

X
X
X

First Aid, Major Emergencies
First Aid, Minor Emergencies
First Aid Kits, Filled

X
X
X

X
X
X

Immunizations
Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

X
X
X
X

X
X
X
X

Insurance
On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

X
X
X

X
X
X

Laboratory Tests Done
Inquiry/Interpretation
Pap Smears

X
X

X
X

Physical Examinations
Employees
Students
Athletes

Medications
Antacids
Antidiarrheal
Aspirin, Tylenol, etc.,
Skin Rash Preparations
Eye Drops
Ear Drops
Toothache, oil cloves
Stingkill
Midol, Menstrual Cramps
Other, list --> Ibuprofen

X
X
X
X
X
X
X
X
X
X

X
X
X
X
X
X
X
X

Parking Cards/Elevator Keys
Tokens
Return Card/Key
Parking Inquiry
Elevator Passes
Temporary Handicapped Parking Permits

FY 2002-03

CF 7/11

**MANDATED COSTS
HEALTH FEE ELIMINATION
COMPONENT/ACTIVITY COST DETAIL**

**FORM
HFE-2.1**

(01) Claimant

San Bernardino Community College District

Fiscal Year

2002-2003

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health service was provided by student health service fees for the indicated fiscal year.

(a) FY 1986/87	(b) FY of Claim
----------------------	-----------------------

Referrals to Outside Agencies

- Private Medical Doctor
- Health Department
- Clinic
- Dental
- Counseling Centers
- Crisis Centers
- Transitional Living Facilities, battered/homeless women
- Family Planning Facilities
- Other Health Agencies

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Tests

- Blood Pressure
- Hearing
- Tuberculosis
- Reading
- Information
- Vision
- Glucometer
- Urinalysis
- Hemoglobin
- EKG
- Strep A Testing
- PG Testing
- Monospot
- Hemscuit
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Miscellaneous

- Absence Excuses/PE Waiver
- Allergy injections
- Bandage
- Booklets/Pamphlets
- Dressing Change
- Rest
- Suture Removal
- Temperature
- Weigh
- Information
- Report/Form
- Wart Removal
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

Committees

- Safety
- Environmental
- Disaster Planning
- Skin Rash Preparations
- Eye Drops

X	X
X	X
X	X
X	X
X	X

FY 2002-03

Tab 10

Vaccines & Immunizations

Vaccines Home • Publications • Vaccine Timeline

Vaccine-Related Topics

- Immunization Schedules
- Recommendations and Guidelines
- Vaccines & Preventable Diseases
- Basics and Common Questions
- Vaccination Records
- Vaccine Safety and Adverse Events
- For Travelers
- For Specific Groups of People
- Campaign Materials

Additional Resources

- Publications
 - Vaccine Information Statements (VIS)
 - Textbooks, Manuals and Guidelines
 - Flyers and Brochures
 - Posters
 - Videos, Broadcasts, Webcasts, PSAs and Podcasts
 - Recommendations and Reports
 - More Sources of Publications
- News and Media Resources
 - Calendars and Events
 - Education and Training Programs and Tools
 - Statistics and Surveillance
 - Partners & Related Sites
 - About NCIIRD

Contact CDC

For immunization information, call the CDC-INFO Contact Center at:

English and Spanish
 (800) CDC-INFO
 (800) 232-4636
 TTY: (866) 232-6346

Contact info:
 Vaccines Questions
 Vaccines Webmaster

Publications:

Vaccines Timeline

50 Years of Vaccine Progress

On This Page:
 | 1950s-1960s | 1970s | 1980s | 1990s | 2000s
 | 50 Years of Vaccine Progress

Poster version of vaccines timeline [more vaccines](#)

See also: [History of Vaccines website](#)

Year	Event
1950s - 1960s	
1955	Inactivated polio vaccine licensed.
1959	World Health Assembly passes initial resolution calling for global smallpox eradication.
1961	Monovalent oral polio vaccine licensed.
1963	Trivalent oral polio vaccine licensed.
1964	The first measles vaccine licensed. Advisory Committee on Immunization Practices (ACIP), designed to provide CDC with recommendations on vaccine use, holds its first meeting.
1964-1965	20,000 cases of Congenital Rubella Syndrome occurred during the largest rubella epidemic in the United States.
1970s	
1971	Routine smallpox vaccination ceases in the United States.
1976	Measles, Mumps, Rubella vaccine licensed. Swine Flu: largest public vaccination program in the United States to date; halted by association with Guillain-Barré syndrome.
1977	Last indigenous case of smallpox (Somalia).
1979	Last case of polio, caused by wild virus, acquired in the United States.
1980s	
1980	Smallpox declared eradicated from the world.
1982	Hepatitis B vaccine becomes available.
1986	The National Childhood Vaccine Injury Act establishes a no-fault compensation system for those injured by vaccines and requires adverse health events following specific vaccinations be reported and those injured by vaccines be compensated.
1988	Worldwide Polio Eradication Initiative launched; supported by WHO, UNICEF, Rotary International, CDC and others.
1989-1991	Major resurgence of measles in the United States—55,000 cases compared with a low of 1,487 cases in 1983. Two-dose measles vaccine (MMR) is recommended.

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- Print-friendly version

- [Help](#)
- [Glossary / Acronyms](#)
- [Site Map](#)

Quick Links

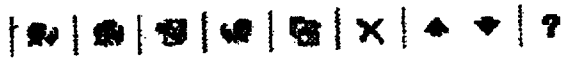
- [More Publications](#)

Related Pages

- [Poster of Vaccine Timeline](#)

Tab 11

At 8/15/04
Close



From: Akers, Elaine [SMTP:elaine@sbccd.cc.ca.us]
To: jchm@scc.ca.gov
Cc:
Subject: Health Services Provided by San Bernardino Valley College in 1986-1987
Sent: 7/7/04 10:42 AM

Importance: Normal

Hi Jenny,

I spoke with Patti Smith today on the phone. She was an hourly RN here at Valley College in 1986-1987. She later became the director here and is currently the director at Riverside Community College Health Services. Her phone is (909) 222-8150. She stated that services here in 1986-1987 included:

- RNs coverage from 0800-2200 daily
- Physician coverage several times a week through Loma Linda Preventative Medicine Program
- Clerical Coverage
- Services- First Aid, Emergency Care, BP screening, Vision and Hearing Screening, Immunizations (Tb skin tests, Tetanus/Diphtheria, Measles/Mumps/Rubella), Primary Care through the physician group as well as preventative and sick visits, and Class room presentations by the nurses.

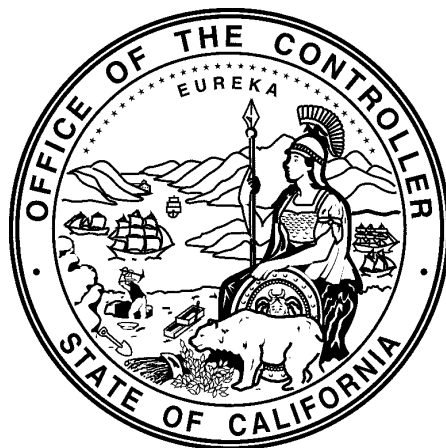
Patti said she would be glad to answer specific questions you might have if you would like to call her.

Hope this helps,

Elaine Akers
Health Services Coordinator

MANDATED COST MANUAL FOR COMMUNITY COLLEGES

STATE OF CALIFORNIA



STEVE WESTLY
STATE CONTROLLER

FOREWORD

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controller's Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, unless otherwise specified, these instructions should not be construed in any manner to be statutes, regulations, or standards.

If you have any questions concerning the enclosed material, write to the address below or call the Local Reimbursements Section at (916) 324-5729, or email to lrsdar@sco.ca.gov.

State Controller's Office
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Prepared by the State Controller's Office
Updated September 30, 2003

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2.	Appropriations for the 2003-04 Fiscal Year	2

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SECTION 3 State Mandated Cost Programs

Program Name	Chapter/Statute	Program Number
Absentee Ballots	Ch. 77/78	231
Collective Bargaining	Ch. 961/75	232
Health Benefits for Survivors of Peace Officers and Firefighters	Ch. 1120/96	233
Health Fee Elimination	Ch. 1/84	234
Investment Reports	Ch. 783/95	235
Law Enforcement College Jurisdiction Agreements	Ch. 284/98	212
Law Enforcement Sexual Harassment Training	Ch. 126/93	236
Mandate Reimbursement Process	Ch. 486/75	237
Open Meetings Act /Brown Act Reform	Ch. 641/86	238
Peace Officers Procedural Bill of Rights	Ch. 465/76	239
Photographic Record of Evidence	Ch. 875/85	240
Sex Offenders: Disclosure by Law Enforcement Officers	Ch. 908/96	241
Threats Against Peace Officers	Ch. 1249/92	242

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A. State of California Travel Expense Guidelines	1-3
B. Government Code Sections 17500 - 17616	1-17

REIMBURSABLE STATE MANDATED COST PROGRAMS

Claims for the following State mandated cost programs may be filed with the SCO. For your convenience, the programs are listed in alphabetical order by program name. An "X" indicates the fiscal year for which a claim may be filed.

2002-03 Reimburse- ment Claims	2003-04 Estimated Claims	Community College Districts	
x	x	Chapter 77/78	Absentee Ballots
x	x	Chapter 961/75	Collective Bargaining
x	x	Chapter 1120/96	Health Benefits for Survivors of Peace Officers & Firefighters
x	x	Chapter 1/84	Health Fee Elimination
x	x	Chapter 783/95	Investment Reports
x	x	Chapter 284/98	Law Enforcement College Jurisdiction Agreements
x	x	Chapter 126/93	Law Enforcement Sexual Harassment Training
x	x	Chapter 486/75	Mandate Reimbursement Process
x	x	Chapter 641/86	Open Meetings Act/Brown Act Reform
x	x	Chapter 465/76	Peace Officers Procedural Bill of Rights
x	x	Chapter 875/85	Photographic Record of Evidence
x	x	Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers
x	x	Chapter 1249/92	Threats Against Peace Officers

APPROPRIATIONS FOR THE 2003-04 FISCAL YEAR
Source of State Mandated Cost Appropriations

Schedule	Program	Amount Appropriated
Chapter 379/02, Item 6110-295-0001¹		
(1) Chapter 77/78	Absentee Ballots	\$ 0
(2) Chapter 961/75	Collective Bargaining	0
(3) Chapter 1120/96	Health Benefits for Survivors of Peace Officers and Firefighters	0
(4) Chapter 783/95	Investment Reports	0
(5) Chapter 284/98	Law Enforcement College Jurisdiction Agreements	0
(6) Chapter 126/93	Law Enforcement Sexual Harassment Training	0
(7) Chapter 486/75	Mandate Reimbursement Process	0
(8) Chapter 641/86	Open Meetings Act/Brown Act Reform	0
(9) Chapter 465/76	Peace Officers Procedural Bill of Rights	0
(10) Chapter 875/85	Photographic Record of Evidence	0
(11) Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers	0
(12) Chapter 1249/92	Threats Against Peace Officers	0
Total Appropriations, Item 6110-295-001		\$ 0
Chapter 379/02, Item 6870-295-0001		
(13) Chapter 1/84	Health Fee Elimination	1,000
TOTAL - Funding for the 2003-04 Fiscal Year		\$1,000

¹ Pursuant to provision 5, "The Controller shall not make any payment from this item to reimburse community college districts for claimed costs of state-mandated education programs. Reimbursements to community college districts for education mandates shall be paid from the appropriate item within the community colleges budget."

FILING A CLAIM

1. Introduction

The law in the State of California, (Government Code Sections 17500 through 17616), provides for the reimbursement of costs incurred by school districts for costs mandated by the State. Costs mandated by the State means any increased costs which a school district is required to incur after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service of an existing program.

Estimated claims that show costs to be incurred in the current fiscal year and reimbursement claims that detail the costs actually incurred for the prior fiscal year may be filed with the State Controller's Office (SCO). Claims for on-going programs are filed annually by January 15. Claims for new programs are filed within 120 days from the date claiming instructions are issued for the program. A 10 percent penalty, (up to \$1,000 for continuing claims, no limit for initial claims), is assessed for late claims. The SCO may audit the records of any school district to verify the actual amount of mandated costs and may reduce any claim that is excessive or unreasonable.

When a program has been reimbursed for three or more years, the COSM may approve the program for inclusion in the State Mandates Apportionment System (SMAS). For programs included in SMAS, the SCO determines the amount of each claimant's entitlement based on an average of three consecutive fiscal years of actual costs adjusted by any changes in the Implicit Price Deflator (IPD). Claimants with an established entitlement receive an annual apportionment adjusted by any changes in the IPD and, under certain circumstances, by any changes in workload. Claimants with an established entitlement do not file further claims for the program.

The SCO is authorized to make payments for costs of mandated programs from amounts appropriated by the State Budget Act, by the State Mandates Claims Fund, or by specific legislation. In the event the appropriation is insufficient to pay claims in full, claimants will receive prorated payments in proportion to the dollar amount of approved claims for the program. Balances of prorated payments will be made when supplementary funds are made available.

The instructions contained in this manual are intended to provide general guidance for filing a mandated cost claim. Since each mandate is administered separately, it is important to refer to the specific program for information relating to established policies on eligible reimbursable costs.

2. Types of Claims

There are three types of claims: Reimbursement, Estimated, and Entitlement. A claimant may file a reimbursement claim for actual mandated costs incurred in the prior fiscal year or may file an estimated claim for mandated costs to be incurred during the current fiscal year. An entitlement claim may be filed for the purpose of establishing a base year entitlement amount for mandated programs included in SMAS. A claimant who has established a base year entitlement for a program would receive an automatic annual payment which is reflective of the current costs for the program.

All claims received by the SCO will be reviewed to verify actual costs. An adjustment of the claim will be made if the amount claimed is determined to be excessive, improper, or unreasonable. The claim must be filed with sufficient documentation to support the costs claimed. The types of documentation required to substantiate a claim are identified in the instructions for the program. The certification of claim, form FAM-27, must be signed and dated by the entity's authorized officer in order for the SCO to make payment on the claim.

A. Reimbursement Claim

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a local agency for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim. The claim must include supporting documentation to substantiate the costs claimed.

Initial reimbursement claims are first-time claims for reimbursement of costs for one or more prior fiscal years of a program that was previously unfunded. Claims are due 120 days from the date of issuance of the claiming instructions for the program by the SCO. The first statute that appropriates funds for the mandated program will specify the fiscal years for which costs are eligible for reimbursement.

Annual reimbursement claims must be filed by January 15 following the fiscal year in which costs were incurred for the program. A reimbursement claim must detail the costs actually incurred in the prior fiscal year.

An actual claim for the 2002-03 fiscal year may be filed by January 15, 2004, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. However, initial reimbursement claims will be reduced by a late penalty of 10% with no limitation. In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. Claims filed more than one year after the deadline or without the requested supporting documentation will not be accepted.

B. Estimated Claim

An estimated claim is defined in GC Section 17522 as any claim filed with the SCO, during the fiscal year in which the mandated costs are to be incurred by the local agency, against an appropriation made to the SCO for the purpose of paying those costs.

An estimated claim may be filed in conjunction with an initial reimbursement claim, annual reimbursement claim, or at other times for estimated costs to be incurred during the current fiscal year. Annual estimated claims are due January 15 of the fiscal year in which the costs are to be incurred. Initial estimated claims are due on the date specified in the claiming instructions. Timely filed estimated claims are paid before those filed after the deadline.

After receiving payment for an estimated claim, the claimant must file a reimbursement claim by January 15 following the fiscal year in which costs were incurred. If the claimant fails to file a reimbursement claim, monies received for the estimated claims must be returned to the State.

C. Entitlement Claim

An entitlement claim is defined in GC Section 17522 as any claim filed by a local agency with the SCO for the sole purpose of establishing or adjusting a base year entitlement for a mandated program that has been included in SMAS. An entitlement claim should not contain nonrecurring or initial start-up costs. There is no statutory deadline for the filing of entitlement claims. However, entitlement claims and supporting documents should be filed by January 15 to permit an orderly processing of claims. When the claims are approved and a base year entitlement amount is determined, the claimant will receive an apportionment reflective of the program's current year costs. School mandates included in SMAS are listed in Section 2, number 6.

Once a mandate has been included in SMAS and the claimant has established a base year entitlement, the claimant will receive automatic payments from the SCO for the mandate. The automatic apportionment is determined by adjusting the claimant's base year entitlement for changes in the implicit price deflator of costs of goods and services to governmental agencies, as determined by the State Department of Finance. For programs approved by the COSM for inclusion in SMAS on or after January 1, 1988, the payment for each year succeeding the three year base period is adjusted according to any changes by both the deflator and average daily attendance. Annual apportionments for programs included in the system are paid on or before November 30 of each year.

A base year entitlement is determined by computing an average of the claimant's costs for any three consecutive years after the program has been approved for the SMAS process. The amount is first adjusted according to any changes in the deflator. The deflator is applied separately to each year's costs for the three years, which comprise the base year. The SCO will perform this computation for each claimant who has filed claims for three consecutive years. If a claimant has incurred costs for three consecutive years but has not filed a claim in each of those years, the claimant may file an entitlement claim, form FAM-43, to establish a base year entitlement. An entitlement claim does not result in the claimant being reimbursed for the costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.

3. Minimum Claim Amount

For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564. The county shall determine if the submission of a combined claim is economically feasible and shall be responsible for disbursing the funds to each special district. Combined claims may be filed only when the county is the fiscal agent for the special districts. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a special district, provides to the county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

GC Section 17564(a) provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (\$1,000), provided that a county superintendent of schools may submit a combined claim on behalf of school districts within their county if the combined claim exceeds \$1,000, even if the individual school district's claim does not each exceed \$1,000. The county superintendent of schools shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school district. These combined claims may be filed only when the county superintendent of schools is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district provides a written notice of its intent to file a separate claim to the county superintendent of schools and to the SCO at least 180 days prior to the deadline for filing the claim.

4. Filing Deadline for Claims

Initial reimbursement claims (first-time claims) for reimbursement of costs of a previously unfunded mandated program must be filed within 120 days from the date of issuance of the program's claiming instructions by the SCO. If the initial reimbursement claim is filed after the deadline, but within one year of the deadline, the approved claim must be reduced by a 10% penalty. A claim filed more than one year after the deadline cannot be accepted for reimbursement.

Annual reimbursement claims for costs incurred during the previous fiscal year and estimated claims for costs to be incurred during the current fiscal year must be filed with the SCO and postmarked on or before January 15. If the annual or estimated reimbursement claim is filed after the deadline, but within one year of the deadline, the approved claim must be reduced by a 10% late penalty, not to exceed \$1,000. Claims must include supporting data to show how the amount claimed was derived. Without this information, the claim cannot be accepted.

Entitlement claims do not have a filing deadline. However, entitlement claims and supporting documents should be filed by January 15 to permit an orderly processing of claims. Entitlement claims are used to establish a base year entitlement amount for calculating automatic annual payments. Entitlement does not result in the claimant being reimbursed for costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.

5. Payment of Claims

In order for the SCO to authorize payment of a claim, the Certification of Claim, form FAM-27, must be properly filled out, signed, and dated by the entity's authorized officer.

Reimbursement and estimated claims are paid within 60 days of the filing deadline for the claim. A claimant is entitled to receive accrued interest at the pooled money investment account rate if the payment was made more than 60 days after the claim filing deadline or the actual date of claim receipt, whichever is later. For an initial claim, interest begins to accrue when the payment is made more than 365 days after the adoption of the program's statewide cost estimate. The SCO may withhold up to 20 percent of the amount of an initial claim until the claim is audited to verify the actual amount of the mandated costs. The 20 percent withheld is not subject to accrued interest.

In the event the amount appropriated by the Legislature is insufficient to pay the approved amount in full for a program, claimants will receive a prorated payment in proportion to the amount of approved claims timely filed and on hand at the time of proration.

The SCO reports the amounts of insufficient appropriations to the State Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, this information is transmitted to the COSM which will include these amounts in its report to assure that an appropriation sufficient to pay the claims is included in the next local government claims bill or other appropriation bills. When the supplementary funds are made available, the balance of the claims will be paid.

Unless specified in the statutes, regulations, or parameters and guidelines, the determination of allowable and unallowable costs for mandates is based on the Parameters and Guidelines adopted by the COSM. The determination of allowable reimbursable mandated costs for unfunded mandates is made by the COSM. The SCO determines allowable reimbursable costs, subject to amendment by the COSM, for mandates funded by special legislation. Unless specified, allowable costs are those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. In order for costs to be allowable and thus eligible for reimbursement, the costs must meet the following general criteria:

1. The cost is necessary and reasonable for proper and efficient administration of the mandate and not a general expense required to carry out the overall responsibilities of government.
2. The cost is allocable to a particular cost objective identified in the Parameters and Guidelines.
3. The cost is net of any applicable credits that offset or reduce expenses of items allocable to the mandate.

The SCO has identified certain costs that, for the purpose of claiming mandated costs, are unallowable and should not be claimed on the claim forms unless specified as reimbursable under the program. These expenses include, but are not limited to, subscriptions, depreciation, memberships, conferences, workshops general education, and travel costs.

6. State Mandates Apportionment System (SMAS)

Chapter 1534, Statutes of 1985, established SMAS, a method of paying certain mandated programs as apportionments. This method is utilized whenever a program has been approved for inclusion in SMAS by the COSM.

When a mandated program has been included in SMAS, the SCO will determine a base year entitlement amount for each school district that has submitted reimbursement claims, (or entitlement claims), for three consecutive fiscal years. A base year entitlement amount is determined by averaging the approved reimbursement claims, (or entitlement claims), for 1982-83, 1983-84, and 1984-85 years or any three consecutive fiscal years thereafter. The amounts are first adjusted by any change in IPD, which is applied separately to each year's costs for the three years

that comprise the base period. The base period means the three fiscal years immediately succeeding the COSM's approval.

Each school district with an established base year entitlement for the program will receive automatic annual payments from the SCO reflective of the program's current year costs. The amount of apportionment is adjusted annually for any change in the IPD. If the mandated program was included in SMAS after January 1, 1988, the annual apportionment is adjusted for any change in both the IPD and workload.

In the event a school district has incurred costs for three consecutive fiscal years but did not file a reimbursement claim in one or more of those fiscal years, the school district may file an entitlement claim for each of those missed years to establish a base year entitlement. An "entitlement claim" means any claim filed by a county with the SCO for the sole purpose of establishing a base year entitlement. A base year entitlement shall not include any nonrecurring or initial start-up costs.

Initial apportionments are made on an individual program basis. After the initial year, all apportionments are made by November 30. The amount to be apportioned is the base year entitlement adjusted by annual changes in the IPD for the cost of goods and services to governmental agencies as determined by the State Department of Finance.

In the event the county determines that the amount of apportionment does not accurately reflect costs incurred to comply with a mandate, the process of adjusting an established base year entitlement upon which the apportionment is based, is set forth in GC Section 17615.8 and requires the approval of the COSM.

School Mandates Included In SMAS

Program Name	Chapter/Statute	Program Number
Immunization Records	Ch. 1176/77	32

Pupil Expulsion Transcripts, program #91, Chapter 1253/75 was removed from SMAS for the 2002-03 fiscal year. This program was consolidated with other mandate programs that are included in Pupil Suspension, Expulsions, and Expulsion Appeals, program #176.

7. Direct Costs

A direct cost is a cost that can be identified specifically with a particular program or activity. Each claimed reimbursable cost must be supported by documentation as described in Section 12. Costs that are typically classified as direct costs are:

(1) Employee Wages, Salaries, and Fringe Benefits

For each of the mandated activities performed, the claimant must list the names of the employees who worked on the mandate, their job classification, hours worked on the mandate, and rate of pay. The claimant may, in-lieu of reporting actual compensation and fringe benefits, use a productive hourly rate:

(a) Productive Hourly Rate Options

A local agency may use one of the following methods to compute productive hourly rates:

- Actual annual productive hours for each employee
- The weighted-average annual productive hours for each job title, or
- 1,800* annual productive hours for all employees

If actual annual productive hours or weighted-average annual productive hours for each job title is chosen, the claim must include a computation of how these hours were computed.

* 1,800 annual productive hours excludes the following employee time:

- o Paid holidays
- o Vacation earned
- o Sick leave taken
- o Informal time off
- o Jury duty
- o Military leave taken.

(b) Compute a Productive Hourly Rate

1. Compute a productive hourly rate for salaried employees to include actual fringe benefit costs. The methodology for converting a salary to a productive hourly rate is to compute the employee's annual salary and fringe benefits and divide by the annual productive hours.

Table 1 Productive Hourly Rate, Annual Salary + Benefits Method

Formula:	Description:
$[(EAS + Benefits) \div APH] = PHR$	EAS = Employee's Annual Salary
	APH = Annual Productive Hours
$[(\$26,000 + \$8,099) \div 1,800 \text{ hrs}] = 18.94$	PHR = Productive Hourly Rate

- As illustrated in Table 1, if you assume an employee's compensation was \$26,000 and \$8,099 for annual salary and fringe benefits, respectively, using the "Salary + Benefits Method," the productive hourly rate would be \$18.94. To convert a biweekly salary to EAS, multiply the biweekly salary by 26. To convert a monthly salary to EAS, multiply the monthly salary by 12. Use the same methodology to convert other salary periods.
2. A claimant may also compute the productive hourly rate by using the "Percent of Salary Method."

Table 2 Productive Hourly Rate, Percent of Salary Method

Example:		
Step 1: Fringe Benefits as a Percent of Salary		Step 2: Productive Hourly Rate
Retirement	15.00 %	Formula: $[(EAS \times (1 + FBR)) \div APH] = PHR$ $[(\$26,000 \times (1.3115)) \div 1,800] = \18.94
Social Security & Medicare	7.65	
Health & Dental Insurance	5.25	
Workers Compensation	3.25	
Total	31.15 %	
Description:		
EAS = Employee's Annual Salary		APH = Annual Productive Hours
FBR = Fringe Benefit Rate		PHR = Productive Hourly Rate

- As illustrated in Table 3, both methods produce the same productive hourly rate.

Reimbursement for personnel services includes, but is not limited to, compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include employer's contributions for social security, pension plans, insurance, workmen's compensation insurance and similar payments. These benefits are eligible for reimbursement as long as they are distributed equitably to all activities. Whether these costs are allowable is based on the following presumptions:

- The amount of compensation is reasonable for the service rendered.
- The compensation paid and benefits received are appropriately authorized by the governing board.
- Amounts charged for personnel services are based on payroll documents that are supported by time and attendance or equivalent records for individual employees.
- The methods used to distribute personnel services should produce an equitable distribution of direct and indirect allowable costs.

For each of the employees included in the claim, the claimant must use reasonable rates and hours in computing the wage cost. If a person of a higher-level job position performs an activity which normally would be performed by a lower-level position, reimbursement for time spent is allowable at the average salary range for the lower-level position. The salary rate of the person at the higher level position may be claimed if it can be shown that it was more cost effective in comparison to the performance by a person at the lower-level position under normal circumstances and conditions. The number of hours charged to an activity should reflect the time expected to complete the activity under normal circumstances and conditions. The numbers of hours in excess of normal expected hours are not reimbursable.

(c) Calculating an Average Productive Hourly Rate

In those instances where the claiming instructions allow a unit as a basis of claiming costs, the direct labor component of the unit cost should be expressed as an average productive hourly rate and can be determined as follows:

	<u>Time Spent</u>	<u>Productive Hourly Rate</u>	<u>Total Cost by Employee</u>
Employee A	1.25 hrs	\$6.00	\$7.50
Employee B	0.75 hrs	4.50	3.38
Employee C	3.50 hrs	10.00	35.00
Total	5.50 hrs		\$45.88
Average Productive Hourly Rate is $\$45.88/5.50 \text{ hrs.} = \8.34			

(d) Employer's Fringe Benefits Contribution

A local agency has the option of claiming actual employer's fringe benefit contributions or may compute an average fringe benefit cost for the employee's job classification and claim it as a percentage of direct labor. The same time base should be used for both salary and fringe benefits when computing a percentage. For example, if health and dental insurance payments are made annually, use an annual salary. After the percentage of salary for each fringe benefit is computed, total them.

For example:

<u>Employer's Contribution</u>	<u>% of Salary</u>
Retirement	15.00%
Social Security	7.65%
Health and Dental	5.25%
Insurance	0.75%
Worker's Compensation	0.75%
Total	<u>28.65%</u>

(e) Materials and Supplies

Only actual expenses can be claimed for materials and supplies, which were acquired and consumed specifically for the purpose of a mandated program. The claimant must list the materials and supplies that were used to perform the mandated activity, the number of units consumed, the cost per unit, and the total dollar amount claimed. Materials and supplies purchased to perform a particular mandated activity are expected to be reasonable in quality, quantity and cost. Purchases in excess of reasonable quality, quantity and cost are not reimbursable. Materials and supplies withdrawn from inventory and charged to the mandated activity must be based on a recognized method of pricing, consistently applied. Purchases shall be claimed at the actual price after deducting discounts, rebates and allowances received by local agencies.

(f) Calculating a Unit Cost for Materials and Supplies

In those instances where the claiming instructions suggest that a unit cost be developed for use as a basis of claiming costs mandated by the State, the materials and supplies component of the unit cost should be expressed as a unit cost of materials and supplies as shown in Table 1 or Table 2:

Table 1 Calculating A Unit Cost for Materials and Supplies

Supplies	<u>Cost Per Unit</u>	<u>Amount of Supplies Used Per Activity</u>	<u>Unit Cost of Supplies Per Activity</u>
Paper	0.02	4	\$0.08
Files	0.10	1	0.10
Envelopes	0.03	2	0.06
Photocopies	0.10	4	<u>0.40</u>
			<u>\$0.64</u>

Table 2 Calculating a Unit Cost for Materials and Supplies

Supplies	Supplies Used	Unit Cost of Supplies Per Activity
Paper (\$10.00 for 500 sheet ream)	250 Sheets	\$5.00
Files (\$2.50 for box of 25)	10 Folders	1.00
Envelopes (\$3.00 for box of 100)	50 Envelopes	1.50
Photocopies (\$0.05 per copy)	40 Copies	<u>2.00</u>
		<u><u>\$9.50</u></u>
<p>If the number of reimbursable instances, is 25, then the unit cost of supplies is \$0.38 per reimbursable instance (\$9.50 / 25).</p>		

(g) Contract Services

The cost of contract services is allowable if the local agency lacks the staff resources or necessary expertise, or it is economically feasible to hire a contractor to perform the mandated activity. The claimant must give the name of the contractor; explain the reason for having to hire a contractor; describe the mandated activities performed; give the dates when the activities were performed, the number of hours spent performing the mandate, the hourly billing rate, and the total cost. The hourly billing rate shall not exceed the rate specified in the claiming instructions for the mandated program. The contractor's invoice, or statement, which includes an itemized list of costs for activities performed, must accompany the claim.

(h) Equipment Rental Costs

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the claiming instructions for the particular mandate. Equipment rentals used solely for the mandate are reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. The claimant must explain the purpose and use for the equipment, the time period for which the equipment was rented and the total cost of the rental. If the equipment is used for purposes other than reimbursable activities, only the prorata portion of the rental costs can be claimed.

(i) Capital Outlay

Capital outlays for land, buildings, equipment, furniture and fixtures may be claimed if the claiming instructions specify them as allowable. If they are allowable, the claiming instructions for the program will specify a basis for the reimbursement. If the fixed asset or equipment is also used for purposes other than reimbursable activities for a specific mandate, only the prorata portion of the purchase price used to implement the reimbursable activities can be claimed.

(j) Travel Expenses

Travel expenses are normally reimbursable in accordance with travel rules and regulations of the local jurisdiction. For some programs, however, the claiming instructions may specify certain limitations on expenses, or that expenses can only be reimbursed in accordance with the State Board of Control travel standards. When claiming travel expenses, the claimant must explain the purpose of the trip, identify the name and address of the persons incurring the expense, the date and time of departure and return for the trip, description of each expense claimed, the cost of transportation,

number of private auto mileage traveled, and the cost of tolls and parking with receipts required for charges over \$10.00.

(k) Documentation

It is the responsibility of the claimant to make available to the SCO, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, contracts, canceled warrants, equipment usage records, land deeds, receipts, employee time sheets, agency travel guidelines, inventory records, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

8. Indirect Costs

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

1. The elimination of unallowable costs from the expenses reported on the financial statements.
2. The segregation of the adjusted expenses between those incurred for direct and indirect activities.
3. The development of a ratio between the total indirect expenses and the total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified

as indirect costs are: Planning, Policy Making and Coordination, Fiscal Operations, Human Resources Management, Management Information Systems, Other General Institutional Support Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employees performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Development, Staff Diversity, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher indirect cost percentage if the college can support its allocation basis.

The indirect cost rate, derived by determining the ratio of total indirect expenses to total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration and Instructional Governance	6000					
Academic Administration	6010	2,941,386	105,348	2,836,038	0	2,836,038
Course and Curriculum Develop.	6020	21,595	0	21,595	0	21,595
Academic/Faculty Senate	6030					
Other Instructional Administration & Instructional Governance	6090					
Instructional Support Services	6100					
Learning Center	6110	22,737	863	21,874	0	21,874
Library	6120	518,220	2,591	515,629	0	515,629
Media	6130	522,530	115,710	406,820	0	406,820
Museums and Galleries	6140	0	0	0	0	0
Academic Information Systems and Tech.	6150					
Other Instructional Support Services	6190					
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300					
Counseling and Guidance	6310					
Matriculation and Student Assessment	6320					
Transfer Programs	6330					
Career Guidance	6340					
Other Student Counseling and Guidance	6390					
Other Student Services	6400					
Disabled Students Programs & Services	6420					
Subtotal		\$24,201,764	\$1,576,523	\$22,625,241	\$0	\$22,625,241

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Extended Opportunity Programs & Services	6430					
Health Services	6440	0	0	0	0	0
Student Personnel Admin.	6450	289,926	12,953	276,973	0	276,973
Financial Aid Administration	6460	391,459	20,724	370,735	0	370,735
Job Placement Services	6470	83,663	0	83,663	0	83,663
Veterans Services	6480	25,427	0	25,427	0	25,427
Miscellaneous Student Services	6490	0	0	0	0	0
Operation & Maintenance of Plant	6500					
Building Maintenance and Repairs	6510	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	6530	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance and Repairs	6550	596,257	70,807	525,450	0	525,450
Utilities	6570	1,236,305	0	1,236,305	0	1,236,305
Other	6590	3,454	3,454	0	0	0
Planning, Policy Making, and Coordination	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	6710	0	0	0	0	0
Fiscal Operations	6720	634,605	17,270	617,335	553,184	(a) 64,151
Human Resources Management	6730					
Noninstructional Staff Benefits & Incentives	6740					
Staff Development	6750					
Staff Diversity	6760					
Logistical Services	6770					
Management Information Systems	6780					
Subtotal		\$30,357,605	\$1,801,898	\$28,555,707	\$1,118,550	\$27,437,157

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Other General Institutional Support Services	6790					
Community Services	6800					
Community Recreation	6810	703,858	20,509	683,349	0	683,349
Community Service Classes	6820	423,188	24,826	398,362	0	398,362
Community Use of Facilities	6830	89,877	10,096	79,781	0	79,781
Economic Development	6840					
Other Community Svcs. & Economic Development	6890					
Ancillary Services	6900					
Bookstores	6910	0	0	0	0	0
Child Development Center	6920	89,051	1,206	87,845	0	87,845
Farm Operations	6930	0	0	0	0	0
Food Services	6940	0	0	0	0	0
Parking	6950	420,274	6,857	413,417	0	413,417
Student Activities	6960	0	0	0	0	0
Student Housing	6970	0	0	0	0	0
Other	6990	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	7010	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	7090	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$34,022,728	\$2,692,111	\$31,330,617	\$1,118,550	\$30,212,067
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				3,70233%		
(07) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

FOREWORD

This manual is issued to assist claimants in preparing mandated cost claims for submission to the State Controller's Office. The information contained in this manual is based on the State of California's statutes, regulations, and the parameters and guidelines (P's & G's) adopted by the Commission on State Mandates. Since each mandate is unique, it is imperative that claimants refer to the claiming instructions and P's & G's of each program for updated data on established policies, procedures, eligible reimbursable activities, and revised forms. These mandated cost claims can be filed manually on paper or selected claims may be filed electronically using the Local Government e-Claims system.

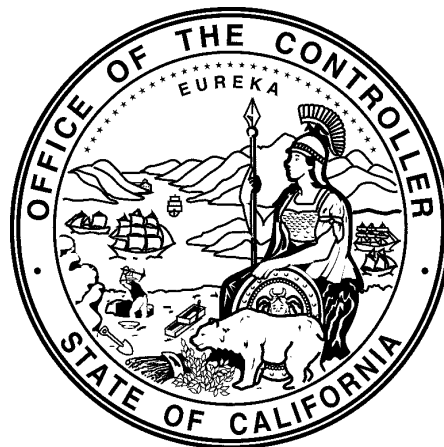
Questions concerning this manual may be emailed to LRSDAR@sco.ca.gov; you may call the Local Reimbursements Section (LRS) at (916) 324-5729, or write to LRS at the address listed below.

State Controller's Office
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Prepared by the State Controller's Office
Revised July 1, 2012

MANDATED COST MANUAL FOR SCHOOL DISTRICTS

STATE OF CALIFORNIA



KATHLEEN CONNELL
STATE CONTROLLER

FOREWORD

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controller's Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, unless otherwise specified, these instructions should not be construed in any manner to be statutes, regulations, or standards.

If you have any questions concerning the enclosed material, write to the address below or call the Local Reimbursements Section at (916) 324-5729.

State Controller's Office
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

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- C. Government Code Sections 17500 - 17616

APPROPRIATIONS FOR THE 2002-03 FISCAL YEAR

Source of State Mandated Cost Appropriations

Schedule	Program	Amount Appropriated
Chapter 379/02, Item 6110-295-0001		
(1) Chapter 448/75	Annual Parent Notification III	\$3,664,000
(2) Chapter 77/78	Absentee Ballots	0 ¹
(3) Chapter 87/86	School Site Discipline Rules	0 ¹
(4) Chapter 98/94	Caregiver Affidavits	395,000
(5) Chapter 160/93	School District of Choice	0 ¹
(6) Chapter 134/87	Pupil Suspension: District Employee Reports	1,000 ²
(7) Chapter 161/93	Intradistrict Attendance	1,000
(8) Chapter 172/86	Interdistrict Attendance	1,000
(9) Chapter 172/86	Interdistrict Attendance: Parent's Employment	1,000
(10) Chapter 486/75	Mandate Reimbursement Process	1,000
(11) Chapter 498/83	Graduation Requirements	14,204,000
(12) Chapter 498/83	Notification of Truancy	8,150,000
(13) Chapter 498/83	Pupil Expulsion/Expulsion Appeals	2,480,000 ²
(14) Chapter 624/92	School Bus Safety	0 ⁴
(15) Chapter 641/86	Open Meetings Act/Brown Act Reform	3,470,000
(16) Chapter 668/78	Pupil Exclusions	396,000
(17) Chapter 781/92	Charter Schools	611,000
(18) Chapter 783/95	Investment Reports	160,000
(19) Chapter 799/80	PERS Increased Death Benefits	788,000 ³
(20) Chapter 818/91	AIDS Prevention Instruction	3,187,000
(21) Chapter 961/75	Collective Bargaining	41,424,000 ²
(22) Chapter 965/77	Pupil Classroom Suspension	1,833,000
(23) Chapter 1208/76	Pupil Health Screenings	3,283,000
(24) Chapter 975/95	Physical Performance Tests	1,202,000
(25) Chapter 1423/84	Juvenile Court Notices II	343,000
(26) Chapter 1107/84	Removal of Chemicals	1,331,000
(27) Chapter 1117/89	Law Enforcement Agency Notification	1,543,000
(28) Chapter 1176/77	Immunization Records	3,520,000
(29) Chapter 1184/75	Habitual Truant	1,000
(30) Chapter 1213/91	Collective Bargaining Agreement Disclosures	277,000 ²

¹ If AB3005 is chaptered, these programs will be changed to optional mandates with no additional funding.

² The programs in Schedules (6) and (13) were consolidated into Pupil Suspensions, Expulsions, and Expulsion Appeals and the programs in schedules (21) and (30) were consolidated into Collective Bargaining.

³ Funds appropriated in Schedules (19) and (35) are for transfer to the Pupil Employees' Retirement System for reimbursement of costs incurred pursuant to Chapter 799/80 and Chapter 1398/74.

⁴ The programs in Schedules (14) and (45) were consolidated into School Bus Safety II. This program has been suspended during the 2002-03 fiscal year, per Budget Act Item 6110-295-0001, Chapter 379/02, Provision 4.5.

APPROPRIATIONS FOR THE 2002-03 FISCAL YEAR (continued)**Source of State Mandated Cost Appropriations**

Schedule	Program	Amount Appropriated
(31) Chapter 1253/75	Expulsion Transcripts	29,000
(32) Chapter 1284/88	Parent Classroom Visits	1,041,000
(33) Chapter 1306/89	Notification to Teachers of Pupil Expulsion	2,916,000
(34) Chapter 1347/80	Scoliosis Screening	2,291,000
(35) Chapter 1398/74	PERS-Unused Sick Leave Credits	3,261,000 ³
(36) Chapter 1463/89	School Accountability Report Cards	2,162,000
(37) Chapter 1607/84	School Crimes Reporting	0
(38) Chapter 1659/84	Emergency Procedures: Earthquake & Disasters	14,542,000
(39) Chapter 1675/84	School Testing Physical Fitness	0 ⁵
(40) Chapter 778/96	American Government Course Document Requirements	206,000
(41) Chapter 309/95	Pupil Residency Verification Appeals	224,000
(42) Chapter 588/97	Criminal Background Checks	5,202,000
(43) Chapter 410/95	School Crimes Reporting II	0 ⁶
(44) Chapter 929/97	Annual Parent Notification-Staff Development	1,318,000
(45) Chapter 831/94	School Bus Safety II	0 ⁶
Total Appropriations, Item 6110-295-001		<u>\$125,459,000</u>
Chapter 379/02, Item 6870-295-0001		
(1) Chapter 1/84	Health Fee Elimination	<u>1,691,000</u>
TOTAL - Funding for the 2002-03 Fiscal Year		<u>\$127,150,000</u>

⁵ No claims shall be filed for Schedule (39) School Testing Physical Fitness as this program is inactive.

⁶ Schedule (43) School Crimes Reporting II and (45) School Bus Safety II have been suspended during the 2002-03 fiscal year, per Budget Act Item 6110-295-0001, Chapter 379/02, Provision 4.5.

REIMBURSABLE STATE MANDATED COST PROGRAMS

Claims for the following State mandated cost programs may be filed with the SCO. For your convenience, the programs are listed in alphabetical order by program name. An "X" indicates the fiscal year for which a claim may be filed.

2001-02 Reimburse- ment Claims	2002-03 Estimated Claims	School Districts and County Offices of Education	
x	x ¹	Chapter 77/78	Absentee Ballots
x	x	Chapter 818/91	AIDS Prevention Instruction
x	x	Chapter 778/96	American Government Course Document Requirements
x	x	Chapter 448/75	Annual Parent Notification III
x	x	Chapter 98/94	Caregiver Affidavits
x	x	Chapter 781/92	Charter Schools
x	x	Chapter 917/87	COE Fiscal Accountability Reporting
x	x	Chapter 961/75	Collective Bargaining
x	x	Chapter 784/95	County Treasury Oversight Committee
x	x	Chapter 588/97	Criminal Background Checks
x	x	Chapter 1659/84	Emergency Procedures: Earthquakes and Disasters
x	x	Chapter 650/94	Employee Benefits Disclosure
x	x	Chapter 1253/75	Expulsion of Pupils: Transcript Cost for Appeals
x	x	Chapter 36/77	Financial and Compliance Audits
x	x	Chapter 498/83	Graduation Requirements
x	x	Chapter 1184/75	Habitual Truant
x	x	Chapter 1120/96	Health Benefits for Survivors of Peace Officers & Firefighters
x	x	Chapter 1/84	Health Fee Elimination
x	x	Chapter 1176/77	Immunization Records
x	x	Chapter 172/86	Interdistrict Attendance Permits
x	x	Chapter 172/86	Interdistrict Transfer Requests: Parents Employment
x	x	Chapter 161/93	Intradistrict Attendance
x	x	Chapter 783/95	Investment Reports
x	x	Chapter 1423/84	Juvenile Court Notices II
x	x	Chapter 1117/89	Law Enforcement Agency Notification
x	x	Chapter 284/98	Law Enforcement College Jurisdiction Agreements
x	x	Chapter 126/93	Law Enforcement Sexual Harassment Training
x	x	Chapter 486/75	Mandate Reimbursement Process
x	x	Chapter 498/83	Notification of Truancy
x	x	Chapter 1306/89	Notification to Teachers: Pupils Subject to Suspension or Expulsion
x	x	Chapter 641/86	Open Meetings Act/Brown Act Reform
x	x	Chapter 1284/88	Parent Classroom Visits
x	x	Chapter 465/76	Peace Officers Procedural Bill of Rights
x	x	Chapter 875/85	Photographic Record of Evidence
x	x	Chapter 640/97	Physical Education Reports
x	x	Chapter 975/95	Physical Performance Tests
x	x	Chapter 965/77	Pupil Classroom Suspension: Counseling
x	x	Chapter 668/78	Pupil Exclusions
x	x	Chapter 1208/76	Pupil Health Screenings
x	x	Chapter 309/95	Pupil Residency Verification and Appeals
x	x	Chapter 1253/75	Pupil Suspensions, Expulsions, and Expulsion Appeals

¹ Refer to footnote 1 listed under "Appropriations for the 2002-03 fiscal year."

REIMBURSABLE STATE MANDATED COST PROGRAMS (continued)

2001-02 Reimburse- ment Claims	2002-03 Estimated Claims	School Districts and County Offices of Education	
x	x	Chapter 1107/84	Removal of Chemicals
x	x	Chapter 1463/89	School Accountability Report Cards
x	N/A	Chapter 624/92	School Bus Safety II
x	N/A	Chapter 1607/84	School Crimes Reporting II
x	x	Chapter 100/81	School District Fiscal Accountability Reporting
x	x ¹	Chapter 160/93	School District of Choice: Transfers and Appeals
x	x	Chapter 1138/93	School Site Councils and Brown Act Reform
x	x ¹	Chapter 87/86	Schoolsite Discipline Rules
x	x	Chapter 1347/80	Scoliosis Screening
x	x	Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers
x	x	Chapter 828/97	Standardized Testing and Reporting
Community College Districts			
x	x ¹	Chapter 77/78	Absentee Ballots
x	x	Chapter 961/75	Collective Bargaining
x	x	Chapter 1/84	Health Fee Elimination
x	x	Chapter 783/95	Investment Reports
x	x	Chapter 284/98	Law Enforcement College Jurisdiction Agreements
x	x	Chapter 486/75	Mandate Reimbursement Process
x	x	Chapter 641/86	Open Meetings Act/Brown Act Reform
x	x	Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers
x	x	Chapter 1249/92	Threats Against Peace Officers

If AB3005 is chaptered, these programs will be changed to optional mandates with no additional funding.

AUDIT OF COSTS

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, costs are reasonable and not excessive, and the claim was prepared in accordance with the claiming instructions. If any adjustments are made to a claim, a "Notice of Claim Adjustment" will be mailed within 30 days after payment of the claim. The notice will specify the claim component adjusted, the amount adjusted, and the reason for the adjustment.

On-site audits will be conducted by the SCO as deemed necessary. Accordingly, documentation to support actual costs claimed must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended. Claim documentation shall be made available to the SCO on request.

RETENTION OF CLAIMING INSTRUCTIONS

For your convenience, the revised claiming instructions in this package have been arranged in alphabetical order by program name. These revisions should be inserted in the School Mandated Cost Manual and the old forms they replace should be removed. The instructions should then be retained permanently for future reference, and the forms should be duplicated to meet your filing requirements. Annually, updated forms and any other information or instructions claimants may need to file claims, as well as instructions and forms for all new programs released throughout the year will be placed on the SCO's web site at www.sco.ca.gov/ard/local/locreim/index/htm.

If you have any questions concerning mandated cost reimbursements, please write to us at the address listed for filing claims, send e-mail to bowen@sco.ca.gov, or call the Local Reimbursements Section at (916) 324-5729.

FILING A CLAIM

1. Introduction

The law in the State of California provides for the reimbursement of costs incurred by local agencies and school districts for costs mandated by the State. Costs mandated by the State means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service of an existing program.

Estimated claims that show costs to be incurred in the current fiscal year and reimbursement claims that detail the costs actually incurred for the prior fiscal year may be filed with the State Controller's Office (SCO). Claims for on-going programs are filed annually by January 15. Claims for new programs are filed within 120 days from the date claiming instructions are issued for the program. A penalty is assessed for late claims. The SCO may audit the records of any local agency or school district to verify the actual amount of mandated costs and may reduce any claim which is excessive or unreasonable.

When a program has been reimbursed for three or more years, the Commission On State Mandates (COSM) may approve the program for inclusion in the State Mandates Apportionment System (SMAS). For programs included in SMAS, the SCO determines the amount of each claimant's entitlement based on an average of three consecutive fiscal years of actual costs adjusted by any changes in the implicit price deflator. Claimants with an established entitlement receive an annual apportionment adjusted by any changes in the implicit price deflator and, under certain circumstances, by any changes in workload. Claimants with an established entitlement do not file further claims for the program.

The SCO is authorized to make payments for costs of mandated programs from amounts appropriated by the State Budget Act, by the State Mandates Claims Fund, or by specific legislation. In the event the appropriation is insufficient to pay claims in full, claimants will receive prorated payments in proportion to the dollar amount of approved claims for the program. Balances of prorated payments will be made when supplementary funds are made available.

The instructions contained in this manual are intended to provide general guidance for filing a mandated cost claim. Since each mandate is administered separately, it is important to refer to the specific program for information relating to established policies on eligible reimbursable costs.

2. Types of Claims

A claimant may file a reimbursement claim for mandated costs incurred during the previous fiscal year or may file an estimated claim for mandated costs to be incurred during the current fiscal year. For mandates included in SMAS, a claimant who had established a base year entitlement would automatically be reimbursed by the SCO for the mandate.

All claims received by the SCO will be reviewed to verify costs. Adjustments to the claims will be made if the amounts claimed are determined to be excessive, improper, or unreasonable. Claims must be filed with sufficient documentation (if required in claiming instructions) to support the costs claimed. The types of documentation required to substantiate a claim are identified in the "Cost Elements of a Claim" section of this manual. The certification on Form FAM-27 must be signed and dated by the entity's authorized officer in order for the SCO to make payment on the claim.

A. Reimbursement Claim

A reimbursement claim is defined by Government Code Section (GC §) 17522 as any claim for costs incurred by a local agency or school district and filed with the SCO against an appropriation made for the purpose of paying the claim.

- A claimant may file an annual reimbursement claim by January 15 following the fiscal year in which costs were incurred for an on-going program. A reimbursement claim must detail the costs actually incurred for a fiscal year. The claim must include supporting documentation if required in claiming instruction to substantiate the costs claimed.
- Prior to January 1, 1990, if a claimant submitted an otherwise valid reimbursement claim after the deadline, the Controller would have paid the claim in an amount equal to 80 percent of the amount that would have been paid had the claim been timely filed. Any reimbursement claim submitted more than one year after the deadline would not be paid.
- After January 1, 1990, the late penalty provision was changed by Chapter 589/89. Any reimbursement claim with a filing deadline that is after January 1, 1990, will be reduced by 10 percent of the approved costs, but not to exceed \$1,000 if it is filed after the deadline.
- Any reimbursement claim submitted more than one year after the deadline will not be paid.
- As added by Chapter 643/99, on October 10, 1999, all initial claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty.

B. Estimated Claim

An estimated claim is defined by GC § 17522 as any claim filed with the SCO during the fiscal year in which the mandated costs are to be incurred by the local agency or school district against an appropriation made to the SCO for the purpose of paying those costs.

- A claimant may file an estimated claim for mandated costs to be incurred during the fiscal year. Estimated claims are due by January 15 of the fiscal year in which the costs are to be incurred or by a date specified in the claiming instructions. After having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year. The reimbursement claim must detail the actual costs incurred for the fiscal year in which the estimated claim was filed. If actual costs are greater than or less than the estimated claim, the balance is either the amount due to the claimant or due from the claimant.

C. Entitlement Claim

An entitlement claim is defined by GC § 17522 as any claim filed by a local agency or school district with the SCO for the sole purpose of establishing or adjusting a base year entitlement for a mandate that has been included in SMAS. School mandates included in SMAS are listed in Appendix A.

Once a mandate has been included in SMAS and the claimant has established a base year entitlement, the claimant will receive automatic payments from the SCO for the mandate. The automatic apportionment is determined by adjusting the claimant's base year entitlement for changes in the implicit price deflator of costs of goods and services to governmental agencies, as determined by the State Department of Finance. For programs approved by the COSM for inclusion in SMAS on or after January 1, 1988, the payment for each year succeeding the three year base period is adjusted according to any changes by both the deflator and average daily attendance. Annual apportionments for programs included in the system are paid on or before November 30 of each year.

- A base year entitlement is determined by computing an average of the claimant's costs for fiscal years 1982-83, 1983-84, 1984-85 or any three consecutive years thereafter. The amount is first adjusted according to any changes in the deflator. The deflator is applied separately to each year's costs for the three years, which comprise the base year. The SCO will perform this computation for each claimant who has filed claims for three consecutive years. If a claimant has incurred costs for three consecutive years but has not filed a claim in each of those years, the claimant may file an entitlement claim, form FAM-

filed a claim in each of those years, the claimant may file an entitlement claim, form FAM-43, to establish a base year entitlement. An entitlement claim does not result in the claimant being reimbursed for the costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.

Claims should be rounded to the nearest dollar. Submit a signed original and one copy of form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary). Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

If delivered by
Other delivery services:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

3. Minimum Claim Amount

GC Section 17564 provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds two hundred dollars (\$200)¹, provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds \$200, even if the individual school district's, direct service district's, or special district's claims do not each exceed \$200. The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the SCO, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

4. Eligibility of Costs

Unless specified in the statutes, regulations, or parameters and guidelines, the determination of allowable and unallowable costs for mandates is based on generally accepted accounting principles. The determination of allowable reimbursable mandated costs for unfunded mandates is made by the COSM. The SCO determines allowable reimbursable costs, subject to amendment by the COSM, for mandates funded by special legislation. Unless specified, allowable costs are those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. In order for costs to be allowable and thus eligible for reimbursement, the costs must meet the following general criteria:

- The cost is necessary and reasonable for proper and efficient administration of the mandate and not a general expense required carrying out the overall responsibilities of government.
- The cost is allocable to a particular cost objective.
- The cost is net of any applicable credits that offset or reduce expenses of items allocable to the mandate.

The SCO has identified certain costs that, for the purpose of claiming mandated costs, are

¹ If AB3000 is chaptered, the minimum claim amount would be increased from \$200 to \$1,000.

unallowable and should not be claimed on the claim forms unless specified as reimbursable under the program. These expenses include, but are not limited to, subscriptions, depreciation, memberships, conferences, workshops, and general education.

5. Cost Elements of a Claim

Claims for reimbursement of mandated costs are comprised of allowable costs that are either direct or indirect. Because each mandate is unique, the cost element guidelines in this chapter are provided as a general reference. If the requirements of a specific mandate differ from these cost guidelines, the requirements outlined under the specific mandate shall take precedence.

A. Direct Costs

A direct cost is a cost that can be identified specifically with a particular program or activity. Costs that are typically classified as direct costs are:

Table 1 Annual Billable Hours

	Days	Hours Per Day	Total Hours
Gross Hours	365	8	2,920
Weekends	104	8	(832)
Holidays	11	8	(88)
Vacation	14	8	(112)
Sick Leave, Misc.	11	8	(88)
Annual Billable Hours			1,800

- As illustrated in Table 1, a claimant may use 1,800 hours for a full-time employee. If a claimant uses an amount less than 1,800 hours as annual billable hours, a computation of how these hours were computed must be included with the claim.
- Compensation of employees for time devoted specifically to the execution of the mandate.
- Cost of materials acquired, consumed, or expended specifically for the purpose of the mandate.
- Services furnished specifically for the mandate by other entities.

(1) Employee Wages, Salaries, and Fringe Benefits

For each of the mandated activities performed, the claimant must list the names of the employees who worked on the mandate, their job classification, hours worked on the mandate, and rate of pay. The claimant may, in-lieu of reporting actual compensation and fringe benefits, use an hourly rate:

- (a) Compute a billable hourly rate for salaried employees to include actual fringe benefit costs. The methodology for converting a salary to a billable hourly rate is to compute the employee's annual salary and fringe benefits and divide by the annual billable hours. Annual billable hours equal the gross annual hours less non-work hours.

Table 2 Annual Billable Rate, Salary + Benefits Method

Formula:	Description:
$[(EAS + Benefits) \div ABH] = ABR$	EAS = Employee's Annual Salary
	ABH = Annual Billable Hours
$[(\$26,000 + \$7,750)] \div 1,800 \text{ hrs} = \18.75	ABR = Annual Billable Rate

- As illustrated in Table 2, if you assume an employee's compensation was \$26,000 and \$7,750 for annual salary and fringe benefits, respectively, using the "Salary + Benefits Method," the annual billable rate would be \$18.75.
- (b) A claimant may also compute the annual billable rate by using the "Percent of Salary Method."

Table 3 Annual Billable Rate, Percent of Salary Method

Example:		
Step 1: Fringe Benefits as a Percent of Salary		Step 2: Annual Billable Rate
Retirement	15.00 %	Formula: $[(EAS \times (1 + FBR)) \div ABH] = ABR$ $[(\$26,000 \times (1.2981)) \div 1,800] = \18.75
Social Security	6.30	
Health & Dental Insurance	5.25	
Workers Compensation	3.25	
Total	29.80 %	
Description:		
EAS = Employee's Annual Salary		ABH = Annual Billable Hours
FBR = Fringe Benefit Rate		ABR = Annual Billable Rate

- As illustrated in Table 3, both methods produce the same annual billable rate.
- Reimbursement for personnel services includes, but is not limited to, compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include regular compensation paid to employees during periods of authorized absences (i.e., annual leave, sick leave, etc.) and employer's contributions for social security, pension plans, insurance, workmen's compensation insurance and similar payments. These benefits are eligible for reimbursement as long as they are distributed equitably to all activities. Whether these costs are allowable is based on the following presumptions:
- The amount of compensation is reasonable for the service rendered.
 - The compensation paid and benefits received are appropriately authorized by the governing board.
 - Amounts charged for personnel services are based on payroll documents that are supported by time and attendance or equivalent records for individual employees.
 - The methods used to distribute personnel services should produce an equitable distribution of direct and indirect allowable costs.

For each of the employees included in the claim, the claimant must use reasonable rates and hours in computing the wage cost. If a person of a higher-level job position performs an activity which normally would be performed by a lower-level position, reimbursement for time spent is allowable at the average salary range for the lower-level position. The salary rate of the person at the higher level position may be claimed if it can be shown that it was more cost effective in comparison to the performance by a person at the lower-level position under normal circumstances and conditions. The number of hours charged to an activity should reflect the time expected to complete the activity under normal circumstances and conditions. The numbers of hours in excess of normal expected hours are not reimbursable.

(2) Materials and Supplies

Only those materials and supplies not included in the overhead rate and used exclusively for the mandated activity are reimbursable under this cost element. The claimant must list the materials and supplies that were used to perform the mandated activity, the number of units consumed, the cost per unit, and the dollar amount claimed as a cost. Material and supplies purchased to perform a particular mandated activity are expected to be reasonable in quality, quantity and costs. Purchases in excess of reasonable quality, quantity and costs are not reimbursable. Materials and supplies that are withdrawn from inventory must be charged to the mandated activity based upon a recognized method of pricing, consistently applied.

(3) Contract Services

For each of the activities performed, the claimant must list the name of the consulting firm that was contracted with to provide the service and describe the specific mandated activities performed by the consultant. The claimant must also provide the inclusive dates when the service was performed, the number of hours spent to perform the mandate, and the consultant's hourly billing rate. The hourly billing rate shall not exceed the rate specified in the claiming instructions for the mandated program. The consultant's statement, which includes an itemized list of costs for services performed, must accompany the claim.

(4) Equipment

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the claiming instructions for a particular mandate. Equipment rentals used solely for the mandate is reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. For each of the activities performed, the claimant must identify the equipment that was rented the time period for which the equipment was rented and the cost of the rental.

(5) Capital Outlays

Capital outlays for land, building, equipment, furniture and fixtures may be claimed only if the claiming instructions specify them as allowable for the program. If the capital outlays are allowable, the claiming instructions for the mandated program will specify the basis for the reimbursement.

(6) Travel Expenses

Travel expenses are normally reimbursable in accordance with travel rules and regulations of local jurisdictions, except for programs that must be reimbursed in accordance with the State Board of Control travel standards (Refer to Appendix B, State of California Travel Expense Guidelines, for current rates). For each activity performed, the claimant must identify the purpose of the trip, the name and address of the person incurring the expense, the date and time of departure and return for each trip, a description of each expense claimed, the cost of commercial transportation or number of private auto miles traveled, and amount of tolls and parking with receipts over \$10.00.

(7) Documentation

It is the responsibility of the claimant to make available to the SCO, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, contracts, canceled warrants, equipment usage records, land deeds, receipts, employee time sheets, agency travel guidelines, inventory records, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

B. Indirect Cost

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

(1) Indirect Costs for Schools

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580, respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No. 422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

(2) Indirect Cost Rate for Community Colleges

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.
- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employee performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C	
(01) Claimant				(02) Period of Claim			
(03) Expenditures by Activity				(04) Allowable Costs			
Activity	EDP	Total	Adjustments	Total	Indirect	Direct	
General Inst. Sup. Serv. (cont.)	6700						
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$91,423	
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0	
Staff Services	345	0	0	0	0	0	
Noninstr. Staff Benefit & Incent.	346	10,937	0	10,937	0	10,937	
Community Services	6800						
Community Recreation	351	703,858	20,509	683,349	0	683,349	
Community Service Classes	352	423,188	24,826	398,362	0	398,362	
Community Use of Facilities	353	89,877	10,096	79,781	0	79,781	
Ancillary Services	6900						
Bookstores	361	0	0	0	0	0	
Child Development Center	362	89,051	1,206	87,845	0	87,845	
Farm Operations	363	0	0	0	0	0	
Food Services	364	0	0	0	0	0	
Parking	365	420,274	6,857	413,417	0	413,417	
Student Activities	3663	0	0	0	0	0	
Student Housing	67	0	0	0	0	0	
Other	379	0	0	0	0	0	
Auxiliary Operations	7000						
Auxiliary Classes	381	1,124,557	12,401	1,112,156	0	1,112,156	
Other Auxiliary Operations	382	0	0	0	0	0	
Physical Property Acquisitions	7100	814,318	814,318	0	0	0	
(05) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622	
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%			
(07) Notes							
(a) Mandated Cost activities designated as direct costs per claim instructions.							

Adopted: 8/27/87
Amended: 5/25/89
Amended: 1/29/10

AMENDMENT TO PARAMETERS AND GUIDELINES

Statutes 1984, 2nd E.S., Chapter 1
Statutes 1987, Chapter 1118

Health Fee Elimination 05-PGA-69 (CSM-4206)

This amendment is effective beginning with the claims filed for the
July 1, 2005 through June 30, 2006 period of reimbursement

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervisions and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the Community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 7246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required then to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

This amendment is effective beginning with the claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987 are reimbursable.

Actual cost for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to section 17561 (d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the state controller of the enactment on the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant

is required to incur as a result of the mandate. In addition, the claimant must maintain documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort.

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician – Surgeon
 - Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION, COUNSELING

- Birth control
- Lab Reports
- Nutrition
- Test Results (office)
- VD
- Other Medical Problems
- CD
- URI
- ENT
- Eye/Vision
- Derm./Allergy
- GYN/Pregnancy Services
- Neuro
- Ortho
- GU
- Dental
- GI
- Stress Counseling
- Crisis Intervention
- Child Abuse Reporting and Counseling
- Substance Abuse Identification and Counseling
- Aids
- Eating Disorders

Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)

Recheck Minor Injury

HEALTH TALKS OR FAIRS – INFORMATION

Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library = videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/ Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations

Misc.
Eye drops
Ear drops
Toothache – Oil cloves
Stingkill
Midol – Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis
Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change

Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service.

Claimed costs should be supported by the following information:

1. Employees Salaries and Benefits

Identify the employee, (s), show the classification of the employee, (s), involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VIII. OFFSET SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school. Or \$5.00 per full-time student per quarter, as authorized by education code section 72246(a). This shall also include payments (fees) received from

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

individuals other than students who are not covered by Education Code 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with:

And

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

OFFICE OF THE STATE CONTROLLER
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2012-05
HEALTH FEE ELIMINATION

NOVEMBER 15, 2010

REVISED NOVEMBER 20, 2012

In accordance with Government Code (GC) sections 17560 and 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state-mandated cost programs. This document contains claiming instructions and forms that eligible claimants must use for filing claims for the Health Fee Elimination (HFE) program. The amended Parameters and Guidelines (P's & G's) are included as an integral part of the claiming instructions.

Chapter 1118, Statutes of 1987 amended Education Code section 72246 to require any Community College District (CCD) that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of Sections 72246 to 76355.

On April 27, 1989, the Commission on State Mandates (CSM) adopted a Statement of Decision finding that the test claim legislation imposes a reimbursable state-mandated program on community college districts within the meaning of article XIII B, section 6 of the California Constitution and GC section 17514.

On January 29, 2010, the CSM approved the amendments to the P's & G's to update the "boilerplate language" clarifying source documentation requirements and record retention language as requested by the SCO.

Exception

There will be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

Eligible Claimants

Any community college district as defined in Government Code section 17519, which incurs increased costs as a result of this mandate, is eligible to claim for reimbursement.

Reimbursement Claim Deadline

Claims for the **2011-2012** fiscal year may be filed by **February 15, 2013**, without a late penalty. **Claims filed more than one year after the filing date will not be accepted.**

Penalty

- **Initial Claims**

When filed within one year of the initial filing deadline, claims are assessed a late penalty of 10% of the total amount of the initial claim without limitation pursuant to GC section 17561, subdivision (d)(3).

- **Annual Reimbursement Claim**

When filed within one year of the annual filing deadline, claims are assessed a late penalty of 10% of the claim amount; \$10,000 maximum penalty, pursuant to GC section 17568.

Minimum Claim Cost

GC section 17564, subdivision (a), provides that no claim may be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (**\$1,000**).

Reimbursement of Claims

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. These costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating: "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5.

Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, these documents cannot be substituted for source documents.

Audit of Costs

All claims submitted to the SCO are subject to review to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the SCO's claiming instructions and the P's & G's adopted by the CSM. If any adjustments are made to a claim, the claimant will be notified of the amount adjusted, and the reason for the adjustment.

On-site audits will be conducted by the SCO as deemed necessary. Pursuant to GC section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a claimant is subject to audit by the SCO no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the SCO to initiate an audit will commence to run from the date of initial payment of the claim.

All documents used to support the reimbursable activities must be retained during the period subject to audit. If an audit has been initiated by the SCO during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings. Supporting documents must be made available to the SCO on request.

Record Retention

All documentation to support actual costs claimed must be retained for a period of three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and must be made available to the SCO on request.

Claim Submission

Submit a signed original Form FAM-27 and one copy with required documents. **Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.**

Mandated costs claiming instructions and forms are available online at the SCO's website: **www.sco.ca.gov/ard_mancost.html**.

Use the following mailing addresses:

If delivered by
U.S. Postal Service:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

If delivered by
other delivery services:

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

If you have any questions, you may e-mail **LRS DAR@sco.ca.gov** or call the Local Reimbursements Section at (916) 324-5729.

Adopted: 8/27/87
Amended: 5/25/89
Amended: 1/29/10

AMENDMENT TO PARAMETERS AND GUIDELINES

Statutes 1984, 2nd E.S., Chapter 1
Statutes 1987, Chapter 1118

Health Fee Elimination 05-PGA-69 (CSM-4206)

This amendment is effective beginning with the claims filed for the
July 1, 2005 through June 30, 2006 period of reimbursement

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervisions and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the Community colleges districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987, amended Education Code section 7246 to require any community college district that provided health services in 1986-87 to maintain health services at the level provided during the 1986-87 fiscal year in 1987-88 and each fiscal year thereafter.

II. COMMISSION ON STATE MANDATES DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

At its hearing of April 27, 1989, the Commission determined that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to apply to all community college districts which provided health services in fiscal year 1986-87 and required then to maintain that level in fiscal year 1987-88 and each fiscal year thereafter.

III. ELIGIBLE CLAIMANTS

Community college districts which provided health services in 1986-87 fiscal year and continue to provide the same services as a result of this mandate are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

This amendment is effective beginning with the claims filed for the July 1, 2005 through June 30, 2006 period of reimbursement.

Chapter 1, Statutes of 1984, 2nd E.S., became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable. Chapter 1118, Statutes of 1987, became effective January 1, 1988. Title 2, California Code of Regulations, section 1185.3(a) states that a parameters and guidelines amendment filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines; therefore, costs incurred on or after January 1, 1988, for Chapter 1118, Statutes of 1987 are reimbursable.

Actual cost for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to section 17561 (d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the state controller of the enactment on the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSABLE COSTS

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant

is required to incur as a result of the mandate. In addition, the claimant must maintain documentation for the fiscal year 1986-87 program to substantiate a maintenance of effort.

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program. Only services provided in 1986-87 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician – Surgeon
 - Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION, COUNSELING

- Birth control
- Lab Reports
- Nutrition
- Test Results (office)
- VD
- Other Medical Problems
- CD
- URI
- ENT
- Eye/Vision
- Derm./Allergy
- GYN/Pregnancy Services
- Neuro
- Ortho
- GU
- Dental
- GI
- Stress Counseling
- Crisis Intervention
- Child Abuse Reporting and Counseling
- Substance Abuse Identification and Counseling
- Aids
- Eating Disorders

Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)

Recheck Minor Injury

HEALTH TALKS OR FAIRS – INFORMATION

Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library = videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/ Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations

Misc.
Eye drops
Ear drops
Toothache – Oil cloves
Stingkill
Midol – Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis
Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change

Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester/quarter
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester/quarter.
4. Show the total number of part-time students enrolled in the summer program.

B. Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service.

Claimed costs should be supported by the following information:

1. Employees Salaries and Benefits

Identify the employee, (s), show the classification of the employee, (s), involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter¹ is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section V, must be retained during the period subject to audit. If the Controller has initiated an audit during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VIII. OFFSET SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount of \$7.50 per full-time student per semester, \$5.00 per full-time student for summer school. Or \$5.00 per full-time student per quarter, as authorized by education code section 72246(a). This shall also include payments (fees) received from

¹ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

individuals other than students who are not covered by Education Code 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with:

And

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

HEALTH FEE ELIMINATION CLAIM FOR PAYMENT	For State Controller Use Only	PROGRAM 234
	(19) Program Number 00234	
	(20) Date Filed	
	(21) LRS Input	

(01) Claimant Identification Number			Reimbursement Claim Data	
(02) Claimant Name			(22) FORM 1, (04)(a)	
County of Location			(23) FORM 1, (05)(e)	
Street Address or P.O. Box		Suite	(24) FORM 1, (06)(e)	
City	State	Zip Code	(25) FORM 1, (07)(e)	
		Type of Claim	(26) FORM 1, (08)(e)	
(03)		(09) Reimbursement <input type="checkbox"/>	(27) FORM 1, (09)(e)	
(04)		(10) Combined <input checked="" type="checkbox"/>	(28) FORM 1, (10)(e)	
(05)	(11) Amended <input type="checkbox"/>	(29) FORM 1, (11)(e)		
Fiscal Year of Cost	(06)	(12)	(30) FORM 1, (16)	
Total Claimed Amount	(07)	(13)	(31) FORM 1, (17)	
Less: 10% Late Penalty (refer to attached Instructions)		(14)	(32) FORM 1, (18)	
Less: Prior Claim Payment Received		(15)	(33) FORM 1, (19)	
Net Claimed Amount		(16)	(34) FORM 1, (20)	
Due from State	(08)	(17)	(35) FORM 2A, (4)(d)	
Due to State		(18)	(36) FORM 2B, (4)(d)	

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code Sections 17560 and 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Article 4, Chapter 1 of Division 4 of Title 1 of the Government Code.

I further certify that there was no application other than from the claimant, nor any grant(s) or payment(s) received, for reimbursement of costs claimed herein; and claimed costs are for a new program or increased level of services of an existing program. All offsetting revenues and reimbursements set forth in the parameters and guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amount of this reimbursement is hereby claimed from the State for payment of actual costs set forth on the attached statements.

I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer

Date Signed _____

Telephone Number _____

E-Mail Address _____

Type or Print Name and Title of Authorized Signatory

(38) Name of Agency Contact Person for Claim Telephone Number _____

E-mail Address _____

Name of Consulting Firm / Claim Preparer Telephone Number _____

E-mail Address _____

PROGRAM
234

**HEALTH FEE ELIMINATION
CLAIM FOR PAYMENT
INSTRUCTIONS**

**FORM
FAM-27**

- (01) Enter the claimant identification number assigned by the State Controller's Office.
- (02) Enter claimant official name, county of location, street or postal office box address, city, State, and zip code.
- (03) to (08) Leave blank.
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Not applicable.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate Form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim as shown on Form 1, line (21). The total claimed amount must exceed \$1,000; minimum claim must be \$1,001.
- (14) Initial claims must be filed as specified in the claiming instructions. Annual reimbursement claims must be filed by **February 15** of the following fiscal year in which costs were incurred or the claims must be reduced by a late penalty. Enter zero if the claim was filed on time. Otherwise, enter the penalty amount as a result of the calculation formula as follows:
- Late Initial Claims: Form FAM-27 line (13) multiplied by 10%, without limitation; or
 - Late Annual Reimbursement Claims: Form FAM-27, line (13) multiplied by 10%, late penalty not to exceed \$10,000.
- (15) Enter the amount of payment, if any, received for the claim. If no payment was received, enter zero.
- (16) Enter the net claimed amount by subtracting the sum of lines (14) and (15) from line (13).
- (17) If line (16), Net Claimed Amount, is positive, enter that amount on line (17), Due from State.
- (18) If line (16), Net Claimed Amount, is negative, enter that amount on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., Form 1, (04)(a), means the information is located on Form 1, line (04), column (a). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the process.**
- (37) Read the statement of Certification of Claim. The claim must be dated, signed by the agency's authorized officer, and must type or print name, title, date signed, telephone number, and e-mail address. **Claims cannot be paid unless accompanied by an original signed certification. (Please sign the Form FAM-27 in blue ink and attach the copy to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the agency contact person for the claim. If the claim was prepared by a consultant, type or print the name of the consulting firm, the claim preparer, telephone number, and e-mail address.

SUBMIT A SIGNED ORIGINAL FORM FAM-27 AND ONE COPY WITH ALL OTHER FORMS TO:

Address, if delivered by U.S. Postal Service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250**

Address, if delivered by other delivery service:

**OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 700
Sacramento, CA 95816**

PROGRAM 234	HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM 1
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(01) Claimant	(02) Fiscal Year 20__/20__
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(03) Indicate the level at which health services were provided during the fiscal year (FY) of reimbursement in comparison to the FY 1986-87. If the "Less" box is checked, **STOP**, do not complete the form. **No reimbursement is allowed.**

LESS SAME MORE

(04) Indirect Cost Rate [FAM-29C] [Apply Indirect Cost Rate to Salaries and Benefits]	(a) %	(b) Salaries & Benefits	(c) Materials & Supplies	(d) Indirect Costs	(e) Total
(05) Cost of employee and athlete physicals for the fiscal year of claim					
(06) Less: Cost of employee and athlete physicals that exceed services provided in FY 1986-87					
(07) Less: offsetting revenues and reimbursements attributable to employee and athlete physicals provided in both FY 1986-87 and the fiscal year of claim					
(08) Current year costs of employee and athlete physicals provided in FY 1986-87 [Line (05) - Line (06) - Line (07)]; If less than \$0, enter \$0.					
(09) Cost of health services for the fiscal year of claim, excluding costs reported on Line (05)					
(10) Less: Costs to provide current year services that exceed services of FY 1986-87 (exclude athlete and employee physicals)					
(11) Current year cost of services provided in FY 1986-87, excluding employee and athlete physicals [Line (09) - Line (10)]					

School Term	(a) Number of Students Enrolled [see instructions]	(b) Students Exempt per EC 76355(c)(1)	(c) Students Exempt per EC 76355(c)(2) [see instructions]	(d) Number of Students Subject to Health Fee [(a) - (b) - (c)]	(e) Authorized Health Fee Rate Per EC 76355	(f) Authorized Student Health Fees [(d) x (e)]
(12) Summer Semester						
(13) Fall Semester or First Quarter						
(14) Winter Intersession or Second Quarter						
(15) Spring Semester or Third Quarter						
(16) Authorized Health Service Fees [Line (12f) + Line (13f) + Line (14f) + Line (15f)]						
(17) Subtotal [Line (11) - Line (16)]; If less than \$0, enter \$0						
(18) Less: Offsetting revenues and reimbursements attributable to health services excluding employee and athlete physicals						
(19) Subtotal [Line (17) - Line (18)]; If less than \$0, enter \$0						
(20) Current year costs of employee and athlete physicals provided in FY 1986-87 [Line (08)]						
(21) Total Claimed Amount [Line (19) + Line (20)]						

PROGRAM 234	HEALTH FEE ELIMINATION CLAIM SUMMARY INSTRUCTIONS	FORM 1
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office (SCO) on behalf of its colleges.
- (02) Enter the fiscal year of costs.
- (03) Use Form 3 to compare the level of services provided during the fiscal year entered on line (02) to the services provided during FY 1986-87. Indicate the result by checking the appropriate box. If the "Less" box is checked, STOP and do not file a claim with SCO. No reimbursement is forthcoming.
- (04) Only the indirect cost rate from the Form FAM-29C is allowed. Submit the Form FAM-29C with the claim.
- (05) Enter the actual costs of employee and/or athlete physicals provided during the fiscal year of the claim. Enter the costs for salaries and benefits, and materials and supplies, from Form 2A, lines (04) columns (d), and (e).
- (06) Enter the current year costs of employee and/or athlete physicals provided that exceed services provided by the district in fiscal year 1986-1987.
- (07) Enter the total of claim year offsetting revenues and other reimbursements that are attributable to employee and/or athlete physical services that the district provided in both fiscal year 1986-87 and fiscal year of claim.
- (08) From line (05), subtract both line (06) and line (07). If the result is less than \$0, enter \$0.
- (09) Enter the actual costs for salaries and benefits, and services and supplies, excluding costs attributable to employee and athlete physicals provided. Enter the amounts from Form 2B, lines (04) columns (d) and (e). **If the sum of line (05) and line (09) differ from total costs that the district reported on its Community College Annual Financial and Budget Report (CCFS-311), EDP Code 6440, columns (2) and (3), provide a detailed schedule that reconciles the difference.**
- (10) Enter the costs of current year services provided (excluding employee and athlete physicals) that exceed services provided by the district in fiscal year 1986-87. Submit a detailed schedule that identifies each excess service and associated costs.
- (11) Subtract line (10) from line (09).
- (12) - (15) Complete columns (a) through (f). Enrollment data should agree with data reported to the California Community Colleges Chancellor's Office (CCCCO). For column (a), the number of students enrolled should be based on CCCCCO MIS Data Element STD7, Codes A through G, after excluding duplicate entries for the same student (See Attachment 1). For column (c), the number of apprenticeship program enrollees should be based on CCCCCO MIS Data Element STD7, Codes A through G, and MIS Data Element SB23, Code 1, after excluding duplicate entries for the same student (See Attachment 2). Effective with the Summer 2011 session, the authorized health service fees are \$18 per semester, and \$15 for summer sessions, quarters, or inter-sessions of at least four weeks.
- (16) Enter the sum of line (12) column (f) through line (15) column (f).
- (17) Subtract line (16) from line (11) column (e). If the result is less than \$0, enter \$0.
- (18) Identify any revenue received for this mandate from any state or federal source and other reimbursements received from any source (i.e., federal, other state programs, etc.). Exclude revenue and other reimbursements attributable to employee and/or athlete physicals. Submit a detailed schedule of offsetting revenue and other reimbursements with the claim.
- (19) From the subtotal on line (17), subtract the offsetting revenues and other reimbursements, line (18). If the result is less than \$0, enter \$0.
- (20) Enter the amount from line (08).
- (21) Total claimed amount. Enter the sum of line (19) and line (20). Carry the amount from line (21) forward to Form FAM-27, line (13) for the reimbursement claim.

PROGRAM 234	HEALTH FEE ELIMINATION ACTIVITY COST DETAIL EMPLOYEE AND ATHLETE PHYSICALS	FORM 2A
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(01) Community College District	(02) Fiscal Year 20__/20__
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(03) Description of Expenses – Employee and Athlete Physicals	Object Accounts
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(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies
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(04) Total <input type="text"/> Subtotal <input type="text"/> Page: ___ of ___		
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PROGRAM 234	HEALTH FEE ELIMINATION ACTIVITY COST DETAIL – EMPLOYEE AND ATHLETE PHYSICALS INSTRUCTIONS	FORM 2A
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- (01) Enter the name of the community college district.
- (02) Enter the fiscal year in which costs were incurred.
- (03) Description of Expenses – Employee and Athlete Physicals. Include costs attributable to employee and athlete physicals only.

The following table identifies the type of information required to support reimbursable costs. Enter the employee names, job classification, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, and materials and supplies used. **The descriptions required in line (3) column (a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than **three years after the date the claim was filed or last amended**, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. For audit purposes, all supporting documents must be retained by the claimant while the claim is subject to audit and must be made available to the SCO on request. If the SCO has initiated an audit, the retention period is extended until the ultimate resolution of any audit findings.

Object/ Sub object Accounts	Columns					Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	
Salaries and Benefits	Employee Name and Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked		
	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries		
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used	

- (04) Total line (03), columns (d), and (e), and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the activity costs, number each page. Enter totals from line (04), columns (d), and (e), to Form 1, line (05) columns (b), and (c). Carry the amount from line (04), column (d) to form FAM-27, line (35) for the reimbursement claim.

PROGRAM 234	HEALTH FEE ELIMINATION ACTIVITY COST DETAIL – ALL HEALTH SERVICES EXCLUDING EMPLOYEE AND ATHLETE PHYSICALS	FORM 2B
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(01) Community College District	(02) Fiscal Year
	20__/20__

(03) Description of Expenses – All Health Services Excluding Employee and Athlete Physicals	Object Accounts
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(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies

(04) Total <input type="text"/>	Subtotal <input type="text"/>	Page: ___ of ___
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PROGRAM 234	HEALTH FEE ELIMINATION ACTIVITY COST DETAIL – ALL HEALTH SERVICES EXCLUDING EMPLOYEE AND ATHLETE PHYSICALS INSTRUCTIONS	FORM 2B
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- (01) Enter the name of the community college district.
- (02) Enter the fiscal year in which costs were incurred.
- (03) Description of Expenses – All Health Services Excluding Employee and Athlete Physicals. Include costs of all health services, excluding costs of employee and athlete physicals.

The following table identifies the type of information required to support reimbursable costs. Enter the employee names, job classification, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, and materials and supplies used. **The descriptions required in line (3) column (a) must be of sufficient detail to explain the cost of activities or items being claimed.** For audit purposes, all supporting documents must be retained by the claimant for a period of not less than **three years after the date the claim was filed or last amended**, whichever is later. If no funds were appropriated or no payment was made at the time the claim was filed, the time for the Controller to initiate an audit will be from the date of initial payment of the claim. For audit purposes, all supporting documents must be retained by the claimant while the claim is subject to audit and must be made available to the SCO on request. If the SCO has initiated an audit, the retention period is extended until the ultimate resolution of any audit findings.

Object/ Sub object Accounts	Columns					Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	
Salaries and Benefits	Employee Name and Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked		
	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries		
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used	

- (04) Total line (03), columns (d), and (e), and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed to detail the activity costs, number each page. Enter totals from line (04), columns (d), and (e), to Form 1, line (09), columns (b), and (c). Carry the amount from line (04), column (d) to form FAM-27, line (36) for the reimbursement claim.

PROGRAM 234	HEALTH FEE ELIMINATION HEALTH SERVICES PROVIDED	FORM 3
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(01) Claimant:	(02) Fiscal Year 20___/20___	
(03) Place an "X" in columns (a) or (b), as applicable; to indicate which health services were provided by student health service fees for the indicated fiscal years. Provide a detailed explanation if column (a) differs from any previous claim submitted by the district.	(a) 1986-87	(b) FY of Claim
Accident Reports		
Appointments		
College Physician, Surgeon, Dermatology, Family Practice, Internal Medicine		
Outside Physician		
Dental Services		
Outside Labs, (X-ray, etc.)		
Psychologist, full services		
Cancel/Change Appointments		
Registered Nurse		
Check Appointments		
Assessment, Intervention and Counseling		
Birth Control		
Lab Reports		
Nutrition		
Test Results, Office		
Venereal Disease		
Communicable Disease		
Upper Respiratory Infection		
Ear, Nose, and Throat		
Eye/Vision		
Dermatology/Allergy		
Gynecology/Pregnancy Service		
Neurology		
Orthopedic		
Genito/Urinary		
Dental		
Gastro-Intestinal		
Stress Counseling		
Crisis Intervention		
Child Abuse Reporting and Counseling		
Substance Abuse Identification and Counseling		
Acquired Immune Deficiency Syndrome (AIDS)		

PROGRAM 234	HEALTH FEE ELIMINATION HEALTH SERVICES PROVIDED	FORM 3
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(01) Claimant:	(02)	Fiscal Year: 20___/20___
(03) Place an "X" in columns (a) or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years. Provide a detailed explanation if column (a) differs from any previous claim submitted by the district.	(a) 1986-87	(b) FY of Claim
Assessment, Intervention and Counseling (Continued)		
Eating Disorders		
Weight Control		
Personal Hygiene		
Burnout		
Other Medical Problems, list		
Examinations (Minor Illnesses)		
Recheck Minor Injury		
Health Talks or Fairs, Information		
Sexually Transmitted Disease (STD)		
Drugs		
Acquired Immune Deficiency Syndrome (AIDS)		
Child Abuse		
Birth Control/Family Planning		
Stop Smoking		
Library, Videos and Cassettes		
First Aid (Major Emergencies)		
First Aid (Minor Emergencies)		
First Aid Kits (Filled)		
Immunizations		
Diphtheria/Tetanus		
Measles/Rubella		
Influenza		
Information		
Insurance		
On Campus Accident		
Voluntary		
Insurance Inquiry/Claim Administration		
Laboratory Tests Done		
Inquiry/Interpretation		
Pap Smears		
Physical Examinations		

PROGRAM 234	HEALTH FEE ELIMINATION HEALTH SERVICES PROVIDED	FORM 3
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(01) Claimant:	(02)	Fiscal Year: 20__/20__
(03) Place an "X" in columns (a) or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years. Provide a detailed explanation if column (a) differs from any previous claim submitted by the district.	(a) 1986-87	(b) FY of Claim
Physical Examinations (Continued)		
Students		
Athletes		
Employees		
Students		
Athletes		
Medications (Dispensed over the counter for miscellaneous illnesses)		
Antacids		
Antidiarrheal		
Antihistamines		
Aspirin, Tylenol, etc.		
Skin Rash Preparations		
Eye Drops		
Ear Drops		
Toothache, Oil cloves		
Stingkill		
Midol, Menstrual Cramps		
Other, list		
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		
Parking Inquiry		
Elevator Passes		
Temporary Handicapped Parking Permits		
Referrals to Outside Agencies		
Private Medical Doctor		
Health Department		
Clinic		
Dental		
Counseling Centers		
Crisis Centers		

PROGRAM 234	HEALTH FEE ELIMINATION HEALTH SERVICES PROVIDED	FORM 3
------------------------	--	-------------------

(01) Claimant:	(02)	Fiscal Year 20___/20___
(03) Place an "X" in columns (a) or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years. Provide a detailed explanation if column (a) differs from any previous claim submitted by the district.	(a) 1986-87	(b) FY of Claim
Transitional Living Facilities (Battered/Homeless Women)		
Family Planning Facilities		
Other Health Agencies		
Tests		
Blood Pressure		
Hearing		
Tuberculosis		
Reading		
Information		
Vision		
Glucometer		
Urinalysis		
Hemoglobin		
EKG		
Strep A Testing		
PG Testing		
Monospot		
Hemacult		
Others, list		
Miscellaneous		
Absence Excuses/PE Waiver		
Allergy Injections		
Band-aids		
Booklets/Pamphlets		
Dressing Change		
Rest		
Suture Removal		
Temperature		
Weight		
Information		
Report/Form		
Wart Removal		

Attachment 1

**California Community College District Enrollment
Academic Year 2011-12**

District Name	Term Name	District Enrollment	Notes
ALLAN HANCOCK CCD	2011 Summer Term	7,357	
ALLAN HANCOCK CCD	2011 Fall term	14,671	
ALLAN HANCOCK CCD	2012 Spring Semester	15,984	
ANTELOPE CCD	2011 Summer Term	1,907	
ANTELOPE CCD	2011 Fall term	14,311	
ANTELOPE CCD	2012 Winter Intersession	184	
ANTELOPE CCD	2012 Spring Semester	14,060	
BARSTOW CCD	2011 Summer Term	725	
BARSTOW CCD	2011 Fall term	2,305	
BARSTOW CCD	2012 Spring Semester	4,275	
BUTTE CCD	2011 Summer Term	3,741	
BUTTE CCD	2011 Fall term	14,245	
BUTTE CCD	2012 Spring Semester	13,518	
CABRILLO CCD	2011 Summer Term	2,851	
CABRILLO CCD	2011 Fall term	14,709	
CABRILLO CCD	2012 Winter Intersession	115	
CABRILLO CCD	2012 Spring Semester	14,485	
CERRITOS CCD	2011 Summer Term	6,116	
CERRITOS CCD	2011 Fall term	24,350	
CERRITOS CCD	2012 Spring Semester	24,806	
CHABOT-LAS POSITAS CCD	2011 Summer Term	5,989	
CHABOT-LAS POSITAS CCD	2011 Fall term	22,140	
CHABOT-LAS POSITAS CCD	2012 Spring Semester	21,488	
CHAFFEEY CCD	2011 Summer Term	2,978	
CHAFFEEY CCD	2011 Fall term	19,731	
CHAFFEEY CCD	2012 Spring Semester	18,518	
CITRUS CCD	2011 Summer Term	3,475	
CITRUS CCD	2011 Fall term	12,757	
CITRUS CCD	2012 Winter Intersession	3,750	
CITRUS CCD	2012 Spring Semester	12,887	
COAST CCD	2011 Summer Term	12,523	
COAST CCD	2011 Fall term	47,060	
COAST CCD	2012 Spring Semester	45,367	
CONTRA COSTA CCD	2011 Summer Term	17,217	
CONTRA COSTA CCD	2011 Fall term	37,009	
CONTRA COSTA CCD	2012 Spring Semester	38,296	
COPPER MOUNTAIN	2011 Summer Term	578	
COPPER MOUNTAIN	2011 Fall term	2,212	
COPPER MOUNTAIN	2012 Spring Semester	2,278	
DESERT CCD	2011 Summer Term	2,740	
DESERT CCD	2011 Fall term	10,459	
DESERT CCD	2012 Spring Semester	9,867	
EL CAMINO CCD	2011 Summer Term	14,992	Includes Compton Center.
EL CAMINO CCD	2011 Fall term	31,236	Includes Compton Center.
EL CAMINO CCD	2012 Winter Intersession	3,577	Includes Compton Center.
EL CAMINO CCD	2012 Spring Semester	28,814	Includes Compton Center.
FEATHER RIVER CCD	2011 Summer Term	1,210	
FEATHER RIVER CCD	2011 Fall term	1,505	
FEATHER RIVER CCD	2012 Winter Intersession	61	
FEATHER RIVER CCD	2012 Spring Semester	1,613	
FOOTHILL CCD	2011 Summer Quarter	26,479	
FOOTHILL CCD	2011 Fall Quarter	40,580	
FOOTHILL CCD	2012 Winter Quarter	37,652	
FOOTHILL CCD	2012 Spring Quarter	35,515	
GAVILAN CCD	2011 Summer Term	2,648	

**California Community College District Enrollment
Academic Year 2011-12**

GAVILAN CCD	2011 Fall term	8,771	
GAVILAN CCD	2012 Spring Semester	7,496	
GLENDALE CCD	2011 Summer Term	7,088	
GLENDALE CCD	2011 Fall term	21,937	
GLENDALE CCD	2012 Winter Intersession	234	
GLENDALE CCD	2012 Spring Semester	21,799	
GROSSMONT CCD	2011 Summer Term	4,032	
GROSSMONT CCD	2011 Fall term	25,701	
GROSSMONT CCD	2012 Spring Semester	25,346	
HARTNELL CCD	2011 Summer Term	4,652	
HARTNELL CCD	2011 Fall term	9,486	
HARTNELL CCD	2012 Spring Semester	9,623	
IMPERIAL CCD	2011 Summer Term	34	
IMPERIAL CCD	2011 Fall term	8,267	
IMPERIAL CCD	2012 Spring Semester	7,502	
KERN CCD	2011 Summer Term	10,770	
KERN CCD	2011 Fall term	26,633	
KERN CCD	2012 Spring Semester	26,443	
LAKE TAHOE CCD	2011 Summer Quarter	1,733	
LAKE TAHOE CCD	2011 Fall Quarter	3,187	
LAKE TAHOE CCD	2012 Winter Quarter	3,112	
LAKE TAHOE CCD	2012 Spring Quarter	2,973	
LASSEN CCD	2011 Summer Term	1,704	
LASSEN CCD	2011 Fall term	2,635	
LASSEN CCD	2012 Spring Semester	3,365	
LONG BEACH CCD	2011 Summer Term	9,204	
LONG BEACH CCD	2011 Fall term	26,162	
LONG BEACH CCD	2012 Spring Semester	24,718	
LOS ANGELES CCD	2011 Summer Term	38,618	
LOS ANGELES CCD	2011 Fall term	156,277	
LOS ANGELES CCD	2012 Winter Intersession	21,143	
LOS ANGELES CCD	2012 Spring Semester	148,099	
LOS RIOS CCD	2011 Summer Term	25,880	
LOS RIOS CCD	2011 Fall term	74,111	
LOS RIOS CCD	2012 Spring Semester	75,008	
MARIN CCD	2011 Summer Term	1,455	Excludes Marin CED.
MARIN CCD	2011 Fall term	7,140	Excludes Marin CED.
MARIN CCD	2012 Spring Semester	7,341	Excludes Marin CED.
MENDOCINO CCD	2011 Summer Term	1,634	
MENDOCINO CCD	2011 Fall term	4,019	
MENDOCINO CCD	2012 Spring Semester	4,160	
MERCED CCD	2011 Summer Term	3,841	
MERCED CCD	2011 Fall term	11,951	
MERCED CCD	2012 Spring Semester	11,927	
MIRA COSTA CCD	2011 Summer Term	7,449	
MIRA COSTA CCD	2011 Fall term	16,882	
MIRA COSTA CCD	2012 Spring Semester	16,864	
MONTEREY CCD	2011 Summer Term	5,667	
MONTEREY CCD	2011 Fall term	10,181	
MONTEREY CCD	2012 Spring Semester	13,289	
MT. SAN ANTONIO CCD	2011 Summer Term	21,520	
MT. SAN ANTONIO CCD	2011 Fall term	36,484	
MT. SAN ANTONIO CCD	2012 Winter Intersession	17,450	
MT. SAN ANTONIO CCD	2012 Spring Semester	35,482	
MT. SAN JACINTO CCD	2011 Summer Term	222	
MT. SAN JACINTO CCD	2011 Fall term	16,327	
MT. SAN JACINTO CCD	2012 Spring Semester	15,521	
NAPA CCD	2011 Summer Term	2,338	

**California Community College District Enrollment
Academic Year 2011-12**

NAPA CCD	2011 Fall term	7,244	
NAPA CCD	2012 Spring Semester	7,135	
NORTH ORANGE CCD	2011 Summer Term	8,467	Excludes North Orange Adult.
NORTH ORANGE CCD	2011 Fall term	33,771	Excludes North Orange Adult.
NORTH ORANGE CCD	2012 Spring Semester	34,093	Excludes North Orange Adult.
OHLONE CCD	2011 Summer Term	3,345	
OHLONE CCD	2011 Fall term	10,769	
OHLONE CCD	2012 Spring Semester	11,960	
PALO VERDE CCD	2011 Fall term	3,546	
PALO VERDE CCD	2012 Spring Semester	2,849	
PALOMAR CCD	2011 Summer Term	9,456	
PALOMAR CCD	2011 Fall term	27,587	
PALOMAR CCD	2012 Spring Semester	27,412	
PASADENA CCD	2011 Summer Term	10,605	
PASADENA CCD	2011 Fall term	29,572	
PASADENA CCD	2012 Winter Intersession	8,024	
PASADENA CCD	2012 Spring Semester	27,262	
PERALTA CCD	2011 Summer Term	14,966	
PERALTA CCD	2011 Fall term	26,655	
PERALTA CCD	2012 Spring Semester	24,995	
RANCHO SANTIAGO CCD	2011 Summer Term	54,022	Excludes Rancho Santiago CED.
RANCHO SANTIAGO CCD	2011 Fall term	62,496	Excludes Rancho Santiago CED.
RANCHO SANTIAGO CCD	2012 Spring Semester	74,049	Excludes Rancho Santiago CED.
REDWOODS CCD	2011 Summer Term	1,147	
REDWOODS CCD	2011 Fall term	6,181	
REDWOODS CCD	2012 Spring Semester	5,880	
RIO HONDO CCD	2011 Summer Term	12,141	
RIO HONDO CCD	2011 Fall term	21,211	
RIO HONDO CCD	2012 Spring Semester	21,445	
RIVERSIDE CCD	2011 Summer Term	12,797	
RIVERSIDE CCD	2011 Fall term	35,243	
RIVERSIDE CCD	2012 Winter Intersession	10,331	
RIVERSIDE CCD	2012 Spring Semester	33,314	
SAN BERNARDINO CCD	2011 Summer Term	2,585	
SAN BERNARDINO CCD	2011 Fall term	17,681	
SAN BERNARDINO CCD	2012 Spring Semester	17,653	
SAN DIEGO CCD	2011 Summer Term	1,691	Excludes San Diego CDE and Adult.
SAN DIEGO CCD	2011 Fall term	47,975	Excludes San Diego CDE and Adult.
SAN DIEGO CCD	2012 Spring Semester	47,210	Excludes San Diego CDE and Adult.
SAN FRANCISCO CCD	2011 Summer Term	13,366	Excludes San Francisco Centers.
SAN FRANCISCO CCD	2011 Fall term	35,134	Excludes San Francisco Centers.
SAN FRANCISCO CCD	2012 Spring Semester	33,706	Excludes San Francisco Centers.
SAN JOAQUIN DELTA CCD	2011 Summer Term	10,044	
SAN JOAQUIN DELTA CCD	2011 Fall term	19,925	
SAN JOAQUIN DELTA CCD	2012 Spring Semester	18,762	
SAN JOSE CCD	2011 Summer Term	6,545	
SAN JOSE CCD	2011 Fall term	19,639	
SAN JOSE CCD	2012 Spring Semester	20,609	
SAN LUIS OBISPO CCD	2011 Summer Term	3,371	
SAN LUIS OBISPO CCD	2011 Fall term	11,104	
SAN LUIS OBISPO CCD	2012 Spring Semester	11,301	
SAN MATEO CCD	2011 Summer Term	13,947	
SAN MATEO CCD	2011 Fall term	25,381	
SAN MATEO CCD	2012 Spring Semester	24,490	
SANTA BARBARA CCD	2011 Summer Term	7,900	Excludes Santa Barbara CED.
SANTA BARBARA CCD	2011 Fall term	19,883	Excludes Santa Barbara CED.
SANTA BARBARA CCD	2012 Spring Semester	19,214	Excludes Santa Barbara CED.
SANTA CLARITA CCD	2011 Summer Term	8,967	

**California Community College District Enrollment
Academic Year 2011-12**

SANTA CLARITA CCD	2011 Fall term	17,937
SANTA CLARITA CCD	2012 Winter Intersession	3,267
SANTA CLARITA CCD	2012 Spring Semester	18,303
SANTA MONICA CCD	2011 Summer Term	15,982
SANTA MONICA CCD	2011 Fall term	33,281
SANTA MONICA CCD	2012 Winter Intersession	12,435
SANTA MONICA CCD	2012 Spring Semester	33,036
SEQUOIAS CCD	2011 Fall term	11,969
SEQUOIAS CCD	2012 Spring Semester	11,346
SHASTA TEHAMA CCD	2011 Summer Term	2,075
SHASTA TEHAMA CCD	2011 Fall term	9,688
SHASTA TEHAMA CCD	2012 Spring Semester	9,093
SIERRA CCD	2011 Summer Term	4,702
SIERRA CCD	2011 Fall term	19,577
SIERRA CCD	2012 Spring Semester	19,409
SISKIYOUSS CCD	2011 Summer Term	514
SISKIYOUSS CCD	2011 Fall term	2,716
SISKIYOUSS CCD	2012 Spring Semester	2,954
SOLANO CCD	2011 Summer Term	5,180
SOLANO CCD	2011 Fall term	11,162
SOLANO CCD	2012 Spring Semester	10,900
SONOMA CCD	2011 Summer Term	12,086
SONOMA CCD	2011 Fall term	27,949
SONOMA CCD	2012 Spring Semester	27,408
SOUTH ORANGE COUNTY CCD	2011 Summer Term	25,667
SOUTH ORANGE COUNTY CCD	2011 Fall term	40,852
SOUTH ORANGE COUNTY CCD	2012 Spring Semester	39,926
SOUTHWESTERN CCD	2011 Summer Term	10,205
SOUTHWESTERN CCD	2011 Fall term	21,938
SOUTHWESTERN CCD	2012 Spring Semester	20,831
STATE CENTER CCD	2011 Summer Term	6,946
STATE CENTER CCD	2011 Fall term	32,580
STATE CENTER CCD	2012 Spring Semester	32,690
VENTURA CCD	2011 Summer Term	14,762
VENTURA CCD	2011 Fall term	34,400
VENTURA CCD	2012 Spring Semester	33,132
VICTOR VALLEY CCD	2011 Summer Term	3,657
VICTOR VALLEY CCD	2011 Fall term	12,944
VICTOR VALLEY CCD	2012 Winter Intersession	71
VICTOR VALLEY CCD	2012 Spring Semester	13,074
WEST HILLS CCD	2011 Summer Term	2,521
WEST HILLS CCD	2011 Fall term	6,502
WEST HILLS CCD	2012 Spring Semester	6,184
WEST KERN CCD	2011 Summer Term	4,355
WEST KERN CCD	2011 Fall term	5,419
WEST KERN CCD	2012 Spring Semester	5,991
WEST VALLEY CCD	2011 Summer Term	13,077
WEST VALLEY CCD	2011 Fall term	22,336
WEST VALLEY CCD	2012 Spring Semester	24,288
YOSEMITE CCD	2011 Summer Term	7,170
YOSEMITE CCD	2011 Fall term	21,344
YOSEMITE CCD	2012 Spring Semester	20,991
YUBA CCD	2011 Summer Term	3,050
YUBA CCD	2011 Fall term	9,796
YUBA CCD	2012 Spring Semester	9,563

**California Community College District Enrollment
Academic Year 2011-12**

Source: Tonia Lu, MIS Specialist
California Community Colleges Chancellor's Office
November 1, 2012

Enrollment criteria:

CCCCO MIS data element STD7, Codes A through G. Duplicate students excluded based on student SSN.

Attachment 2

**California Community College District Apprenticeship Enrollees
Academic Year 2011-12**

District Name	Term Name	Apprenticeship Enrollees
CERRITOS CCD	2011 Summer Term	484
CERRITOS CCD	2011 Fall term	578
CERRITOS CCD	2012 Spring Semester	535
CHABOT-LAS POSITAS CCD	2011 Summer Term	1
CHABOT-LAS POSITAS CCD	2011 Fall term	256
CHABOT-LAS POSITAS CCD	2012 Spring Semester	341
FOOTHILL CCD	2011 Summer Quarter	39
FOOTHILL CCD	2011 Fall Quarter	1,184
FOOTHILL CCD	2012 Winter Quarter	1,218
FOOTHILL CCD	2012 Spring Quarter	375
KERN CCD	2011 Fall term	1
KERN CCD	2012 Spring Semester	145
LOS ANGELES CCD	2011 Summer Term	1
LOS ANGELES CCD	2011 Fall term	56
LOS ANGELES CCD	2012 Winter Intersession	62
LOS ANGELES CCD	2012 Spring Semester	47
LOS RIOS CCD	2011 Summer Term	526
LOS RIOS CCD	2011 Fall term	1,007
LOS RIOS CCD	2012 Spring Semester	902
PALOMAR CCD	2011 Summer Term	404
PALOMAR CCD	2011 Fall term	1,129
PALOMAR CCD	2012 Spring Semester	1,059
RANCHO SANTIAGO CCD	2011 Summer Term	2,448
RANCHO SANTIAGO CCD	2011 Fall term	2,254
RANCHO SANTIAGO CCD	2012 Spring Semester	2,831
RIO HONDO CCD	2011 Summer Term	1
SAN DIEGO CCD	2011 Fall term	494
SAN DIEGO CCD	2012 Spring Semester	421
SAN JOAQUIN DELTA CCD	2011 Summer Term	37
SAN JOAQUIN DELTA CCD	2011 Fall term	138
SAN JOAQUIN DELTA CCD	2012 Spring Semester	171
SONOMA CCD	2011 Fall term	123
SONOMA CCD	2012 Spring Semester	119

Source: Tonia Lu, MIS Specialist
California Community Colleges Chancellor's Office
November 1, 2012

Apprenticeship enrollee criteria:

CCCCO MIS data element STD7, Codes A through G, and Data Element SB23, Code 1. Duplicate students excluded based on student SSN.

"Did not report" = Although the district has an apprenticeship program, it did not report enrollees under the specified CCCCCO MIS codes.

HEALTH FEE ELIMINATION

1. Summary of Chapters 1/84, 2nd E.S., and Chapter 1118/87

Chapter 1, Statutes of 1984, 2nd E.S., repealed Education Code § 72246 which authorized community college districts to charge a fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required community college districts that charged a fee in the 1983/84 fiscal year to maintain that level of health services in the 1984/85 fiscal year and each fiscal year thereafter. The provisions of this statute would automatically repeal on December 31, 1987, which would reinstate the community college districts' authority to charge a health fee as specified.

Chapter 1118, Statutes of 1987 amended Education Code § 72246 to require any community college district that provided health services in the 1986/87 fiscal year to maintain health services at that level in the 1986/87 fiscal year and each fiscal year thereafter. Chapter 8, Statutes of 1993, has revised the numbering of § 72246 to § 76355.

2. Eligible Claimants

Any community college district incurring increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to community college presidents.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement claim and/or an estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

Section 17564(a), Government Code, provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year.

5. Filing Deadline

- (1) Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30, of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30, of the following fiscal year regardless whether the payment was more or less than the actual costs. If the local agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the local agency may file a reimbursement

claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by November 30 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by November 30 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Components

Eligible claimants will be reimbursed for health service costs at the level of service provided in the 1986/87 fiscal year. The reimbursement will be reduced by the amount of student health fees authorized per the Education Code § 76355.

After January 1, 1993, pursuant to Chapter 8, Statutes of 1993, the fees students were required to pay for health supervision and services were not more than:

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

7. Reimbursement Limitations

- A. If the level at which health services were provided during the fiscal year of reimbursement is less than the level of health services that were provided in the 1986/87 fiscal year, no reimbursement is forthcoming.
- B. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate, shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms HFE-1.0, HFE-1.1, and form HFE-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

A. Form HFE- 2, Health Services

This form is used to list the health services the community college provided during the 1986/87 fiscal year and the fiscal year of the reimbursement claim.

B. Form HFE-1.1, Claim Summary

This form is used to compute the allowable increased costs an individual college of the community college district has incurred to comply with the state mandate. The level of health services reported on this form must be supported by official financial records of the community college district. A copy of the document must be submitted with the claim. The amount shown on line (13) of this form is carried to form HFE-1.0.

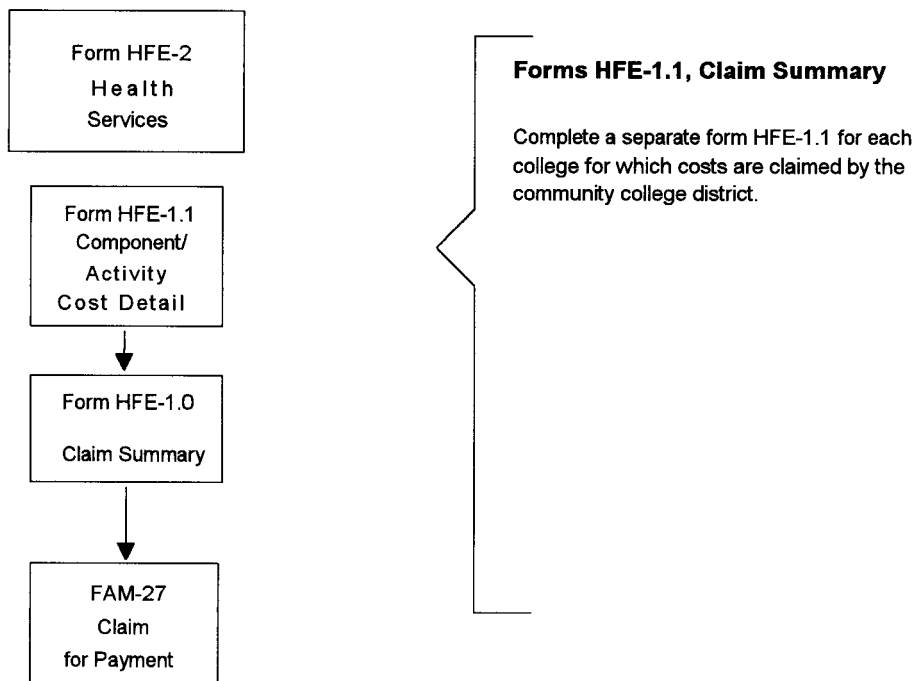
C. Form HFE-1.0, Claim Summary

This form is used to list the individual colleges that had increased costs due to the state mandate and to compute a total claimable cost for the district. The "Total Amount Claimed", line (04) on this form is carried forward to form FAM-27, line 13, for the reimbursement claim, or line (07) for the estimated claim.

D. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form HFE-1.0 and HFE 1.1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



CLAIM FOR PAYMENT Pursuant to Government Code Section 17561 HEALTH FEE ELIMINATION	For State Controller Use Only (19) Program Number 00029 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program 029
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L A B E L H E R E	(01) Claimant Identification Number		Reimbursement Claim Data	
	(02) Claimant Name		(22) HFE-1.0,(04)(b)	
	County of Location		(23)	
	Street Address or P.O. Box Suite		(24)	
	City State Zip Code		(25)	
			(26)	

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06) 20 ___/20 ___	(12) 20 ___/20 ___	(30)
Total Claimed Amount	(07)	(13)	(31)
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(32)
Less: Prior Claim Payment Received		(15)	(33)
Net Claimed Amount		(16)	(34)
Due to Claimant	(08)	(17)	(35)
Due to State		(18)	(36)

(37) CERTIFICATION OF CLAIM

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.

The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.

Signature of Authorized Officer	Date
Type or Print Name	Title

(38) Name of Contact Person for Claim	Telephone Number () - Ext.	
	E-Mail Address	

Program 029	HEALTH FEE ELIMINATION Certification Claim Form Instructions	FORM FAM-27
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:

Address, if delivered by U.S. Postal Service:
OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, if delivered by other delivery service:
OFFICE OF THE STATE CONTROLLER
ATTN: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.0
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
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(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)

(a) Name of College	(b) Claimed Amount
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
(04) Total Amount Claimed	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

<p>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</p>	<p>FORM HFE-1.0</p>
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(01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.

(02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.

(04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY	FORM HFE-1.1
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(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	19__/19__

(03) Name of College

(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, **STOP**, do not complete the form. **No** reimbursement is allowed.

LESS SAME MORE

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim			
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87			
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]			

(08) Complete columns (a) through (g) to provide detail data for health fees

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester							
2. Per spring semester							
3. Per summer session							
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							

(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) +(8.6g)]
(10) Sub-total	[Line (07) - line (09)]

Cost Reduction

(11) Less: Offsetting Savings, if applicable	
(12) Less: Other Reimbursements, if applicable	
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]

<p>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</p>	<p>FORM HFE-1.1</p>
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.

Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Accident Reports Appointments College Physician, surgeon Dermatology, family practice Internal Medicine Outside Physician Dental Services Outside Labs, (X-ray, etc.) Psychologist, full services Cancel/Change Appointments Registered Nurse Check Appointments Assessment, Intervention and Counseling Birth Control Lab Reports Nutrition Test Results, office Venereal Disease Communicable Disease Upper Respiratory Infection Eyes, Nose and Throat Eye/Vision Dermatology/Allergy Gynecology/Pregnancy Service Neuralgic Orthopedic Genito/Urinary Dental Gastro-Intestinal Stress Counseling Crisis Intervention Child Abuse Reporting and Counseling Substance Abuse Identification and Counseling Acquired Immune Deficiency Syndrome Eating Disorders Weight Control Personal Hygiene Burnout Other Medical Problems, list Examinations, minor illnesses Recheck Minor Injury Health Talks or Fairs, Information Sexually Transmitted Disease Drugs Acquired Immune Deficiency Syndrome			

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES	FORM HFE-2
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(01) Claimant:	(02) Fiscal Year costs were incurred:
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.	(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes		
First Aid, Major Emergencies		
First Aid, Minor Emergencies		
First Aid Kits, Filled		
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration		
Laboratory Tests Done Inquiry/Interpretation Pap Smears		
Physical Examinations Employees Students Athletes		
Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list		
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		

MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES		FORM HFE-2	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Referrals to Outside Agencies Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
Tests Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list			
Miscellaneous Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
Committees Safety Environmental Disaster Planning			

BEFORE THE COMMISSION ON STATE MANDATES
STATE OF CALIFORNIA

Claim of:

Rio Hondo Community College District)
Claimant)


No. CSM-4206

DECISION

The attached Proposed Statement of Decision of the Commission on State Mandates is hereby adopted by the Commission on State Mandates as its decision in the above-entitled matter.

This Decision shall become effective on January 22, 1987.

IT IS SO ORDERED January 22, 1987.


Peter Pelkofer, Vice Chairman
Commission on State Mandates

BEFORE THE
COMMISSION ON STATE MANDATES

Claim of:

Rio Hondo Community College District
Claimant

No. CSM-4206

PROPOSED DECISION

This claim was heard by the Commission on State Mandates (commission) on November 20, 1986, in Sacramento, California, during a regularly scheduled meeting of the commission. Patrick Sisneros, Attorney at Law, and Dr. Timothy M. Wood, Vice-President of Administrative Affairs, appeared on behalf of the Rio Hondo Community College District. Steve Nakamura, Program Analyst, appeared on behalf of the California Community Colleges Chancellor's Office. Carol Miller of Education Mandated Costs Network also testified at the hearing. There were no other appearances.

Evidence both oral and documentary having been introduced, the matter submitted, and a vote taken, the commission finds:

I.

NOTE

1. The finding of a reimbursable mandate does not mean that all increased costs claimed will be reimbursed. Reimbursement, if any, is subject to commission approval of parameters and guidelines for reimbursement of the claim, and a statewide cost estimate; a timely-filed claim for reimbursement; and a subsequent review of the claim by the State Controller.

11.

FINDINGS OF FACT

1. The test claim was filed with the Commission on State Mandates on November 27, 1985, by the Rio Hondo Community College District.
2. The subject of the claim is Statutes of 1984, 2nd Extraordinary Session, Chapter 1.
3. Chapter 1/84, 2nd E.S., repealed Section 72244 of the Education Code which provided for an optional health services program to be implemented at the California Community College Districts' discretion and repealed Section 72246 which provided the fee structure the districts could charge students to fund the program.
4. Chapter 1/84, 2nd E.S., added Section 72246.5 to the Education Code and required any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.
5. A program which was optional is now required by Chapter 1, Statutes of 1984, 2nd E.S. of any community college district which levied a health services fee in fiscal year 1983-84,
6. During fiscal year 1983-84 Rio Hondo Community College District provided a health services program and assessed a health services fee. Therefore, the Rio Hondo Community College District has incurred increased costs as a result of having to provide a health services program while having its authority to assess a health services fee removed.
7. The Rio Hondo Community College District's increased costs are costs mandated by the state.
8. Government Code Section 17514 defines the term "costs mandated by the state" as any increased costs which a local agency is required to incur after July 1, 1980, as a result of any statute enacted on or after January 1, 1975, or any executive order implementing any statute enacted on or after January 1, 1975, which mandates a new program or higher level of service of an existing program within the meaning of Section 6 of Article XIII B of the California Constitution.
9. None of the requisites for denying a claim, specified in Government Code Section 17556, subdivision (a), were established.

11.

DETERMINATION OF ISSUES

1. The commission has jurisdiction to decide the claim under authority of Government Code Section 17551.

2. Education Code Section 72246.5 as added by Chapter 1, Statutes of 1984, 2nd E.S., imposes a reimbursable state mandate upon local school districts. The Rio Hondo Community College District has established that this statute has imposed a new program by requiring community college districts, which levied a health services fee in fiscal year 1983-84 for an optional health services program, to provide the health services program without the authority to levy a fee.

WP 1526A-3

ITEM 6

PROPOSED PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S.
Health Fee Elimination

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Hearing: 8/27/87
File Number: CSM-4206
Staff: Deborah Fraga-Decker
WP 0056d

PROPOSED PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd E.S.
Health Fee Elimination

Executive Summary

At its hearing of November 20, 1986, the Commission on State Mandates found that Chapter 1, Statutes of 1984, 2nd E.S. imposed state mandated costs upon local community college school districts by (1) requiring those community college districts which provided health services for which it was authorized to and did charge a fee to maintain such health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter and (2) repealing the district's authority to charge a health fee.

Commission staff included the suggested non-substantive amendments to the claimant's proposed parameters and guidelines as submitted by the Department of Finance, the State Controller's Office, and the Community Colleges Chancellor's Office. The claimant is in agreement with these amendments and has not filed a rebuttal. Therefore, staff recommends that the commission adopt the parameters and guidelines as amended by staff.

Claimant

Rio Hondo Community College District

Chronology

12/2/85	Test Claim filed with Commission on State Mandates.
7/24/86	Test Claim continued at claimant's request.
11/20/86	Commission approved mandate.
1/22/87	Commission adopted Statement of Decision.
4/9/87	Claimant submitted proposed parameters and guidelines.

Statement of Claim

Chapter 1/84, 2nd E.S., effective July 1, 1984, repealed Education Code (EC) Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required that any community college district which provided health services for which it was authorized to charge a fee shall maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter.

Prior to the passage of Chapter 1/84, the implementation of a health services program was at the local community college district's option. If implemented, the respective community college district had the authority to charge a health fee up to \$7.50 per semester for day and evening students, and \$5 per summer session.

Departmental Recommendations

The Department of Finance (DOF) did not recommend changes to the claimant's proposed parameters and guidelines. However, the DOF did point out two areas of concern:

1. The proposed parameters and guidelines suggests that claimants may claim costs either based on the fee amount previously collected per student enrollment count or based on actual costs of the program. The DOF states that it is possible that a district may have collected fees in excess of the actual costs of the program. In order to reduce the administrative burden on districts to prove that collected fees were not in excess of program costs, the DOF agrees with the assumption that collected fees would not have been in excess of the actual program costs.
2. The DOF points out that the commission found the mandate was established to maintain the student health services program at the fiscal year 1983-84 level. Therefore, the DOF noted the importance that supporting data be available evidencing that the program for which reimbursement is requested is a maintenance of effort of the fiscal year 1983-84 program level.

The State Controller's Office (SCO) has suggested four non-substantive amendments to the following items: (1) Item III. Eligible Claimants; (2) Item V. Reimbursement Costs, A. Scope of Mandate; (3) VI. Claim Preparation, B. Supporting Documentation, 1 and 2. The suggested amendments clarify the eligible claimants under this mandate, and clarify that the costs incurred will be for a maintenance of effort of the fiscal year 1983-84 level of service, rather than for "increased" costs due to an "increased" level of service.

The Community Colleges Chancellor's Office (Chancellor's Office) has suggested one non-substantive change to more clearly state that any fee charged individuals other than students to whom the health services program was provided, which fee was not repealed by Chapter 1/84 and may still be charged, be used as a reimbursement against the costs incurred by the districts.

Staff Analysis

Issue 1: Reimbursement Alternatives

Item VI.B. contains two alternatives for claiming reimbursement costs which can be utilized by the eligible claimants. Staff, after conversations with the SCO, recommended to the claimant that these two alternatives be included in the proposed parameters and guidelines. This would give claimants a choice between claiming actual costs for providing the health services program, or funding the program as was done prior to the mandate.

The first alternative is in Item VI.B.1. and provides for the use of the formula which the eligible claimants were authorized to utilize prior to the implementation of Chapter 1/84--total eligible enrollment multiplied by the health fee charged per student in fiscal year 1983-84. Should a community college district elect to claim under this alternative, it is likely that the amount reimbursed by the state will not cover total expenditures, but this method would save time and the administrative cost of documenting all actual costs. In conversations with a representative of the SCO, this alternative would also facilitate the audit procedures of the SCO and ultimately result in an amount being reimbursed to the claimant which would remain constant during audit. In its recommendation, the SCO has also suggested that the commission apply an implicit price deflator to each fiscal year reimbursement claimed under this alternative, and staff so recommends.

The second alternative is in Item VI.B.2. and provides for the claiming of actual costs involved in maintaining a health services program at the fiscal year 1983-84 level. If utilized, this alternative would result in more total reimbursement for claimants than alternative VI.B.1, but would require substantially more time, effort and documentation to claim costs on the part of the claimant and the SCO. It is staff's position that this alternative should be made available because claimants were required to maintain their health services program at the 1983-84 fiscal year level and the first alternative (fees x students) will not fully reimburse all claimants for these costs.

Issue 2: Departmental Recommended Amendments

The mandate found in Chapter 1/84 is for a new program with a required maintenance of effort at the fiscal year 1983-84 level, rather than an increased level of service. The amendments recommended by the DOF, SCO and Chancellor's Office are non-substantive in impact, but clarify that the parameters and guidelines for reimbursement of this mandate are for maintenance at a specified level, rather than the usual language which is applicable to a new program or higher level of service which would result in increased costs.

Additionally, the amendment proposed by the Chancellor's Office does not change the intent of language already proposed by the claimant, but does provide some clarity regarding the fact that any fees collected from other than students would be considered a reimbursement against the mandated costs, because the authority to charge non-students a fee was not repealed by Chapter 1, Statutes of 1984. Therefore, these non-student fees should be offset against claimed costs.

Staff and the claimant are in agreement with the recommended amendments and do not believe they adversely impact the scope of the reimbursable costs as originally proposed. Consequently, staff recommends that the commission approve the recommended amendments which are shown in Attachment A with additions indicated by underlining and deletions by strikeout.

Issue 3: Editorial Changes

In preparing the proposed parameters and guidelines, the claimant requested input from staff as to language which is usually adopted by the commission. Based on the information provided, the claimant included all applicable language. Therefore, it has not been necessary for staff to make any of the normal editorial changes usually proposed. All changes will be those agreed to by all the interested parties.

Staff Recommendation

Staff recommends the adoption of the staff's proposed parameters and guidelines which are based on the claimant's proposed parameters and guidelines incorporating the amendments recommended by the DOF, SCO, and Chancellor's Office. The claimant concurs with these changes.

STAFF'S PROPOSED
PARAMETERS AND GUIDELINES
Chapter 1, Statutes of 1984, 2nd. E.S.
Health Fee Elimination

I. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

III. ELIGIBLE CLAIMANTS

Any community college districts which incur/increased/costs provided health services for fee in 1983-84 fiscal year and continue to provide the same services as a result of this mandate is are eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S. became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government

Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSEMENT COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the ~~increased~~ costs of providing a health services program without the authority to levy a fee. Only services provided for fee in 1983-84 fiscal year may be claimed.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1983-84:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
- Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

- Birth Control
- Lab Reports
- Nutrition
- Test Results (office)
- VD
- Other Medical Problems
- CD
- URI
- ENT
- Eye/Vision
- Derm./Allergy
- Gyn/Pregnancy Services
- Neuro
- Ortho
- GU
- Dental

GI
Stress Counseling
Crisis Intervention
Child Abuse Reporting and Counseling
Substance Abuse Identification and Counseling
Aids
Eating Disorders
Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)
Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION
Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS
Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE
On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE
Inquiry/Interpretation
Pap Smears

PHYSICALS
Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)
Antacids
Antidiarrhial
Antihistamines

Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual Cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered/Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis
Hemoglobin
E.K.G.
Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh

Misc.
Information
Report/Form
Wart Removal

COMMITTEES
Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS
Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS
Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate. Eligible claimants may claim costs under one of two alternatives: (1) Fee amount previously collected per student and enrollment count, or (2) actual costs of program.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester.
2. Show the total number of full-time students enrolled in the summer program.
- 3: Show the total number of part-time students enrolled per semester.

4. Show the total number of part-time students enrolled in the summer program.

B. Claiming Alternatives

Claimed costs should be supported by the following information:

Alternative 1: Fees Previously Collected in 1983-84 Fiscal Year.

1. Fee(s) ~~previously~~ collected in the 1983-84 fiscal year to support the health services program.
2. Total number of students under Item VI.A.1. through 4. above. (Using this alternative, the total amount claimed would be Item VI.B.1. multiplied by Item VI.B.2., with the total amount reimbursed increased by the applicable Implicit Price Deflator.)

Alternative 2: Actual Costs of Claim Year for Providing 1983-84 Fiscal Year Program Level of Service.

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 1983-84 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include payments (fees) now received from individuals other than students who were not covered by former Education Code Section 72246 for health services.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

WP 1677A

PARAMETERS AND GUIDELINES

CHAPTER 1, STATUS OF 1984, 2nd. E.S.

HEALTH FEE ELIMINATIONI. SUMMARY OF MANDATE

Chapter 1, Statutes of 1984, 2nd E.S. repealed Education Code Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. This statute also required that health services for which a community college district charged a fee during the 1983-84 fiscal year had to be maintained at that level in the 1984-85 fiscal year and every year thereafter.

II. COMMISSION ON STATE MANDATES' DECISION

At its hearing on November 20, 1986, the Commission on State Mandates determined that Chapter 1, Statutes of 1984, 2nd E.S. imposed a "new program" upon community college districts by requiring any community college district which provided health services for which it was authorized to charge a fee pursuant to former Section 72246 in the 1983-84 fiscal year to maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement applies to all community college district which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

III. ELIGIBLE CLAIMANTS

Any community college district which incurs increased costs as a result of this mandate is eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 1, Statutes of 1984, 2nd E.S. became effective July 1, 1984. Section 17557 of the Government Code states that a test claim must be submitted on or before November 30th following a given fiscal year to establish eligibility for that fiscal year. The test claim for this mandate was filed on November 27, 1985; therefore, costs incurred on or after July 1, 1984, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim if applicable. Pursuant to Section 17561(d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

If the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed, except as otherwise allowed by Government Code Section 17564.

V. REIMBURSEMENT COSTS

A. Scope of Mandate

Eligible community college district shall be reimbursed for the increased costs of providing a health services program without the authority to levy a fee.

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable:

ACCIDENT REPORTS

APPOINTMENTS

- College Physician - Surgeon
 - Dermatology, Family Practice, Internal Medicine
- Outside Physician
- Dental Services
- Outside Labs (X-ray, etc.)
- Psychologist, full services
- Cancel/Change Appointments
- R.N.
- Check Appointments

ASSESSMENT, INTERVENTION & COUNSELING

- Birth Control
- Lab Reports
- Nutrition
- Test Results (office)
- VD
- Other Medical Problems
- CD
- URI
- ENT
- Eye/Vision
- Derm./Allergy
- Gyn/Pregnancy Services
- Neuro

Ortho
GU
Dental
GI
Stress Counseling
Crisis Intervention
Child Abuse Reporting and Counseling
Substance Abuse Identification and Counseling
Aids
Eating Disorders
Weight Control
Personal Hygiene
Burnout

EXAMINATIONS (Minor Illnesses)

Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

Sexually Transmitted Disease
Drugs
Aids
Child Abuse
Birth Control/Family Planning
Stop Smoking
Etc.
Library - videos and cassettes

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus
Measles/Rubella
Influenza
Information

INSURANCE

On Campus Accident
Voluntary
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation
Pap Smears

PHYSICALS

Employees
Students
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

Antacids
Antidiarrhial
Antihistamines
Aspirin, Tylenol, etc.
Skin rash preparations
Misc.
Eye drops
Ear drops
Toothache - Oil cloves
Stingkill
Midol - Menstrual cramps

PARKING CARDS/ELEVATOR KEYS

Tokens
Return card/key
Parking inquiry
Elevator passes
Temporary handicapped parking permits

REFERRALS TO OUTSIDE AGENCIES

Private Medical Doctor
Health Department
Clinic
Dental
Counseling Centers
Crisis Centers
Transitional Living Facilities (Battered /Homeless Women)
Family Planning Facilities
Other Health Agencies

TESTS

Blood Pressure
Hearing
Tuberculosis
 Reading
 Information
Vision
Glucometer
Urinalysis
Hemoglobin
E.K.G.

Strep A testing
P.G. testing
Monospot
Hemacult
Misc.

MISCELLANEOUS

Absence Excuses/PE Waiver
Allergy Injections
Band-aids
Booklets/Pamphlets
Dressing Change
Rest
Suture Removal
Temperature
Weigh
Misc.
Information
Report/Form
Wart Removal

COMMITTEES

Safety
Environmental
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety
Stress Management
Communication Skills
Weight Loss
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate. Eligible claimants may claim costs under one of two alternatives: (1) Fee amount previously collected per student and enrollment count, or (2) actual costs of program.

A. Description of Activity

1. Show the total number of full-time students enrolled per semester.
2. Show the total number of full-time students enrolled in the summer program.
3. Show the total number of part-time students enrolled per semester.
4. Show the total number of part-time students enrolled in the summer program.

B. Supporting Documentation

Claimed costs should be supported by the following information:

Alternative 1: Fees Previously Collected

1. Fee(s) previously collected to support the health services program.
2. Total number of students under Item VI.A.1. through 4. above.

Alternative 2: Actual Costs of Providing Program

1. Employee Salaries and Benefits

Identify the employee(s), show the classification of the employee(s) involved, describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related benefits. The average number of hours devoted to each function may be claimed if supported by a documented time study.

2. Services and Supplies

Only expenditures which can be identified as a direct cost of the mandate can be claimed. List cost of materials which have been consumed or expended specifically for the purpose of this mandate.

3. Allowable Overhead Cost

Indirect costs may only be claimed in the manner described by the State Controller in his claiming instructions.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim.

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct;

THAT Section 1090 to 1096, inclusive, of the Government Code and other applicable provisions of the law have been complied with;

and

THAT I am the person authorized by the local agency to file claims for funds with the State of California.

Signature of Authorized Representative

Date

Title

Telephone No.

Memorandum

Date : June 22, 1987

To : /Deborah Fraga-Decker, Program Analyst
Commission on State Mandates



From : Department of Finance

Subject : Proposed Parameters and Guidelines for Claim No. CSM-4206, Health Fee Elimination

The Rio Hondo Community College District filed a test claim with the Commission on State Mandates alleging that the enactment of Chapter 1, Statutes of 1984, 2nd Extraordinary Session mandated the provision of student health services which previously had been an optional program. The Commission decided in favor of the district and established that costs of maintaining student health services in FY 1984-85 and subsequent years by community college districts which had previously provided the optional health care program were reimbursable state-mandated costs.

In reviewing the proposed parameters and guidelines for reimbursement, no major issues of contention have been raised. However, we would like to address the following points:

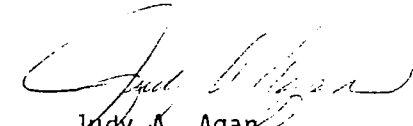
Claim Preparation

The proposed parameters and guidelines suggests that claimants may claim costs either based on the fee amount previously collected per student enrollment count or based on actual costs of program. It is possible that a district may have collected fees in excess of the actual costs of the program. In order to reduce the administrative burden on districts to prove that collected fees were not in excess of program costs, we will agree in this instance for this claim with the assumption that collected fees would not have been in excess of the actual program costs.

Supporting Data

The Commission found that a mandate was established to maintain the student health services program at the FY 1983-84 level. It is imperative that supporting data be available evidencing that the program for which reimbursement is requested is a maintenance of effort of the FY 1983-84 program level.

If you have any questions regarding this memorandum, please contact James M. Apps at (916) 323-6368.



Judy A. Agan
Assistant Program Budget Manager

cc: Peter Schaafsma, Legislative Analyst's Office
Glen Beatie, State Controller's Office
Carol Hunter, Attorney General's Office
Joe Freitas, Chancellor's Office, Community Colleges
Timothy M. Wood, Rio Hondo Community College District
Patrick D. Sisneros; Wagner, Sisneros & Wagner

LR:0222R



GRAY DAVIS
 Controller of the State of California
 SACRAMENTO, CALIFORNIA 94250



June 25, 1987

Ms. Deborah Fraga-Decker
 Program Analyst
 Commission on State Mandates
 1130 K Street, Suite LL50
 Sacramento, CA 95814

Dear Ms. Fraga-Decker:

Subject: Proposed Parameters and Guidelines for Chapter 1, Statutes of
 1984, 2nd E.S. - Health Fee Elimination

We have reviewed the above proposal submitted by the Rio Hondo Community College District and request the Commission consider the following amendments: (deletions shown by "strike out" and additions by "underline")

1. III. ELIGIBLE CLAIMANTS

Any ~~Community~~ college districts which provided health services for fee in 1983-84 Fiscal Year and continues to provide the same services ~~incurs/increased/costs~~ as a result of this mandate ~~is~~ are eligible to claim reimbursement of those costs.

This proposal is to identify specifically districts which are allowed to claim reimbursement.

2. V. REIMBURSEMENT COSTS

A. Scope of Mandate

Eligible community college districts shall be reimbursed for the ~~increased~~ costs of providing a health services program without the authority to levy a fee. Only services provided for fee in 1983-84 Fiscal Year may be claimed.

This proposal is to limit reimbursement to the same health services provided for fee in 1983-84 Fiscal Year.

3. VI. CLAIM PREPARATION

B. Supporting Documentation

Claimed costs should be supported by the following information:

Alternative 1: Fees Previously Collected in 1983-84 Fiscal Year.

1. Fee(s) ~~previously~~ collected in 1983-84 Fiscal Year to support the health services program.

This proposal is to allow qualified districts to claim 1983-84 Fiscal Year costs. The Commission may wish to consider applying a Price Deflator to this method of claiming reimbursement to bring 1983-84 dollar value up to claimed year dollar value.

2. Total number of students under Item VI.A.1. through 4. above.

Alternative 2: Actual Costs of Claim Year for Providing 1983-84 Fiscal Year Program level of Service.

This proposal is to limit reimbursement to services furnished during 1983-84 Fiscal Year.

If you have any questions, please contact Glen Beatie of my staff at (916) 323-8137.

Sincerely,



Roger A. Resnikoff, Chief
Division of Accounting

cc: Jim Apps, Department of Finance
Carol Hunter, Attorney General's Office
Steve Shea, Legislative Analyst's Office
Joe Freitas, Community Colleges Chancellor's Office
Patrick D. Sisneros, Attorney
Timothy M. Wood, Rio Hondo Community College District

RAR/GB:lb
SC70388

CALIFORNIA COMMUNITY COLLEGES

1107 NINTH STREET
SACRAMENTO, CALIFORNIA 95814
(916) 445-8752



July 3, 1987



Ms. Deborah Fraga-Decker
Program Analyst
Commission on State Mandates
1130 "K" Street, Suite LL50
Sacramento, CA 95814

RE: CSM - 4206
Rio Hondo Community College District
Chapter 1, Statutes of 1984, 2nd E.S.
Health Fee Elimination

Dear Ms. Fraga-Decker:

As follow-up to our June 19 discussion regarding the above-named claim, the claimant's Parameters and Guidelines for reimbursement of State-mandated costs resulting from elimination of the health fee raises one question. Shouldn't mandated costs reimbursements be reduced by any other cost reimbursements received by community colleges for health services?

Prior to passage of Chapter 1, Statutes of 1984, 2nd extraordinary session, community college districts were authorized to provide health supervision and services to students and/or provide for the operation of a student health center(s) and to charge students a health services fee. District health services staff could also diagnose and treat persons other than students as authorized by the governing board. Districts were not precluded from charging those persons, other than students, a fee for actual diagnosis and treatment received. When the authority for charging student health fees was repealed by Chapter 1, Statutes of 1984, no provision was included to prevent districts from charging others, who were not students, for actual diagnosis and treatment received. Therefore, it is possible for some districts to have received some compensation for health services rendered.

I suggest language be included in the mandated costs reimbursement claim which would reduce the claim amount by any other reimbursements received.

Suggested language:

Reimbursement of State-mandated costs resulting from the elimination of the student health fee authorized under Education Code Section (ECS) 72246 and passage of the maintenance of effort requirement in ECS 72246.5 shall be reduced by all payments received by the college or district from those individuals not covered by former ECS 72246 for health services.

Sincerely,



Steve Nakamura
Principal Analyst

cc: Joseph M. Freitas
Gary L. Cook
Catherine Close

CALIFORNIA COMMUNITY COLLEGES

1107 NINTH STREET
SACRAMENTO, CALIFORNIA 95814
(916) 445-8752



March 16, 1984

TO: Superintendents and Presidents
Chief Business Officers
Chief Instructional Officers
Admissions Officers and Registrars
Other Interested Parties

FROM Gerald C. Hayward, Chancellor *GC*

SUBJECT: Student Fees: Interpretation of AB 1XX

AB 1XX (Katz--Chapter 1, Second Extraordinary Session, Statutes of 1984) is major community college student fee legislation which operative July 1, 1984, enacts a new mandatory fee, and amends or repeals various existing Education Code provisions on student fees. On January 1, 1988, all these fee changes terminate, and a reversion to current law is scheduled.

This memorandum has been prepared to respond to numerous requests for this agency to interpret the student fee portions of AB 1XX. Using a question and answer format, we have attempted to address all known questions regarding the new law. Questions have been grouped according to and in order of Education Code Section to which they pertain. We have also made an attempt to identify matters which will require regulatory clarification by the Board of Governors. Finally, we have attempted to identify issues which need statutory correction or clarification by the Legislature.

A breakdown of AB 1XX's effect on current student fee statutes is contained in Appendix A, while a legal opinion regarding current and future student fee practices in the community college is attached as Appendix B.

Your written input, reactions, and further inquiries regarding this memorandum are invited. Please send them either to myself or our General Counsel, Tom Nussbaum, who coordinated preparation of the document.

*- Transportation Fee incorrect
- Tech Δ's to apportionments*

AB 1XX: Questions, Answers and Comments

1. Eye Protective Devices -- Section 32033

QUESTION:

May eye protective devices be sold through the college bookstore, especially if it is run by a student or auxiliary organization of the college or district?

ANSWER:

Eye protective devices may not be sold through a college bookstore or any entity under the control of a district governing board. Eye protective devices must, instead, either be provided, where needed, to students at no cost, or secured by students from outside sources.

RATIONALE:

AB 1XX specifically removed the authority of district governing boards to sell eye protective devices by making Section 32033 of the Education Code inapplicable to community college districts. Selling such devices through an entity of the district is tantamount to the district itself selling such devices.

COMMENT:

The Legislature was probably intending only to prohibit the "forced purchase" of eye protective devices as a condition of registration or enrollment in certain classes. It probably did not intend to prohibit a district from selling eye protective devices to a student who might choose to purchase them from the district. We will bring this interpretation to the Legislature's attention and seek corrective legislation to permit the continued sale of eye protective devices.

Sections 32031 and 32032 of the Education Code specify the circumstances under which eye protective devices should be provided, and establish standards for such devices.

2. Use of Nondistrict Facilities for Physical Education -- Section 72245

QUESTIONS:

- (a) Won't courses such as bowling and golf (which generally rely on nondistrict facilities) be discontinued, since a college cannot afford to pay the costs without charging a fee?
- (b) Can students pay directly to the facility (e.g., bowling alley or golf course)?

ANSWERS:

- (a) AB 1XX removes the authority of districts to charge students for the extra costs of making nondistrict facilities available for physical education courses; consequently, if a course is not cost-effective as a result of this loss of student subsidy, a district may be forced to discontinue it.
- (b) AB 1XX does not prohibit students from paying fees directly to the nondistrict facility, but to do so for any of the required activities of a course would render it ineligible for state apportionments.

RATIONALE:

Two conditions for generating average daily attendance are that courses be open to the general public, and that students be engaged in educational activities required of students (see Education Code Sections 84500 and 84500.1 and Title 5, Sections 58100-58110). If bowling a number of lines is a nonrequired part of a bowling physical education course, then the attendance of students who are bowling, even if supervised, is not eligible for State support. On the other hand if the lines of bowling are required as part of the course, and if students had to pay the bowling alley to bowl these required lines, then the "openness" of such a course would be suspect, rendering it ineligible for average daily attendance support.

COMMENT:

The probable intent of the Legislature was that a portion of the new mandatory fee revenues could be used to replace the student subsidy regarding nondistrict facilities for physical education. We doubt that this intent can be reversed absent evidence of widespread curtailment of such offerings.

3. Health Fees: Maintenance of Effort -- Section 72246.5

AB 1XX enacted a new "maintenance of effort" requirement regarding health services:

which charged → 72246.5. Any community college district which provided health services ~~for which it was authorized to charge a fee pursuant to former Section 72246~~ in the 1983-84 fiscal year shall maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter. This maintenance of effort requirement shall apply to all community college districts which levied a health services fee in the 1983-84 fiscal year, regardless of the extent to which the health services fees collected offset the actual costs of providing health services at the 1983-84 fiscal year level.

The section shall remain in effect only until January 1, 1988, and as of that date is repealed, unless a later enacted statute, which is chaptered before January 1, 1988, deletes or extends that date.

QUESTIONS:

- (a) Does the new maintenance of effort language regarding health services apply to all districts, or just to districts which levied a health services fee in the 1983-84 fiscal year?
- (b) Can districts reduce or discontinue health services this year (1983-84) in order to reduce the level at which they would have to continue health services in 1984-85 and thereafter?
- (c) What is meant by the requirement that districts "maintain health services at the same level provided during the 1983-84 fiscal year..."? Does this mean dollars spent or services provided?
- (d) Can districts apply previous year's unexpended balances in health services funds towards meeting maintenance of effort requirements?
- (e) Health services are now mandated, but there are no separate revenues to pay the costs. Can health services costs be excluded from the definition of "current expense of education" for purposes of the 50% Law (Education Code Section 84362)?

ANSWERS:

- (a) The new maintenance of effort language regarding health fees is ambiguous and should be clarified by the Legislature; however, we interpret it to impose the maintenance of effort requirement only on those districts which levied a health fee in the 1983-84 fiscal year.
- (b) Current law does not prohibit reduction of the 1983-84 level of health services in order to reduce future maintenance of effort levels. This practice would clearly be contrary to legislative intent, however.
- (c) We interpret the words "maintain health services at the same level provided during the 1983-84 fiscal year" to mean the actual level of services provided. However, because of the difficulty of quantifying such a concept, we believe that the law would allow districts to substitute dollars spent as a proxy. If dollars spent is used as a proxy, such variables as the rate of inflation and workload changes would need to be taken into account.

- (d) Current law does not prohibit districts from applying previous years' unexpended balances in health services funds towards meeting maintenance of effort requirements.
- (e) Current law does not expressly authorize the exclusion of health services costs from the definition of "current expense of education" for purposes of the 50% law; we believe, however, that the law should be changed to allow this exclusion.

RATIONALE:

The scope of the new maintenance of effort requirements is ambiguous in that the opening sentence would impose a maintenance of effort requirement on all districts which provided health services in 1983-84, while the second sentence would only impose it on those districts which levied a health fee in 1983-84. We believe that the second sentence contains the controlling language.

Rules of statutory construction generally require that effect should be given to a statute as a whole, and to every word and clause, so that no part of or provision will be useless or meaningless (Carleson v. Unemployment Ins. Appeals Board, 64 Cal. App. 3d 145 (1976)). In the event of an irreconcilable conflict between various provisions of the same statute, the later provision in point of position normally controls the earlier, even though they were both passed at the same time (Hartford Accident & Indemnity Co. v. Tulare, 30 Cal. 2d 832 (1947)). Also, if general and specific provisions of a statute cannot be reconciled, the general is controlled by the specific.

Applying these rules of statutory construction, we believe that the later-in-position sentence, which is more specific than the general sentence which opened the Section, contains the controlling language. Accordingly we believe the maintenance of effort requirement only applies to districts which levied the health services fee in 1983-84.

Reduction of the 1983-84 level of health services in order to ease future years' maintenance requirements is clearly contrary to legislative intent. This is not to say that any reduction in health services occurring during 1983-84 would be inappropriate. Previously planned or proportional reductions in health services occurring during 1983-84 would not necessarily be contrary to legislative intent; only those which were purposefully made to reduce future years' maintenance of effort requirements would be.

With respect to the level of maintenance of effort, we believe the clear wording of the statute requires a maintenance of a level of service. Recognizing that it may be difficult to quantify a level of service, we believe the law also authorizes districts to substitute dollars spent on health services as a proxy. Depending on such variables as the rate of inflation and workload changes, these dol-

lars spent would be adjusted upward or downward in determining future years' maintenance levels.

The maintenance of effort requirement is drafted in terms of service provided in 1983-84, not in terms of what services could have been provided if all available revenues (prior year reserves) were spent. We know of no law which would prevent districts from applying prior year reserves towards meeting future maintenance of effort requirements.

Regarding health services costs and the 50% Law, we believe such costs should be excluded from the "current expense of education." In 1981, the Board of Governors sponsored successful legislation on community colleges accounting practices (Chapter 930, Statutes of 1981). The Board's intent in eliminating the Student Health Fee Fund was to bring the accounting for the restricted student health fees and corresponding expenditures into the General Fund, but to exclude the expenditures from the restricted revenues for the purpose of 50% Law. However, with the elimination of the restricted student health fee and the addition of the maintenance of effort there is no statutory basis to exclude the health services costs from the 50% law calculation.

COMMENTS:

We will apprise the Legislature of the conflict in Section 72246.5 and ask that it clarify its intent. It is our view that the maintenance of effort requirement should only apply to districts which levied the health services fee in 1983-84. We base this view on the rules of statutory construction cited above. Also, to impose a maintenance of effort requirement, irrespective of the fee, for a service which districts are not required to provide in the first place, is a major policy departure which deserves to be separately debated and decided. AB 1XX, which purportedly only dealt with fee and funding issues, did not need to make this important policy decision which affects districts that never levied a health fee.

Regarding health services costs and the 50% Law, we will apprise the Legislature of this problem and seek clarifying technical legislation to expressly exclude health services costs from the 50% Law calculations.

4. Parking Fees -- Section 72247

QUESTIONS:

- (a) How did AB 1XX change the definition of "parking services," for which students and employees may be charged?
- (b) Is "parking services" defined in such a way as to allow for bus services?