



**BETTY T. YEE**  
California State Controller

**RECEIVED**  
November 08, 2016  
*Commission on  
State Mandates*

**LATE FILING**

November 8, 2016

Heather Halsey, Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814

**Re: Draft Proposed Decision**  
Incorrect Reduction Claim  
*Health Fee Elimination*, 09-4206-I-21 and 10-4206-I-36  
Former Education Code Section 72246 (Renumbered as 76355)  
Statutes 1984, Chapter 1 (1983-1984 2<sup>nd</sup> Ex. Sess.) (AB2X 1);  
Statutes 1987, Chapter 1118 (AB 2336)  
Fiscal Years 2003-2004, 2004-05, 2005-06, and 2006-07  
Kern Community College District, Claimant

Dear Ms. Halsey:

The State Controller's Office (SCO) has reviewed the Commission on State Mandates' (Commission) Draft Staff Analysis (DSA) dated October 17, 2016, for the above incorrect reduction claim (IRC) filed by Kern Community College District. This letter constitutes the Controller's response to the DSA.

We support the Commission staff decision related to the following:

- Reductions based on understated offsetting health service fee revenues, totaling \$1,145,224, are correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.
- The reductions of indirect costs based on the district's use of expenditures from the prior year's CCFS-311 reports, instead of expenditures incurred in the claim years, are correct as a matter of law.
- The SCO recalculations of the district's indirect cost rates using the Form FAM-29C were not arbitrary, capricious, or entirely lacking in evidentiary support.

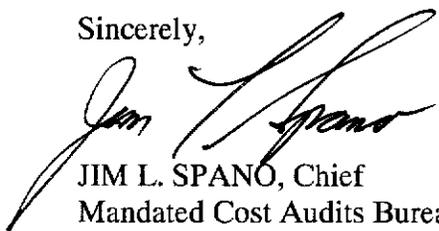
Heather Halsey, Executive Director

November 8, 2016

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If you have any questions, please contact me by telephone at (916) 323-5849.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim L. Spano". The signature is written in a cursive style with a large, sweeping initial "J".

JIM L. SPANO, Chief  
Mandated Cost Audits Bureau  
Division of Audits

JLS/am

17582

**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 November 8, 2016 I served the:

**Controller's Late Comments on the Draft Proposed Decision**

*Health Fee Elimination*, 09-4206-I-21 and 10-4206-I-36

Former Education Code Section 72246 (Renumbered as 76355)

Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1); and

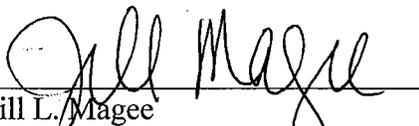
Statutes 1987, Chapter 1118 (AB 2336)

Fiscal Years 2003-2004, 2004-2005, 2005-2006, and 2006-2007

Kern Community College District, Claimant

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 November 8, 2016 at Sacramento, California.



Jill L. Magee

Commission on State Mandates

980 Ninth Street, Suite 300

Sacramento, CA 95814

(916) 323-3562

# COMMISSION ON STATE MANDATES

## Mailing List

**Last Updated:** 10/14/16

**Claim Number:** 09-4206-I-21 Consolidated with 10-4206-I-36

**Matter:** Health Fee Elimination

**Claimant:** Kern Community College District

### TO ALL PARTIES, INTERESTED PARTIES, AND INTERESTED PERSONS:

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. (Cal. Code Regs., tit. 2, § 1181.3.)

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