



Received
November 10, 2010
Commission on
State Mandates

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November 10, 2010

VIA E-MAIL
ADOBE ACROBAT PDF FILE

Commission on State Mandates
980 Ninth Street, Suite 300
Sacramento, CA 95814

Re: Audit of the Costs Claimed by County of San Diego for the Seriously Emotionally Disturbed Pupils: Out-of -State Mental Health Services Program for the Period July 1, 2001 through June 30, 2005

To the Commission on State Mandates:

The County of San Diego (County) hereby submits an Incorrect Reduction Claim (IRC) challenging the State Controller's disallowance of \$1,979,388.00 in costs claimed by the County for providing legislatively mandated out-of-state mental health services to seriously emotionally disturbed students. Please find attached, the County's timely filed IRC which includes all supporting documentation.

If you have any questions regarding the County's IRC, please do not hesitate to contact the undersigned senior deputy at (619) 531-6296.

Very truly yours,

JOHN J. SANSONE, County Counsel

By

LISA M. MACCHIONE, Senior Deputy

LMM:vf
Encs.

Received
October 25, 2013
Commission on
State Mandates

COMMISSION ON STATE MANDATES
INCORRECT REDUCTION CLAIM FORM
Authorized by Government Code section 17558

GENERAL INSTRUCTIONS

- To obtain a determination that the Office of State Controller incorrectly reduced a reimbursement claim, a claimant shall file an "incorrect reduction claim" with the Commission. All incorrect reduction claims shall be filed with the Commission no later than three years following the date of the Office of State Controller's final state audit report, letter, remittance advice, or other written notice of adjustment notifying the claimant of a reduction.
- An incorrect reduction claim shall pertain to alleged incorrect reductions in a reimbursement claim(s) filed by one claimant. The incorrect reduction claim may be for more than one fiscal year.
- Type all responses.
- Complete sections 1 through 12, as indicated. Failure to complete any of these sections will result in this incorrect reduction claim being returned as incomplete.
- Please submit by either of the following methods:
 1. **E-filing**. The claimant shall electronically file the incorrect reduction claim in PDF format to the e-filing system on the Commission's website (<http://www.csm.ca.gov/dropbox.shtml>), consistent with the Commission's regulations (CCR, tit.2, § 1181.2). The requester is responsible for maintaining the paper document with original signature(s) for the duration of the claim process, including any period of appeal. ***No additional copies are required when e-filing the request.***
 2. **By hard copy**. Original incorrect reduction claim submissions shall be unbound and double-sided, without tabs, and include a table of contents. Mail, or hand-deliver, **one original and two copies** of your incorrect reduction claim submission to: Commission on State Mandates, 980 9th Street, Suite 300, Sacramento, CA 95814

Within 10 days of receipt of an incorrect reduction claim, Commission staff shall notify the claimant if the incorrect reduction claim is complete or incomplete. Incorrect reduction claims will be considered incomplete if any of the required sections are illegible or not included. Incomplete incorrect reduction claims shall be returned to the claimant. If a complete incorrect reduction claim is not received by the Commission within 30 days from the date the incomplete claim was returned to the claimant, the Commission shall deem the filing to be withdrawn.

You may download this form from our website at csm.ca.gov.

If you have questions, please contact us:

Website: www.csm.ca.gov

Telephone: (916) 323-3562

E-Mail: csminfo@csm.ca.gov

1. IN CORRECT REDUCTION CLAIM TITLE

Controller's Audit of San Diego County's SED Pupils: Out
of State Mental Health Services Program 2001 through 2005

2. CLAIMANT INFORMATION

The County of San Diego
Name of Local Agency or School District
Alfredo Aguirre
Claimant Contact
Mental Health Director
Title
3255 Camino Del Rio South
Street Address
San Diego, CA 92108
City, State, Zip
(619) 563-2766
Telephone Number
(619) 563-2705
Fax Number
alfredo.aguirre@sdcounty.ca.gov
E-Mail Address

3. CLAIMANT REPRESENTATIVE INFORMATION

Claimant designates the following person to act as its sole representative in this incorrect reduction claim. All correspondence and communications regarding this claim shall be forwarded to this representative. Any change in representation must be authorized by the claimant in writing, and sent to the Commission on State Mandates.

Lisa Macchione
Claimant Representative Name
Senior Deputy County Counsel
Title
Office of the County Counsel, County of San Diego
Organization
1600 Pacific Highway, Rm 355
Street Address
San Diego, CA 92101
City, State, Zip
(619) 531-6296
Telephone Number
(619) 531-6005
Fax Number
lisa.macchione@sdcounty.ca.gov
E-Mail Address

For CSM Use Only
Filing Date: **RECEIVED**
November 10, 2010
COMMISSION ON
STATE MANDATES
REVISED
October 25, 2013
IRC #: **10-9705-I-01**

4. IDENTIFICATION OF STATUTE OR EXECUTIVE ORDERS

Please specify the subject statute or executive order that claimant alleges is not being fully reimbursed pursuant to the adopted parameters and guidelines.

California Government Code Sections 7570 et seq. (AB 3632)

5. AMOUNT OF INCORRECT REDUCTION

Please specify the fiscal year and amount of reduction. More than one fiscal year may be claimed.

Fiscal Year	Amount of Reduction
2001-2002	\$164,607.00
2002-2003	\$794,179.00
2003-2004	\$379,798.00
2004-2005	\$640,804.00
TOTAL:	\$1,979,388.00

6. NOTICE OF INTENT TO CONSOLIDATE

Please check the box below if there is intent to consolidate this claim.

Yes, this claim is being filed with the intent to consolidate on behalf of other claimants.

Sections 7 through 11 are attached as follows:

- 7. **Written Detailed Narrative:** pages 1 to 12.
- 8. **Documentary Evidence and Declarations:** A-1 Exhibit A-2.
- 9. **Claiming Instructions:** Exhibit B.
- 10. **Final State Audit Report or Other Written Notice of Adjustment:** Exhibit C.
- 11. **Reimbursement Claims:** Exhibit D.

Sections 7 through 11 shall be included with each incorrect reduction claim submittal.

7. WRITTEN DETAILED NARRATIVE

Under the heading "7. Written Detailed Narrative," please describe the alleged incorrect reduction(s). The narrative shall include a comprehensive description of the reduced or disallowed area(s) of cost(s).

8. DOCUMENTARY EVIDENCE AND DECLARATIONS

If the narrative describing the alleged incorrect reduction(s) involves more than discussion of statutes or regulations or legal argument and utilizes assertions or representations of fact, such assertions or representations shall be supported by testimonial or documentary evidence and shall be submitted with the claim under the heading "8. Documentary Evidence and Declarations." 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 upon the declarant's personal knowledge or information or belief.

9. CLAIMING INSTRUCTIONS

Under the heading "9. Claiming Instructions," please include a copy of the Office of State Controller's claiming instructions that were in effect during the fiscal year(s) of the reimbursement claim(s).

10. FINAL STATE AUDIT REPORT OR OTHER WRITTEN NOTICE OF ADJUSTMENT

Under the heading "10. Final State Audit Report or Other Written Notice of Adjustment," please include a copy of the final state audit report, letter, remittance advice, or other written notice of adjustment from the Office of State Controller that explains the reason(s) for the reduction or disallowance.

11. REIMBURSEMENT CLAIMS

Under the heading "11. Reimbursement Claims," please include a copy of the subject reimbursement claims the claimant submitted to the Office of State Controller.

*Read, sign, and date this section and insert at the end of the incorrect reduction claim submission.**

This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to Government Code section 17561. This incorrect reduction claim is filed pursuant to Government Code section 17551, subdivision (d). 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.

Tracy M. Sandoval
Print or Type Name of Authorized Local Agency
or School District Official

Deputy Chief Admin. Officer/Auditor & Controller
Print or Type Title



10/22/13
Date

Signature of Authorized Local Agency or
School District Official

** If the declarant for this Claim Certification is different from the Claimant contact identified in section 2 of the incorrect reduction claim form, please provide the declarant's address, telephone number, fax number, and e-mail address below.*

TRACY M. SANDOVAL
Deputy Chief Administrative Officer/Auditor and Controller
Tracy.Sandoval@sdcounty.ca.gov
1600 Pacific Highway, Room 166
San Diego, CA 92101
Phone: 619-531-5413
Fax: 619-531-5219

ITEM 7: WRITTEN DETAILED NARRATIVE

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ITEM 10: FINAL STATE AUDIT REPORT OR OTHER WRITTEN NOTICE OF ADJUSTMENT:

Exhibit C

ITEM 11: REIMBURSEMENT CLAIMS:

Exhibit D

ITEM 7: WRITTEN DETAILED NARRATIVE

OFFICE OF THE COUNTY COUNSEL
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JOHN J. SANSONE
LISA M. MACCHIONE (SBN 190642)
1600 Pacific Highway, Room 355
San Diego, CA 92101
Telephone: (619) 531-6296
Facsimile: (619) 531-6005

Attorneys for
COUNTY OF SAN DIEGO

STATE OF CALIFORNIA
COMMISSION ON STATE MANDATES

In Re:

CALIFORNIA STATE CONTROLLER'S)	INCORRECT
AUDIT OF THE COUNTY OF SAN DIEGO'S)	REDUCTION CLAIM
CLAIMS FOR REIMBURSEMENT PURSUANT)	BY THE COUNTY OF
TO MENTAL HEALTH SERVICES PROVIDED)	SAN DIEGO
IN THE SERIOUSLY EMOTIONALLY)	
DISTURBED PUPILS: OUT-OF-STATE)	
MENTAL HEALTH SERVICES PROGRAM)	
_____)	

Introduction

In 1996 the Legislature amended Section 7576 of the Government Code (AB 2726) to add new fiscal and programmatic responsibilities for counties to provide mental health services to seriously emotionally disturbed (“SED”) pupils placed in out-of-state residential programs. The legislation provided that the fiscal and program responsibilities

of counties would be the same regardless of the location of the pupil's placement. California Code of Regulations, Title 2, sections 60100 and 60200 set forth counties' programmatic and fiscal responsibilities when an SED pupil is placed out-of-state in a residential program. Section 60100 provides that such out-of-state placements may only be made when no in-state facility can meet the pupil's needs and may only be in programs that meet the requirements of Welfare and Institutions Code sections 11460(c)(2) through (c)(3). Section 11460 (c) (3) provides that reimbursement will only be paid to a group home organized and operated on a nonprofit basis.

As summarized in the Parameters and Guidelines attached hereto in Item 9 as Exhibit "B", the Commission on State Mandates ("CSM") adopted its Statement of Decision on the subject test claim and found the following activities to be reimbursable under Government Code section 17561:

- Payment of out-of-state residential placements for SED pupils;
- Case management of out-of-state residential placements for SED pupils. Case management includes supervision of mental health treatment and monitoring of Psychotropic medications;
- Travel to conduct quarterly face to face contacts at the residential facility to monitor level of care, supervision, and the provision of mental health services as required in the pupil's Individualized education Plan (IEP); and
- Program management, which includes parent notifications, as required, payment facilitation, and all other activities necessary to ensure a county's out-of-state residential placement program meets the requirements of Government Code section 7576 and Title 2, California Code of Regulations, subdivision 60000-60610.

The CSM adopted the parameters and guidelines on October 26, 2000 and these parameters and guidelines define the program and what costs are reimbursable. The State Controller's Office issued claiming instructions on January 2, 2001 and those instructions

are attached hereto as Item 9, Exhibit "B". Claiming instructions assist the counties in claiming the mandated program's reimbursable costs.

Summary of State's Audit and County's Incorrect Reduction Claim

The State Controller's Office audited the costs claimed by the County of San Diego ("County") for the legislatively mandated SED Pupils: Out of State Mental Health Services Program for the period of July 1, 2001 through June 30, 2005. The last day of the State Auditor's fieldwork was September 6, 2007. (See Page 1 of Item 10 Final State Audit Report attached hereto as Exhibit "C".) The County submitted its Response to the draft SED Pupils: Out Of State Mental Health Services Program for the period of July 1, 2001 through June 30, 2005 on November 2, 2007 and received the Final State Audit Report dated November 14, 2007 on or about November 26, 2007. (See Attachment -County's Response to Draft Audit Report to Item 10 Final State Audit Report attached hereto as Exhibit "C".)

The County claimed \$9,933,677 for the mandated program, and the State found \$7,647,539 was allowable and \$2,286,138 was unallowable. The State alleges that the unallowable costs occurred because the County claimed ineligible vendor payments for out-of-state residential placement of SED pupils in facilities that are owned and operated for profit and because the County claimed unallowable travel costs. The State broke down the unallowable costs claimed into two findings. The County disputes only the first finding which alleges the County claimed ineligible vendor payments and asserts that the State has incorrectly reduced the County's claim by \$1,979,388.00.

The County disputes Finding 1 – unallowable vendor payments - because the California Code of Regulations Title 2 section 60100(h) and Welfare and Institutions Code section 11460(c)(3) cited by the State is in conflict with requirements of federal law, including the Individuals with Disabilities Education Act (IDEA) and Section 472(c)(2) of the Social Security Act (42 U.S.C.672 (c)(2). The Parameters and Guidelines which are included as an integral part of the Claiming Instructions attached hereto as Item 9, Exhibit B cite the State law referenced above which is in conflict with the requirements of federal law. Please see the following argument in support of County’s position that the subject claim was incorrectly reduced by \$1,979,388.00.

Argument

I. Summary of Response To Finding 1 - Unallowable Vendor Payments

The State’s position is that the County claimed unallowable vendor costs of \$2,236,974 for the audit period; and the County disputes this finding. The County specifically disputes the finding that it claimed ineligible vendor payments of \$1,979,388 (board and care costs of \$972,392 and treatment costs of \$1,006,996) for out-of-state residential placement of SED pupils owned and operated for profit. In support of its position, the State cites the California Code of Regulations, Title 2, section 60100, subdivision (h), which provides that out-of-state residential placements will be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460(c)(2) through (3). Welfare and Institutions Code section 11460(c) (3) provides that reimbursement will only be paid to a group home organized and operated on a nonprofit basis.

The County asserts that it is entitled to the entire amount claimed and that its claim was incorrectly reduced by board and care costs of \$972,392 and treatment costs of \$1,006,996. Please see Summary of Program Costs – SED Claims – July 1, 2001 - June 30, 2005 attached hereto as Item 8 Exhibit A-1. In support of its position, the County provides the following arguments and Exhibit A-1 and A-2 attached hereto.

A. California Law Prohibiting For-Profit Placements is Inconsistent with Both Federal Law, Which No Longer Has Such a Limitation, and With IDEA’s “Most Appropriate Placement” Requirement.

In 1990, Congress enacted the Individuals with Disabilities Education Act (IDEA) (20 U.S.C.S. § 1400-1487) pursuant to the Spending Clause (U.S. Const., art. I, § 8, cl. 1). According to Congress, the statutory purpose of IDEA is “. . . to assure that all children with disabilities have available to them . . . a free appropriate public education which emphasizes special education and related services designed to meet their unique needs. . . .” 20 U.S.C. § 1400(d)(1)(A); *County of San Diego v. Cal. Special Educ. Hearing*, 93 F.3d 1458, 1461 (9th Cir. 1996).

To accomplish the purposes and goals of IDEA, the statute “provides federal funds to assist state and local agencies in educating children with disabilities but conditions such funding on compliance with certain goals and procedures.” *Ojai Unified School Dist. v. Jackson*, 4 F.3d 1467, 1469 (9th Cir. 1993); see *Ciresoli v. M.S.A.D. No. 22*, 901 F. Supp. 378, 381 (D.Me. 1995). All 50 states currently receive IDEA funding and therefore must comply with IDEA. *County of L.A. v. Smith*, 74 Cal. App. 4th 500, 508 (1999).

IDEA defines “special education” to include instruction conducted in hospitals and

institutions. If placement in a public or private residential program is necessary for a student to benefit from their special education program, regulations require that the program must be provided at no cost to the parents of the student. 34 C.F.R. § 300.302 (2000). Thus, IDEA requires that a state pay for a disabled student's residential placement when necessary. *Indep. Schl. Dist. No. 284 v. A.C.*, 258 F. 3d 769 (8th Cir. 2001). Local educational agencies (LEA) were initially responsible for providing all the necessary services to special education students including required mental health services, however, Assembly Bill 3632 ("3632") now codified in California Government Code sections 7570 *et seq.*, shifted the responsibility for providing special education mental health services to disabled students to counties.

Federal law originally required residential placements to be in nonprofit facilities. In 1997, however, the federal requirements changed to remove any reference to the tax identification (profit/nonprofit) status of an appropriate residential placement as follows: Section 501 of the Personal Responsibility and Work Opportunity Responsibility Act of 1996 states, Section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2) is amended by striking "nonprofit." That section currently provides as follows:

The term "child-care institution" means a private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

The California Code of Regulations, Title 2, section 60100, subdivision (h) and Welfare and Institutions Code section 11460(c)(2) through (3) are therefore inconsistent with and more restrictive than the requirements set forth in the Social Security Act as referenced above, as well as inconsistent with a primary principle of IDEA as described below.

IDEA “was intended to ensure that children with disabilities receive an education that is both appropriate and free.” *Florence County School District Four v. Carter*, 510 U.S. 7, 13, 126 L. Ed. 2d 284, 114 S. Ct. 361 (1993). A “free appropriate public education” (FAPE) includes both instruction and “related services” as may be required to assist a child with a disability. 20 U.S.C. § 1401 (22). Both instruction and related services, including residential placement, must be specially designed to suit the needs of the individual child. 20 U.S.C. § 1401(25). The most appropriate residential placement specially designed to meet the needs of an individual child may not necessarily be one that is operated on a nonprofit basis. Consequently, to limit the field of appropriate placements for a special education student would be contrary to the FAPE requirement referenced above. Counties and students cannot be limited by such restrictions because the most appropriate placement for a student may not have a nonprofit status. This need for flexibility becomes most pronounced when a county is seeking to place a student in an out-of-state residential facility which is the most restrictive level of care. Such students have typically failed California programs and require a more specialized program that may not necessarily have a nonprofit tax identification status.

In contrast to the restrictions placed on counties with respect to placement in nonprofits, LEAs are not limited to accessing only nonprofit educational programs for

special education students. When special education students are placed in residential programs, out-of-state LEAs may utilize the services provided by certified nonpublic, nonsectarian schools and agencies that have a for-profit tax identification status. See Educ. Code § 56366.1. These nonpublic schools become certified by the state of California because they meet the requirements set forth in Education Code sections 56365 *et seq.* These requirements do not include nonprofit status, but rather, among other things, the ability to provide special education and designated instruction to individuals with exceptional needs which includes having qualified licensed and credentialed staff. LEAs monitor the out-of-state nonpublic schools through the Individualized Education Program (“IEP”) process and are also required to monitor these schools annually which may include a site visit. Consequently, counties and LEAs cannot be subject to different criteria when seeking a placement in out-of state facilities for a special education student. Consistent with federal law, counties must have the ability to place students in the most appropriate educational environment out-of state and not be constrained by nonprofit status.

B. Parents Can be Reimbursed When Placing Students in Appropriate For-Profit Out-of-State Facilities. County Mental Health Agencies Will Be Subject to Increased Litigation Without the Same Ability to Place Seriously Emotionally Disturbed Students in Appropriate For-Profit Out-of-State Facilities.

In *Florence County School District Four, et al. v. Shannon Carter*, 510 U.S. 7, 114 S.Ct. 361 (1993), the U.S. Supreme Court found that although the parents placed their child in a private school that did not meet state education standards and was not state approved, they were entitled to reimbursement because the placement was found to

be appropriate under IDEA. The parents in *Carter* placed their child in a private school because the public school she was attending provided an inappropriate education under IDEA.

In California, if counties are unable to access for-profit out-of-state programs, they may not be able to offer an appropriate placement for a pupil that has a high level of unique mental health needs that may only be treated in a specialized program. If that program is for-profit, that county may be subject to litigation from parents, who through litigation, may access the appropriate program for their child regardless of the program's tax identification status. For example, *In the Matter of Student v. Riverside Unified School District and Riverside Department of Mental Health*, OAH Case Number: N 2007090403, the Administrative Law Judge of the Office of Administrative Hearings Special Education Division, State of California ("OAH") ordered the Riverside Unified School District ("RUSD") and the Riverside County Department of Mental Health ("RCDMH") to place a deaf student with very unique needs in a residential program with a for-profit tax identification status. This program is highly specialized, located in Florida and there was no other program available that would meet this pupil's unique needs. Therefore, both the RUSD and the RCDMH were ordered to "provide Student with compensatory education consisting of immediate placement at the National Deaf Academy and through the 2008-2009 school year." RUSD and RCDMH were also ordered to continue to fund the placement until the Student "voluntarily terminates his attendance at NDA after his 18th birthday, or student's placement is terminated by NDA."

Thus, through litigation and as ordered by the administrative law judge

the Student was able to access the most appropriate residential program which met Student's unique needs consistent with IDEA and which happened to be for-profit; and through litigation, a county and school district were ordered to fund a for-profit residential program.

County Mental Health Agencies recommend out-of state residential programs for special education students only after in state alternatives have been considered and are not found to meet the child's needs. See Gov't Code §§ 7572.5 and 7572.55. As described in 7572.5 and 7572.55, such decisions are not made hastily and require levels of documented review, including consensus from the special education student's IEP team. Further, when students require the most restrictive educational environment, their needs are great and unique. Consistent with IDEA, counties should be able to place special education students in the most appropriate program that meets their unique needs without consideration for the programs for-profit or nonprofit status so that students are placed appropriately and counties are not subject to needless litigation as evidenced in the *Riverside* case above.

C. County Contracted with Nonprofit Out-of-State Residential Program for SED Pupils.

During the audit period, the County contracted with Mental Health Systems, Inc. (Provo Canyon School) the provider of the out-of-state residential services that are the subject of the proposed disallowance that the County disputes in this Incorrect Reduction Claim. As referenced in the April 28, 2007 letter from the Internal Revenue Service (attached hereto in Item 8, Exhibit A-2) Mental Health Systems, Inc. (Provo Canyon

School) is a nonprofit entity. The County contracted with this provider in a manner consistent with the requirements of the California Code of Regulations and Welfare and Institutions Code referenced above. The State never provided any guidance to counties as to how to access or contract with appropriate out-of-state facilities that meet State criteria or qualifications. The State never provided counties a list of appropriate out-of-state facilities that meet State requirements. County should not be penalized now for fulfilling the requirements of the law with little or no guidance from the State.

D. There are no Requirements in Federal or State Law Regarding the Tax Identification Status of Mental Health Treatment Services Providers. Thus, There are no Grounds to Disallow the County's Treatment Costs.

Government Code section 7572 (c) provides that "Psychotherapy and other mental health assessments shall be conducted by qualified mental health professionals as specified in regulations developed by the State Department of Mental Health in consultation with the State Department of Education. . . ." The California Code of Regulations, title 2, division 9, chapter 1, article 1, section 60020 (i) and (j) further describe the type of mental health services to be provided in the program as well as who shall provide those services to special education pupils. There is no mention that the providers have a nonprofit or for-profit status. The requirements are that the services "shall be provided directly or by contract at the discretion of the community mental health service of the county of origin" and that the services are provided by "qualified mental health professionals." Qualified mental health professionals include licensed practitioners of the healing arts such as: psychiatrists, psychologists, clinical social workers, marriage, family and child counselors, registered nurses, mental health

rehabilitation specialists and others who have been waived under Section 5751.2 of the Welfare and Institutions Code. The County has complied with all these requirements. Consequently, because there is no legal requirement that treatment services be provided by nonprofit entities the State cannot and shall not disallow the treatment costs.

Conclusion

In conclusion, the County asserts that the costs it claimed for the legislatively mandated SED Pupils: Out-of-State Mental Health Services Program for the period of July 1, 2001 through June 30, 2005 was incorrectly reduced by \$1,979,388.00 and the County should be reimbursed the full amount.

Dated: 11/10/10

Respectfully submitted,

JOHN J. SANSONE, County Counsel

By



LISA M. MACCHIONE, Senior Deputy
Attorneys for the County of San Diego

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS:
Exhibits A-1& A-2

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS:
Exhibits A-1& A-2

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS:
Exhibit A-1

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS:
Exhibit A-1

Summary of Program Costs
 SED Claims - July 1, 2001 - June 30, 2005

Cost Elements	Actual Costs Claimed	Allowable	Adjustments	Remarks
July 1, 2001 - June 30, 2002				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 1,681,983	\$ 1,677,988	\$ (3,995)	Duplicated costs
Less: Amount paid by State		\$ -		
Allowable costs claimed in excess of amount paid		<u>\$ 1,677,988</u>		
July 1, 2002 - June 30, 2003				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 4,435,695	\$ 4,216,994	\$ (218,701)	Ineligible in-State and clients' costs.
Less: Late filling penalty	\$ (1,000)	\$ (1,000)	\$ -	
Total Program Costs	<u>\$ 4,434,695</u>	<u>\$ 4,215,994</u>	<u>\$ (218,701)</u>	
Less: Amount paid by State		\$ -		
Allowable costs claimed in excess of amount paid		<u>\$ 4,215,994</u>		
July 1, 2003 - June 30, 2004				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 2,158,653	\$ 2,136,378	\$ (22,275)	Ineligible clients' costs
Less: Late filling penalty	\$ (1,000)	\$ (1,000)	\$ -	
Total Program Costs	<u>\$ 2,157,653</u>	<u>\$ 2,135,378</u>	<u>\$ (22,275)</u>	
Less: Amount paid by State		\$ -		
Allowable costs claimed in excess of amount paid		<u>\$ 2,135,378</u>		
July 1, 2004 - June 30, 2005				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 1,610,182	\$ 1,597,567	\$ (12,615)	Ineligible clients' costs
Less: Amount paid by State		\$ (1,618,908)		
Allowable costs claimed in excess of amount paid		<u>\$ (21,341)</u>		
Summary July 1, 2001 - June 30, 2005				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 9,886,513	\$ 9,628,927	\$ (257,586)	
Less: Late filling penalty	\$ (2,000)	\$ (2,000)	\$ -	
Total Program Costs	<u>\$ 9,884,513</u>	<u>\$ 9,626,927</u>	<u>\$ (257,586)</u>	
Less: Amount paid by State		\$ (1,618,908)		
Allowable costs claimed in excess of amount paid		\$ 8,008,019		
Allowable per State Audit		6,028,631		
Difference - amount being appealed		<u>\$ 1,979,388</u>		

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS:
Exhibit A-2

ITEM 8
DOCUMENTARY EVIDENCE AND DECLARATIONS:
Exhibit A-2

Administration

MAY 07 2007

Internal Revenue Service

Date: April 28, 2007

MENTAL HEALTH SYSTEMS INC
9465 FARNHAM ST
SAN DIEGO CA 92123

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
T. Buckingham 29-70700
Customer Service Representative
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:

Dear Sir or Madam:

This is in response to your request of April 26, 2007, regarding your organization's tax-exempt status.

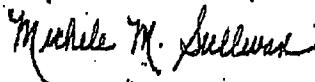
In November 1982 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under section 509(a)(2) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations 1

ITEM 9
CLAIMING INSTRUCTIONS:
Exhibit B

ITEM 9
CLAIMING INSTRUCTIONS:
Exhibit B

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2000-14

SERIOUSLY EMOTIONALLY DISTURBED PUPILS:
OUT-OF-STATE MENTAL HEALTH SERVICES

JANUARY 2, 2001

In accordance with Government Code Section (GC) 17561, eligible claimants may submit claims to the State Controller's Office (SCO) for reimbursement of costs incurred for state mandated cost programs. The following are claiming instructions and forms that eligible claimants will use for the filing of claims for Seriously Emotionally Disturbed Pupils: Out of State Mental Health Services (SEDP). These claiming instructions are issued subsequent to the adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On May 25, 2000, COSM determined that the SEDP program establishes costs mandated by the State according to the provisions listed in the attached P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

Government Code Section 7576, as amended by Chapter 654, Statutes of 1996, established new fiscal and programmatic responsibilities for counties to provide mental health services to SED pupils placed in out-of-state residential programs.

Eligible Claimants

Any county that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

Filing Deadlines

A. Initial Claims

Initial claims must be filed within 120 days from the issuance date of claiming instructions. Reimbursement claims for the period January 1, 1997, through June 30, 1997, and 1997-98 through 1999-00 fiscal years must be filed with SCO and must be delivered or postmarked on or before **May 2, 2001**. Annually thereafter, having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. All initial reimbursement claims will be considered as one claim for the purpose of computing the late claim penalty. If the claims are late, the penalty should be applied to a single fiscal year. The penalty should not be prorated among fiscal years. 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 Claims

Unless otherwise specified in the claiming instructions, local agencies are not required to provide cost schedules and supporting documents with an estimated claim if the estimated

amount does not exceed the previous fiscal year's actual costs by more than 10%. The claimant can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, the claimant must complete supplemental claim forms to support their estimated costs as specified for the program to explain the reason for the increased costs. If no explanation supporting the higher estimate is provided with the claim, it will automatically be adjusted to 110% of the previous fiscal year's actual costs.

Estimated claims filed with SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. However, 2000-01 estimated claims must be filed with SCO and postmarked by **May 2, 2001**. Timely filed claims will be paid before late claims.

Minimum Claim Cost

GC § 17564(a) provides that no claim shall be filed pursuant to § 17561 unless such a claim exceeds \$200 per program per fiscal year. Claims should be rounded to the nearest dollar.

Reimbursement Claims

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported and, if such information is unavailable, claims will be reduced. In addition, ongoing reimbursement claims must be supported by documentation as evidence of the expenditures. Examples of documentation may include, but are not limited to, employee time records that identify mandate activities, payroll records, invoices, receipts, contracts, travel expense vouchers, purchase orders, and caseload statistics.

Audit of Costs

All claims submitted to SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and the claim was prepared in accordance with the P's & G's adopted by COSM. If any adjustments are made to a claim, a "Notice of Claim Adjustment," specifying the claim component adjusted, the amount adjusted, and the reason for the adjustment, will be mailed within 30 days after payment of the claim.

On-site audits will be conducted by SCO as deemed necessary. Accordingly, all 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 amended regardless of the year of costs incurred. When no funds are appropriated for initial claims at the time the claim is filed, supporting documents must be retained for two years from the date of initial payment of the claim. Claim documentation shall be made available to SCO on request.

Retention of Claiming Instructions

The claiming instructions and forms in this package should be retained permanently in your *Mandated Cost Manual* for future reference and use in filing claims. These forms should be duplicated to meet your filing requirements. You will be notified of updated forms or changes to claiming instructions as necessary.

For your reference, these and future mandated costs claiming instructions and forms can be found on the Internet at www.sco.ca.gov/ard/local/locreim/index.htm.

Address for Filing Claims

Submit a signed original and a copy of form FAM-27, Claim for Payment, and a copy of all other forms and supporting documents to:

If delivery is 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 delivery is 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

Parameters and Guidelines

Government Code Section 7576
Statutes of 1996, Chapter 654

California Code of Regulations, Title 2, Division 9, Chapter 1, Sections 60000-60610
California Department of Mental Health Information Notice Number 86-29

Seriously Emotionally Disturbed (SED) Pupils: Out-of-State Mental Health Services

I. SUMMARY OF MANDATE

Government Code section 7576, as amended by Statutes of 1996, Chapter 654, established new fiscal and programmatic responsibilities for counties to provide mental health services to Seriously Emotionally Disturbed (SED) pupils placed in out-of-state residential programs. In this regard, Title 2, Division 9, Chapter 1 of the California Code of Regulations, sections 60000 through 60610, were amended to further define counties' fiscal and programmatic responsibilities including those set forth under section 60100 entitled "LEA Identification and Placement of a Seriously Emotionally Disturbed Pupil," providing that residential placements for a SED pupil may be made out-of-state only when no in-state facility can meet the pupil's needs, and under section 60200 entitled "Financial Responsibilities," detailing county mental health and LEA financial responsibilities regarding the residential placements of SED pupils.

On May 25, 2000, the Commission on State Mandates (Commission) adopted its Statement of Decision on the subject test claim, finding the following activities to be reimbursable:

- Payment of out-of state residential placements for SED pupils. (Gov. Code, § 7576, Cal. Code Regs., tit. 2, §§ 60100, 60110)
- Case management of out-of-state residential placements for SED pupils. Case management includes supervision of mental health treatment and monitoring of psychotropic medications. (Gov. Code, § 7576, Cal. Code Regs., tit. 2, § 60110.)
- Travel to conduct quarterly face-to-face contacts at the residential facility to monitor level of care, supervision, and the provision of mental health services as required in the pupil's Individualized Education Plan (IEP). (Cal. Code Regs., tit. 2, § 60110.)
- Program management, which includes parent notifications, as required, payment facilitation, and all other activities necessary to ensure a county's out-of-state residential placement program meets the requirements of Government Code section 7576 and Title 2, California Code of Regulations, subdivision 60000- 60610. (Gov. Code, § 7576; Cal. Code of Regs., tit. 2, §§ 60100, 60110.)

II. ELIGIBLE CLAIMANTS

Counties.

III. PERIOD OF REIMBURSEMENT

Section 17557 of the Government Code, prior to its amendment by Statutes of 1998, Chapter 681, stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for that year. This test claim was filed by the County of Los Angeles on December 22, 1997. Statutes of 1996, Chapter 654, was enacted on September 19, 1996 and became effective on January 1, 1997. Therefore, costs incurred in implementing Chapter 654, Statutes of 1996 on or after January 1, 1997, are eligible for reimbursement.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to section 17561, subdivision (d)(1) of the Government Code, all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

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

IV. REIMBURSABLE ACTIVITIES

The direct and indirect costs of labor, materials and supplies, contracted services, equipment, training, and travel incurred for the following mandate components are eligible for reimbursement:

A. One-Time Costs

1. To develop policies, procedures and contractual arrangements, necessary to implement a county's new fiscal and programmatic responsibilities for SED pupils placed in out-of-state residential programs.
2. To conduct county staff training on the new policies, procedures and contractual arrangements, necessary to implement a county's new fiscal and programmatic responsibilities for SED pupils placed in out-of-state residential programs.

B. Continuing Costs

1. Mental Health Service Vendor Reimbursements

To reimburse counties for payments to service vendors providing mental health services to SED pupils in out-of-state residential placements as specified in Government Code section 7576 and Title 2, California Code Regulations, sub divisions 60100 and 60110.

2. Case Management

To reimburse counties for case management of SED pupils in out-of-state residential placements, including supervision of mental health treatment and monitoring of psychotropic medications as specified in Government Code section 7576 and Title 2, California Code of Regulations, sub division 60110, including the costs of treatment

related litigation (including administrative proceedings) over such issues as placement and the administration of psychotropic medication. Litigation (including administrative proceedings) alleging misconduct by the county or its employees, based in negligence or intentional tort, shall not be included.

3. Travel

To reimburse counties for travel costs necessary to conduct quarterly face-to-face contacts at the residential facility to monitor level of care, supervision, and the provision of mental health services as required in the pupil's IEP as specified in Title 2, California Code of Regulations, subdivision 60110.

4. Program Management

To reimburse counties for program management costs, which include the costs of parent notifications as required, payment facilitation, and all other activities necessary to ensure a county's out-of-state residential placement program meets the requirements of Government Code section 7576 and Title 2, California Code of Regulations, subdivisions 60100 and 60110.

V. CLAIM PREPARATION AND SUBMISSION

Each claim for reimbursement must be timely filed and identify each cost element for which reimbursement is claimed under this mandate. Claimed costs must be identified to each reimbursable activity identified in Section IV. of these Parameters and Guidelines.

A. Direct Costs

Direct costs are defined as costs that can be traced to specific goods, services, units, programs, activities or functions.

Claimed costs shall be supported by the following cost element information:

1. Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the reimbursable activities performed and specify the actual time devoted to each reimbursable activity by each employee, productive hourly rate and related fringe benefits.

Reimbursement for personnel services includes compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contribution to social security, pension plans, insurance, and worker's compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities which the employee performs.

2. Materials and Supplies

Only expenditures that can be identified as direct costs of this mandate may be claimed. List the cost of the materials and supplies consumed specifically for the purposes of this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

3. Contract Services

Provide the name(s) of the contractor(s) who performed the services, including any fixed contract for services. Describe the reimbursable activity(ies) performed by each named contractor and give the number of actual hours spent on the activities, if applicable. Show the inclusive dates when services were performed and itemize all costs for those services.

4. Fixed Assets

List the costs of the fixed assets that have been acquired specifically for the purpose of this mandate. If the fixed asset is utilized in some way not directly related to the mandated program, only the pro-rata portion of the asset which is used for the purposes of the mandated program is eligible for reimbursement.

5. Travel

Travel expenses for mileage, per diem, lodging, and other employee entitlements are eligible for reimbursement in accordance with the rules of the local jurisdiction. Provide the name(s) of the traveler(s), purpose of travel, inclusive dates and times of travel, destination points, and travel costs.

6. Training

The cost of training an employee to perform the mandated activities, as specified in Section IV of these Parameters and Guidelines, is eligible for reimbursement. Identify the employee(s) by name and job classification. Provide the title and subject of the training session, the date(s) attended, and the location. Reimbursable costs may include salaries and benefits, registration fees, transportation, lodging, and per diem.

B. Indirect Costs

Indirect costs are defined as costs which are incurred for a common or joint purpose, benefiting more than one program and are not directly assignable to a particular department or program without efforts disproportionate to the result achieved. Indirect costs may include both: (1) overhead costs of the unit performing the mandate; and (2) the costs of central government services distributed to other departments based on a systematic and rational basis through a cost allocation plan.

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the OMB A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) for the department if the indirect cost rate exceeds 10%. If more than one department is claiming indirect costs for the mandated program, each department must have its own ICRP prepared in accordance with OMB A-87. An ICRP must be submitted with the claim when the indirect cost rate exceeds 10%.

VI. SUPPORTING DATA

For auditing purposes, all costs claimed shall be traceable to source documents (e.g., invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations, etc.) that show evidence of the validity of such costs and their relationship to the state mandated program. All

documentation in support of the claimed costs shall be made available to the State Controller's Office, as may be requested. Pursuant to Government Code section 17558.5, these documents must be kept on file by the agency submitting the claim for a period of no less than two years after the later of (1) the end of the calendar year in which the reimbursement claim is filed or last amended, or (2) if no funds are appropriated for the fiscal year for which the claim is made, the date of initial payment of the claim. All claims shall identify the number of pupils in out-of-state residential programs for the costs being claimed.

VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of the subject mandate must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, including but not limited to federal funds and other state funds, shall be identified and deducted from this claim.

VIII. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION

An authorized representative of the claimant shall be required to provide a certification of the claim, as specified in the State Controller's Office claiming instructions, for those costs mandated by the State contained herein.

CLAIM FOR PAYMENT			For State Controller Use Only		Program	
Pursuant to Government Code Section 17561			(19) Program Number 00191		191	
SERIOUSLY EMOTIONALLY DISTURBED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES			(20) Date Filed ___/___/___			
			(21) LRS Input ___/___/___			
L A B E L H E R E	(01) Claimant Identification Number		Reimbursement Claim Data			
	(02) Claimant Name		(22) SEDP-1, (03)			
	County of Location		(23) SEDP-1, (04)(A)(1)(f)			
	Street Address or P.O. Box		(24) SEDP-1, (04)(A)(2)(f)			
	Suite					
	City		(25) SEDP-1, (04)(B)(1)(f)			
	State					
	Zip Code					
	Type of Claim		Estimated Claim		Reimbursement Claim	
			(03) Estimated <input type="checkbox"/>		(09) Reimbursement <input 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) 20___/20___		(12) 20___/20___		
Total Claimed Amount		(07)		(13)		
Less: 10% Late Penalty, not to exceed \$1,000		(14)		(30)		
Less: Prior Claim Payment Received		(15)		(31)		
Net Claimed Amount		(16)		(32)		
Due to Claimant		(08)		(33)		
Due to State		(17)		(34)		
		(18)		(35)		
				(36)		
(37) CERTIFICATION OF CLAIM						
<p>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 654, Statutes of 1996, 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 654, Statutes of 1996.</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 654, Statutes of 1996, set forth on the attached statements.</p>						
Signature of Authorized Officer			Date			
_____			_____			
Type or Print Name			Title			
(38) Name of Contact Person for Claim			Telephone Number () - Ext.			
_____			_____			
E-Mail Address			_____			
_____			_____			

Program 191	SERIOUSLY EMOTIONALLY DISTURBED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES 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 has been enclosed with the claiming instructions. Affix a label in the space shown. 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 SEDP-1 and enter the amount from line (11). If more than one form is completed due to multiple department involvement in this mandate, add line (11) of each form.
- (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 SEDP-1, line (11). If more than one form is completed due to multiple department involvement in this mandate, add line (11) of each form.
- (14) **Filing Deadline. Initial Claims of Ch. 654/96.** If the reimbursement claims for the period 1/1/97 to 6/30/97 and the fiscal years 1997-98 through 1999-00, are filed after **May 2, 2001**, the claims must be reduced by a late penalty. All initial reimbursement claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among the fiscal years. It should be applied to a single fiscal year. Enter either the product of multiplying the sum total of line (13) for all applicable FAM-27's by the factor 0.10 (10% penalty) or \$1,000, whichever is less.

 In subsequent years, 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., SEDP-1, (04)(A)(1)(a), means the information is located on form SEDP-1, block (04), line (A)(1), 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., 35.19% should be shown as 35. **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 to 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 SERIOUSLY EMOTIONALLY DISTURBED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES CLAIM SUMMARY	FORM SEDP-1
---	------------------------------

(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/20__
---------------	--	--------------------------

Claim Statistics

(03) Number of pupils placed in out-of-state residential programs in the fiscal year of claim	
---	--

Direct Costs	Object Accounts					
(04) Reimbursable Components	(a) Salaries	(b) Benefits	(c) Services and Supplies	(d) Fixed Assets	(e) Travel and Training	(f) Total
A. One-Time Costs						
1. Develop Policies, Procedures, and Contractual Arrangements						
2. Conduct County Staff Training						
B. Ongoing Costs						
1. Mental Health Service Vendor Reimbursements						
2. Case Management						
3. Travel						
4. Program Management						
(05) Total Direct Costs						

Indirect Costs

(06) Indirect Cost Rate	[From ICRP]	%
(07) Total Indirect Costs	[Line (06) x line (05)(a)] or [Line (06) x {(line (05)(a) + line (05)(b))}]	
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]	

Cost Reduction

(09) Less: Offsetting Savings	
(10) Less: Other Reimbursements	
(11) Total Claimed Amount	[Line (08) - {(line (09) + line (10))}]

SERIOUSLY EMOTIONALLY DISTURBED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES CLAIM SUMMARY Instructions	FORM SEDP-1
---	------------------------

- (01) Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A separate form SEDP-1 should be completed for each department.
- (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 SEDP-1 must be filed for a reimbursement claim. Do not complete form SEDP-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. 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%, form SEDP-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 number of pupils placed in out-of-state residential programs in the fiscal year of claim.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form SEDP-2, line (05), columns (d) through (h) to form SEDP-1, block (04), columns (a) through (e) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim. If more than one department is reporting costs, each must have its own ICRP for the program.
- (07) Total Indirect Costs. Multiply Total Salaries, line (05)(a), by the Indirect Cost Rate, line (06). If both salaries and benefits were used in the distribution base for the computation of the indirect cost rate, then multiply the sum of Total Salaries, line (05)(a), and Total Benefits, line (05)(b), by the Indirect Cost Rate, line (06).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
- (09) Less: Offsetting Savings. If applicable, enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements. If applicable, enter the amount of other reimbursements received from any source including, but not limited to, service fees collected, federal funds, and other state funds, which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. From Total Direct and Indirect Costs, line (08), subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or line (13) for the Reimbursement Claim.

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT/ACTIVITY COST DETAIL	FORM SEDP-2
--	------------------------------

(01) Claimant	(02) Fiscal Year
---------------	------------------

(03) Reimbursable Components: Check only one box per form to identify the component being claimed.

One-Time Costs:

Develop Policies, Procedures, and Contractual Arrangements Conduct County Staff Training

Ongoing Costs:

Mental Health Service Vendor Reimbursements* Travel

Case Management Program Management

(04) Description of Expenses: Complete columns (a) through (h). **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ____ of ____	
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SERIOUSLY EMOTIONALLY DISTURBED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT/ACTIVITY COST DETAIL	FORM SEDP-2
Instructions	

- (01) Claimant. Enter the name of the claimant. If more than one department has incurred costs for this mandate, give the name of each department. A separate form SEDP-2 should be completed for each department.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form SEDP-2 shall be prepared for each applicable component. Mental Health Service Vendor Reimbursements*. This component includes reimbursement for residential costs, i.e., board and care of out-of-state placements.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. To detail costs for the component activity box "checked" in block (03), enter the employee names, position titles, a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, travel expenses, etc. **The descriptions required in column (4)(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 two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial payment at the time the claim was filed, supporting documents must be retained for two years from the date of initial payment of the claim. Such documents shall be made available to the State Controller's Office on request.

Object/ Sub object Accounts	Columns								Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Benefits	Title Activities	Benefit Rate			Benefits = Benefit Rate x Salaries				
Services and Supplies	Description of Supplies Used	Unit Cost	Quantity Used			Cost = Unit Co x Quant Used			
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Itemized Cost of Services Performed			Invoice
Fixed Assets	Description of Equipment Purchased	Unit Cost	Usage				Itemized Cost of Equipment Purchased		Invoice
Travel and Training	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode					Cost = Rate x Days or Miles or Total Travel Cost	
Training	Employee Name/Title Name of Class		Dates Attended					Registration Fee	

- (05) Total line (04), columns (d) through (h) 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 component/activity costs, number each page. Enter totals from line (05), columns (d) through (h) to form SEDP-1, block (04), columns (a) through (e) in the appropriate row.

ITEM 10
FINAL STATE AUDIT REPORT OR OTHER WRITTEN
NOTICE OF ADJUSTMENT:
Exhibit C

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FINAL STATE AUDIT REPORT OR OTHER WRITTEN
NOTICE OF ADJUSTMENT:
Exhibit C

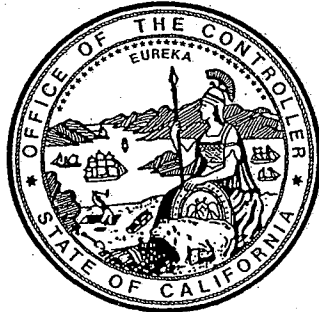
SAN DIEGO COUNTY

Audit Report

SERIOUSLY EMOTIONALLY DISTURBED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES PROGRAM

Chapter 1747, Statutes of 1984

July 1, 2001, through June 30, 2005



JOHN CHIANG
California State Controller

November 2007



JOHN CHIANG
California State Controller

November 14, 2007

Tracy Sandoval
Assistant Chief Financial Officer/Auditor-Controller
San Diego County
1600 Pacific Highway, Room 166
San Diego, CA 92101

Dear Ms. Sandoval:

The State Controller's Office audited the costs claimed by San Diego County for the legislatively mandated Seriously Emotionally Disturbed Pupils: Out-of-State Mental Health Services Program (Chapter 1747, Statutes of 1984) for the period of July 1, 2001, through June 30, 2005.

The county claimed \$9,933,677 (\$9,935,677 less a \$2,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$7,647,539 is allowable and \$2,286,138 is unallowable. The unallowable costs resulted primarily from the county claiming ineligible vendor payments for out-of-state residential placement of seriously emotionally disturbed pupils in facilities that are owned and operated for profit. The State paid the county \$1,618,908. Allowable costs claimed exceed the amount paid by \$6,028,631.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (CSM). 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 CSM's Web site, at www.csm.ca.gov (Guidebook link); you may 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, Mandated Cost Audits Bureau, at (916) 323-5849.

Sincerely,

A handwritten signature in cursive script, reading "Jeffrey V. Brownfield".

JEFFREY V. BROWNFIELD
Chief, Division of Audits

JVB/wm

cc: Gil Enriquez, Senior Accountant
San Diego County
Lisa Macchione, Senior Deputy County Counsel
San Diego County
Alfredo Aguirre, Director
Mental Health Services
San Diego County
Todd Jerue, Program Budget Manager
Corrections and General Government
Department of Finance
Robin Foemmel-Bie
Special Education Program
Department of Mental Health
Cynthia Wong, Manager
Special Education Division
California Department of Education

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Audit Report

Summary

The State Controller's Office (SCO) audited the costs claimed by San Diego County for the legislatively mandated Seriously Emotionally Disturbed Pupils: Out-of-State Mental Health Services Program (Chapter 1747, Statutes of 1984) for the period of July 1, 2001, through June 30, 2005. The last day of fieldwork was September 6, 2007.

The county claimed \$9,933,677 (\$9,935,677 less a \$2,000 penalty for filing late claims) for the mandated program. Our audit disclosed that \$7,647,539 is allowable and \$2,286,138 is unallowable. The unallowable costs resulted primarily from the county claiming ineligible vendor payments for out-of-state residential placement of seriously emotionally disturbed (SED) pupils in facilities that are owned and operated for profit. The State paid the county \$1,618,908. Allowable costs claimed exceed the amount paid by \$6,028,631.

Background

Chapter 654, Statutes of 1996, added and amended Government Code section 7576 by allowing new fiscal and programmatic responsibilities for counties to provide mental health services to SED pupils placed in out-of-state residential programs. Counties' fiscal and programmatic responsibilities including those set forth in California Code of Regulations section 60100 provide that residential placements for a SED pupil may be made out-of-state only when no in-state facility can meet the pupil's needs.

On May 25, 2000, the Commission on State Mandates (CSM) determined that Chapter 654, Statutes of 1996, imposed a state mandate reimbursable under Government Code section 17561 for the following:

- Payment of out-of-state residential placements for SED pupils;
- Case management of out-of-state residential placements for SED pupils. Case management includes supervision of mental health treatment and monitoring of psychotropic medications;
- Travel to conduct quarterly face-to-face contacts at the residential facility to monitor level of care, supervision, and the provision of mental health services as required in the pupil's Individualized Education Plan; and
- Program management, which includes parent notifications, as required, payment facilitation, and all other activities necessary to ensure a county's out-of-state residential placement program meets the requirements of Government Code section 7576.

The program's parameters and guidelines establish the state mandate and define reimbursement criteria. CSM adopted the parameters and guidelines on October 26, 2000. In compliance with Government Code section 17558, the SCO issues claiming instructions, to assist local agencies and school districts in claiming mandated program reimbursable costs.

Objective, Scope, and Methodology

We conducted the audit to determine whether costs claimed represent increased costs resulting from the Seriously Emotionally Disturbed Pupils: Out of State Mental Health Services Program for the period of July 1, 2001, through June 30, 2005.

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, were not funded by another source, and 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 of Government Code sections 12410, 17558.5, and 17561. We did not audit the county'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 costs claimed were supported.

We limited our review of the county'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 Diego County claimed \$9,933,677 (\$9,935,677 less a \$2,000 penalty for filing late claims) for costs of the Seriously Emotionally Disturbed Pupils: Out-of-State Mental Health Services Program. Our audit disclosed that \$7,647,539 is allowable and \$2,286,138 is unallowable.

For the fiscal year (FY) 2001-02 claim, the State made no payment to the county. Our audit disclosed that \$1,513,381 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,513,381, contingent upon available appropriations.

For the FY 2002-03 claim, the State made no payment to the county. Our audit disclosed that \$3,421,815 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$3,421,815, contingent upon available appropriations.

For the FY 2003-04 claim, the State made no payment to the county. Our audit disclosed that \$1,755,580 is allowable. The State will pay allowable costs claimed that exceed the amount paid, totaling \$1,755,580, contingent upon available appropriations.

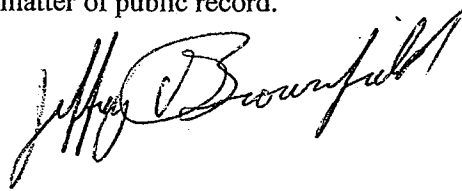
For the FY 2004-05 claim, the State paid the county \$1,618,908. Our audit disclosed that \$956,763 is allowable. The State will offset \$662,145 from other mandated program payments due the county. Alternatively, the county may remit this amount to the State.

**Views of
Responsible
Official**

We issued a draft audit report on September 24, 2007. Christopher P. Gilmore, Deputy Controller, responded by letter dated November 2, 2007 (Attachment), disagreeing with the audit results. This final audit report includes the county's response.

Restricted Use

This report is solely for the information and use of San Diego County, the 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, 2005**

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
<u>July 1, 2001, through June 30, 2002</u>				
Ongoing costs:				
Mental health service:				
Vendor reimbursements	\$ 1,681,983	\$ 1,513,381	\$ (168,602)	Finding 1
Travel	9,170	—	(9,170)	Finding 2
Total program costs	<u>\$ 1,691,153</u>	1,513,381	<u>\$ (177,772)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,513,381</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Ongoing costs:				
Mental health service:				
Vendor reimbursements	\$ 4,435,695	\$ 3,422,815	\$(1,012,880)	Finding 1
Travel	15,425	—	(15,425)	Finding 2
Subtotal	4,451,120	3,422,815	(1,028,305)	
Less late filing penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 4,450,120</u>	3,421,815	<u>\$(1,028,305)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 3,421,815</u>		
<u>July 1, 2003, through June 30, 2004</u>				
Ongoing costs:				
Mental health service:				
Vendor reimbursements	\$ 2,158,653	\$ 1,756,580	\$ (402,073)	Finding 1
Travel	15,843	—	(15,843)	Finding 2
Subtotal	2,174,496	1,756,580	(417,916)	
Less late filing penalty	(1,000)	(1,000)	—	
Total program costs	<u>\$ 2,173,496</u>	1,755,580	<u>\$ (417,916)</u>	
Less amount paid by the State		—		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 1,755,580</u>		
<u>July 1, 2004, through June 30, 2005</u>				
Ongoing costs:				
Mental health service:				
Vendor reimbursements	\$ 1,610,182	\$ 956,763	\$ (653,419)	Finding 1
Travel	8,726	—	(8,726)	Finding 2
Total program costs	<u>\$ 1,618,908</u>	956,763	<u>\$ (662,145)</u>	
Less amount paid by the State		<u>(1,618,908)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (662,145)</u>		

Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference ¹
Summary: July 1, 2001, through June 30, 2005				
Ongoing costs:				
Mental health service:				
Vendor reimbursements	\$ 9,886,513	\$ 7,649,539	\$(2,236,974)	
Travel	49,164	—	(49,164)	
Subtotal	9,935,677	7,649,539	(2,286,138)	
Less late filing penalty	(2,000)	(2,000)	—	
Total program costs	<u>\$ 9,933,677</u>	7,647,539	<u>\$(2,286,138)</u>	
Less amount paid by the State		<u>(1,618,908)</u>		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ 6,028,631</u>		

¹ See the Findings and Recommendations section.

Findings and Recommendations

FINDING 1— Unallowable vendor costs

The county claimed unallowable vendor costs of \$2,236,974 for the audit period.

The overstated costs occurred because the county:

- Claimed ineligible vendor payments of \$1,979,388 (board and care costs of \$972,392 and treatment costs of \$1,006,996) for out-of-state residential placement of seriously emotionally disturbed (SED) pupils in facilities that are owned and operated for profit. The costs represent 60% of total board and care and treatment costs.
- Claimed in-state vendor costs of \$133,776 that should have been claimed under the Handicapped and Disabled Students mandate program. We allowed the eligible portion under the Handicapped and Disabled Students mandate program.
- Claimed costs related to ineligible clients of \$119,815. The county inadvertently claimed board and care costs incurred by clients past the eligibility period authorized by the County Mental Health Department.
- Duplicated treatment payments of \$3,995.

The program's parameters and guidelines, section IV.C.1., specify that the mandate is to reimburse counties for payments to service vendors providing mental health services to SED pupils in out-of-state residential placements as specified in Government Code section 7576 and California Code of Regulations, Title 2, sections 60100 and 60110.

The California Code of Regulations, Title 2, section 60100, subdivision (h), specifies that out-of-state residential placements shall be made only in residential programs that meet the requirements of Welfare and Institutions Code sections 11460(c)(2) through (3). Welfare and Institutions Code section 11460, subdivision (c)(3), states that reimbursement shall only be paid to a group home organized and operated on a nonprofit basis.

The parameters and guidelines also state that all costs claimed must be traceable to source documents that show evidence of the validity of such costs and their relationship to the state mandated program.

The following table summarizes the unallowable vendor costs claimed.

	Fiscal Year				Total
	2001-02	2002-03	2003-04	2004-05	
Ineligible placements:					
Board and care	\$ —	\$ (420,070)	\$ (205,967)	\$ (346,355)	\$ (972,392)
Treatment	(164,607)	(374,109)	(173,831)	(294,449)	(1,006,996)
Ineligible in-state costs	—	(133,776)	—	—	(133,776)
Ineligible clients	—	(84,925)	(22,275)	(12,615)	(119,815)
Duplicated costs	(3,995)	—	—	—	(3,995)
Audit adjustment	<u>\$(168,602)</u>	<u>\$(1,012,880)</u>	<u>\$(402,073)</u>	<u>\$(653,419)</u>	<u>\$(2,236,974)</u>

Recommendation

We recommend that the county implement policies and procedures to ensure that out-of-state residential placements are made in accordance with laws and regulations. Further, we recommend that the county only claim eligible board-and-care and treatment costs corresponding to the authorized placement period of each eligible client.

County's Response

The State's position is that the County claimed unallowable vendor costs of \$2,236,974 for the audit period; and the County disputes this finding. The County specifically disputes the finding that it claimed ineligible vendor payments of \$1,979,388 (board and care costs of \$972,392 and treatment costs of \$1,006,996) for out-of-state residential placement of SED pupils owned and operated for profit. In support of its position, the State cites the California Code of Regulations, Title 2, section 60100, subdivision (h), which provides that out-of-state residential placements will be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460(c)(2) through (3). Welfare and Institutions Code section 11460(c)(3) provides that reimbursement will only be paid to a group home organized and operated on a nonprofit basis.

The County asserts that it is entitled to the entire amount claimed less the sum already paid by the State. Please see Summary of Program Costs – SED Claim – July 1, 2001, - June 30, 2005 attached hereto as Exhibit B. In support of its position, the County provides the following five arguments and Exhibits A through D attached hereto [refer to the accompanying attachment]. The first argument is primary for the claim years July 1, 2001 through June 30, 2004, and arguments 2-5 are made in the alternative. For the claim year July 1, 2004 through June 30, 2005, arguments 2-5 shall be considered primary.

The following is a summary of the county's five arguments: The entire text of its arguments is attached to this report.

1. The Court Ruling in *County of San Diego, et al. v. State of California, et al.* (Case No. 825109 Consolidated with Case No. 827845) Clearly States the Amount the State Owes the County for the Claim Years July 1, 2001 Through June 30, 2004.
2. California Law Prohibiting For-Profit Placements is Inconsistent with Both Federal Law, Which No Longer Has Such Limitation, and With IDEA's "Most Appropriate Placement" Requirements.

3. Parents can be Reimbursed When Placing Students in Appropriate For-Profit Out-of-State Facilities. County Mental Health Agencies will be Subject to Increased Litigation Without the Same Ability to Place Seriously Emotionally Disturbed Students in Appropriate For-Profit Out-of-State Facilities.
4. County Contracted with Nonprofit Out-of-State Residential Program for SED Pupils.
5. There are no Requirements in Federal or State law Regarding the Tax Identification Status of Mental Health Treatment Services Providers. Thus there are no grounds to disallow the County's Treatment Costs.

SCO's Response

The finding remains unchanged. The county's response does not address the ineligible in-state vendor costs, ineligible clients, or the duplicated treatment payments. Our response addresses each of the five arguments set forth by the county in the order identified above.

1. We believe that the audit is valid and has a legal bearing. During the discovery for the aforementioned case, the State admitted that the county filed claims in a given amount and that the State has made partial payment. Neither the State nor the court stated that the claims were final and not subject to an SCO audit pursuant to Government Code sections 12410, 17558.5, and 17561. Further, the matter is currently in appeal and, therefore, is not *res judicata*.
2. We do not dispute the assertion that California law is more restrictive than federal law in terms of the out-of-state residential placement of SED pupils; however, the fact remains that this is a state-mandated cost program and the county filed a claim seeking reimbursement from the State under the provisions of the California Code of Regulations, Title 2, section 60100.

Regarding the discussion of IDEA funds, these federal funds are not applied as an offset to claimed residential-placement vendor payments. The only portion of the county's claim that has the potential for federal reimbursement is the duplicated travel costs in Finding 2. The travel costs are included in the pool of costs used to determine the cost per unit that is, in turn, used to determine Short Doyle/Medi-Cal Federal Financing Participation funds reimbursement for eligible clients.

Regarding the discussion of local educational agencies (LEAs), we do not dispute that Education Code sections 56366.1 and 56365 do not restrict LEAs from contracting with for-profit schools for educational services. The cited Education Code sections specify that educational services must be provided by a school certified by the California Department of Education.

3. As previously stated, the county is prohibited from placing a client in a for-profit, out-of-state residential facility under the California Code of Regulations, Title 2, section 60100, subdivision (h), and Welfare and Institutions Code section 11460, subdivisions (c)(2) through (3). Welfare and Institutions Code section 11460, subdivision (c)(3), states that payment shall only be made to a group home organized and operated on a nonprofit basis. The state mandated program's parameters and guidelines do not provide reimbursement for out-of-state residential placements made outside of the regulation.
4. As noted in our response to argument 3, the county is prohibited from placing a client in a for-profit facility and the residential-placement vendor payments shall only be made to a group home organized and operated on a nonprofit basis. Based on documents the county provided us in the course of the audit, we determined that Mental Health Systems, Inc., a California nonprofit corporation, contracted with Charter Provo Canyon School, a Delaware for-profit limited liability company, to provide out-of-state residential placement services. The referenced Provo Canyon, Utah, residential facility is not organized and operated on a nonprofit basis.
5. We do not dispute that Government Code section 7572 requires mental health services to be provided by qualified mental health professionals. As noted in our response to argument 3, the county is prohibited from placing a client in a for-profit facility and the residential-placement vendor payments shall only be made to a group home organized and operated on a nonprofit basis. The unallowable treatment and board-and-care vendor payments claimed result from the county placement of clients in prohibited out-of-state residential facilities. Again, the state-mandated program's parameters and guidelines do not include a provision for the county to be reimbursed for vendor payments made to out-of-state residential placements outside of the regulation.

**FINDING 2—
Unallowable travel
costs**

The county claimed unallowable travel costs of \$49,164 for the audit period.

The county claimed travel costs on the SED pupils mandate claim that were also included in the pool of direct costs used to compute the unit rates in the county's cost report submitted to the California Department of Mental Health. Consequently, travel costs claimed on the SED pupils mandate claim were also allocated through the unit rates to various mental health programs, including the Handicapped and Disabled Students mandate claim.

The parameters and guidelines, section IV.C.3., specify that the mandate reimburses counties for travel costs necessary to conduct quarterly face-to-face contacts at the residential facility to monitor level of care, supervision, and the provision of mental health services as specified in the California Code of Regulations, Title 2, sections 60110.

The parameters and guidelines also state that all costs claimed must be traceable to source documents that show evidence of the validity of such costs and their relationship to the state mandated program.

The following table summarizes the unallowable travel costs claimed.

	Fiscal Year				Total
	2001-02	2002-03	2003-04	2004-05	
Travel	\$ (9,170)	\$ (15,425)	\$ (15,843)	\$ (8,726)	\$ (49,164)

Recommendation

We recommend that the county use a consistent cost allocation methodology to minimize any potential duplication with other mental health programs.

County's Response

The State alleges that the County has claimed unallowable travel costs of \$49,164 for the audit period July 1, 2001 through June 30, 2005. The County disputes this finding and submits the attached cost per unit calculation as Exhibit D [refer to the accompanying attachment]. This cost per unit calculation clearly indicates that the County has excluded the travel costs in calculating the cost per unit per claim to calculate the gross costs in the County's Handicapped and Disabled Student's claim. Therefore, because these costs were clearly excluded they are valid SED claimable costs in the amount of \$49,164.00.

SCO's Response

The finding remains unchanged.

We do not dispute the impact on the unit rate if the travel costs were omitted from the unit rate calculation. However, based on documentation the county provided during the course the audit, we determined that the travel costs are expensed in a pool of costs that is used to determine the cost-per-unit on the county's cost report submitted to the California Department of Mental Health. This resulted in a duplication of claimed costs because the unit costs are allocated to federal and state programs—including the Handicapped and Disabled Students mandate claim—based on the units of service, and are claimed in total on the SED pupils mandate claim.

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



County of San Diego

DONALD E. STEUER
CHIEF FINANCIAL OFFICER
(619) 531-6413
FAX (619) 531-3279

AUDITOR AND CONTROLLER
1600 PACIFIC HIGHWAY STE 166, SAN DIEGO, CALIFORNIA 92101-2478

TRACY M. SANDOVAL
ASST. CHIEF FINANCIAL OFFICER/
AUDITOR & CONTROLLER
(619) 531-6413
FAX (619) 531-6219

November 2, 2007.

Jim L. Spanio, Chief
Mandated Cost Audits Bureau
California State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250-5874

Dear Mr. Spanio:

RESPONSE TO SED PUPILS: OUT OF STATE MENTAL HEALTH SERVICES PROGRAM AUDIT FOR THE PERIOD OF JULY 1, 2001 THROUGH JUNE 30, 2005

The County of San Diego (County) is in receipt of the State Controller's Office draft audit report of the costs claimed by the County for the legislatively mandated Seriously Emotionally Disturbed (SED) Pupils: Out of State Mental Health Services Program for the period of July 1, 2001 through June 30, 2005. The County received the report on October 3, 2007 and received an extension from Mr. Jim L. Spanio, Chief, Mandated Audits Bureau to submit its response to the report on or before November 2, 2007. The County is submitting this response in compliance with that extension on November 2, 2007.

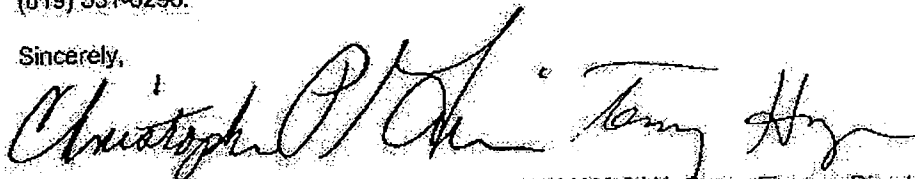
As directed in the draft report, the County's response will address the accuracy of the audit findings. There were two findings in the above-referenced Draft Report and the County disputes both Finding 1 - Unallowable Vendor Costs and Finding 2 - Unallowable Travel Costs. The County claimed \$9,933,677 for the mandated programs for the audit period and \$1,618,908 has already been paid by the State. The State Controller's Office's audit found that \$7,647,539 is allowable and \$2,286,138 is unallowable. The unallowable costs as determined by State Controller's Office occurred primarily because the State alleges the County claimed ineligible vendor payments for out-of-state residential placement of SED pupils in facilities that are owned and operated for profit. As stated above, the County disputes this Finding 1 and submits the attached response in support of its position. The County also disputes Finding 2 which alleges the County claimed unallowable travel costs. The County submits the attached response in support of its position with respect to Finding 2, as well. Thus, the County asserts that \$8,057,183 are allowable costs that are due the County for the audit period.

Response to SED Pupils: Out of State Mental
Health Services Program Audit for the Period of
July 1, 2001 through June 30, 2005

Page Two
November 2, 2007

If you have any questions, please contact Lisa Macchione, Senior Deputy County Counsel at
(619) 531-6296.

Sincerely,

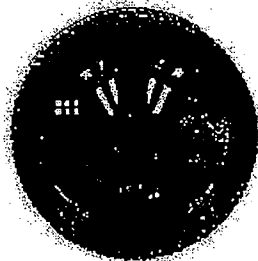


CHRISTOPHER P. GILMORE
Deputy Controller

TERRY HOGAN, Group Finance Director
Health and Human Services Agency

RCA:MF:lc

Attachments



County of San Diego's Response To
The California State Controller's
September 2007 Audit Report

**Seriously Emotionally Disturbed
Pupils: Out of State Mental
Health Services Program Audit**

For the Period July 1, 2001
through June 30, 2005

**COUNTY OF SAN DIEGO'S RESPONSE TO
SED PUPILS: OUT OF STATE MENTAL HEALTH SERVICES PROGRAM AUDIT
FOR THE PERIOD OF JULY 1, 2001 THROUGH JUNE 30, 2005**

Summary

The State Controller's Office audited the costs claimed by County for the legislatively mandated SED Pupils: Out of State Mental Health Services Program for the period of July 1, 2001 through June 30, 2005. The County claimed \$9,933,677 for the mandated program, and the State found \$7,647,539 is allowable and \$2,286,138 is unallowable. The State alleges that the unallowable costs occurred because the County claimed ineligible vendor payments for out-of-state residential placement of SED pupils in facilities that are owned and operated for profit and because the County claimed unallowable travel costs. The State has broken down the unallowable costs claimed into two findings. The County disputes both of the findings and asserts that the entire amount claimed less the amount the State has already paid the County is the true allowable amount of costs.

The County disputes Finding 1 – unallowable vendor payments – because the California Code of Regulations section 60100(h) and Welfare and Institutions Code section 11460(c)(3) cited by the State are in conflict with provisions of federal law, including the Individuals with Disabilities Education Act (IDEA) and Section 472(c)(2) of the Social Security Act (42 U.S.C. 672 (c)(2)). In addition, the claim years of July 1, 2001 through June 30, 2004 have already been adjudicated in *County of San Diego, et al. v. State of California*. In the *San Diego* case, the counties prevailed and have a court ruling specifically citing amounts that the State must reimburse the County. Please see judgment attached hereto as Exhibit A and the following argument in support of County's response to Finding 1.

The County disputes Finding 2 – unallowable travel costs. The State asserts that the County failed to provide sufficient documentation to show that the travel costs claimed were traceable to source documents that show evidence of the validity of the costs and their relationship to the state mandated program. The County asserts that it has a consistent cost allocation methodology that it will demonstrate below that clearly shows that the \$49,164 claimed are true unduplicated costs that should be allowed.

Response To Finding 1 - Unallowable Vendor Payments

The State's position is that the County claimed unallowable vendor costs of \$2,236,974 for the audit period, and the County disputes this finding. The County specifically disputes the finding that it claimed ineligible vendor payments of \$1,979,388 (board and care costs of \$972,392 and treatment costs of \$1,006,996) for out-of-state residential placement of SED pupils owned and operated for profit. In support of its position, the State cites the California Code of Regulations, Title 2, section 60100, subdivision (h), which provides that out-of-state residential placements will be made only in residential programs that meet the requirements of Welfare and Institutions Code section 11460(c)(2) through (3). Welfare and Institutions Code section 11460(c)(3) provides that reimbursement will only be paid to a group home organized and operated on a nonprofit basis.

The County asserts that it is entitled to the entire amount claimed less the sum already paid by the State. Please see Summary of Program Costs – SED Claims – July 1, 2001 - June 30, 2005 attached hereto as Exhibit B. In support of its position, the County provides the following five arguments and Exhibits A through D attached hereto. The first argument is primary for the claim years July 1, 2001 through June 30, 2004, and arguments 2-5 are made in the alternative. For the claim year July 1, 2004 through June 30, 2005, arguments 2-5 shall be considered primary.

1. The Court Ruling in *County of San Diego, et al. v. State of California, et al.* (Case No. 825109 Consolidated with Case No. 827845) Clearly States the Amount the State Owes the County for the Claim Years July 1, 2001 Through June 30, 2004.

The County of San Diego has a judgment in the above-referenced matter that states the amount that the State owes the County for the claim years July 1, 2001 through June 30, 2004. Please see Judgment, Writ and Claims Summary – San Diego attached hereto as Exhibit A. It is clear from that judgment that the County is owed the entire amount it claimed for the audit period. The County prevailed in the *San Diego* case and while an appeal is pending, the State cannot use this forum to try to amend the judgment. Therefore, for the claim years July 1, 2001 through June 30, 2004, the amount owed the County is \$8,071,798 and cannot be amended here. Please see Summary of Program Costs – SED Claims – July 1, 2001 - June 30, 2005 attached hereto as Exhibit B.

2. California Law Prohibiting For-Profit Placements is Inconsistent with Both Federal Law, Which No Longer Has Such a Limitation, and With IDEA's "Most Appropriate Placement" Requirement.

In 1990, Congress enacted IDEA (20 U.S.C.S. § 1400-1487) pursuant to the Spending Clause (U.S. Const., Art. I, § 8, cl. 1). According to Congress, the statutory purpose of IDEA is "... to assure that all children with disabilities have available to them . . . a free appropriate public education which emphasizes special education and related services designed to meet their unique needs. . . ." 20 U.S.C. § 1400(d)(1)(A); *County of San Diego v. Cal. Special Educ. Hearing*, 93 F.3d 1458, 1461 (9th Cir. 1996).

To accomplish the purposes and goals of IDEA, the statute "provides federal funds to assist state and local agencies in educating children with disabilities but conditions such funding on compliance with certain goals and procedures." *Ojai Unified School Dist. v. Jackson*, 4 F.3d 1467, 1469 (9th Cir. 1993); see *Ciresoli v. M.S.A.D. No. 22*, 901 F. Supp. 378, 381 (D.Me. 1995). All 50 states currently receive IDEA funding and therefore must comply with IDEA. *County of L.A. v. Smith*, 74 Cal. App. 4th 500, 508 (1999).

IDEA defines "special education" to include instruction conducted in hospitals and institutions. If placement in a public or private residential program is necessary to provide special education, regulations require that the program must be provided at no cost to the parents of the child. 34 C.F.R. § 300.302 (2000). Thus, IDEA requires that a state pay for a disabled student's residential placement when necessary. *Indep. Schl. Dist. No. 284 v. A.C.*, 258 F. 3d

769 (8th Cir. 2001). Local educational agencies (LEA) initially were responsible for providing all the necessary services to special education children (including mental health services), but Assembly Bill 3632/882 shifted responsibility for providing special education mental health services to the counties.

Federal law initially required residential placements to be in nonprofit facilities. In 1997, however, the federal requirements changed to remove any reference to the tax identification (profit/nonprofit) status of an appropriate residential placement as follows: Section 501 of the Personal Responsibility and Work Opportunity Responsibility Act of 1996 states, Section 472(c)(2) of the Social Security Act (42 U.S.C. 672(c)(2)) is amended by striking "nonprofit." That section currently states:

The term "child-care institution" means a private child-care institution, or a public child-care institution which accommodates no more than twenty-five children, which is licensed by the State in which it is situated or has been approved, by the agency of such State responsible for licensing or approval of institutions of this type, as meeting the standards established for such licensing, but the term shall not include detention facilities, forestry camps, training schools, or any other facility operated primarily for the detention of children who are determined to be delinquent.

The California Code of Regulations, Title 2, section 60100, subdivision (h) and Welfare and Institutions Code section 11460(c)(2) through (3) are therefore inconsistent with the Social Security Act as referenced above, as well as inconsistent with a primary principle of IDEA as described below.

IDEA "was intended to ensure that children with disabilities receive an education that is both appropriate and free." *Florence County School District Four v. Carter*, 510 U.S. 7, 13, 126 L. Ed. 2d 284, 114 S. Ct. 361 (1993). A "free appropriate public education" (FAPE) includes both instruction and "related services" as may be required to assist a child with a disability. 20 U.S.C. § 1401 (22). Both instruction and related services, including residential placement, must be specially designed to suit the needs of the individual child. 20 U.S.C. § 1401(25). The most appropriate residential placement specially designed to meet the needs of an individual child may not necessarily be one that is operated on a nonprofit basis. Consequently, to limit the field of appropriate placements for a special education student would be contrary to the FAPE requirement referenced above. Counties and students cannot be limited by such restrictions because the most appropriate placement for a student may not have a nonprofit status. This need for flexibility becomes most pronounced when a county is seeking to place a student in an out-of-state facility which is the most restrictive level of care. Such students have typically failed California programs and require a more specialized program that may not necessarily be nonprofit.

In contrast to the restrictions placed on counties with respect to placement in nonprofits, LEAs are not limited to accessing only nonprofit educational programs for special education students. When special education students are placed in residential programs, out-of-state LEAs may utilize the services provided by certified nonpublic, nonsectarian schools and agencies that

are for profit. See Educ. Code § 56366.1. These nonpublic schools become certified by the state of California because they meet the requirements set forth in Education Code sections 56365 *et seq.* These requirements do not include nonprofit status, but rather, among other things, the ability to provide special education and designated instruction to individuals with exceptional needs which includes having qualified licensed and credentialed staff. LEAs monitor the out-of-state nonpublic schools through the Individualized Education Program process and are also required to monitor these schools annually which may include a site visit. Consequently, counties and LEAs should not be subject to different criteria when seeking a placement in out-of-state facilities for a special education student. Consistent with federal law, counties must have the ability to place students in the most appropriate educational environment out-of state and not be constrained by nonprofit status.

3. Parents can be Reimbursed When Placing Students in Appropriate For-Profit Out-of-State Facilities. County Mental Health Agencies will be Subject to Increased Litigation Without the Same Ability to Place Seriously Emotionally Disturbed Students in Appropriate For-Profit Out-of-State Facilities.

In *Florence County School District Four, et al. v. Shannon Carter*, 510 U.S. 7, 114 S.Ct. 361 (1993), the U.S. Supreme Court found that although the parents placed their child in a private school that did not meet state education standards and was not state approved, they were entitled to reimbursement because the placement was found to be appropriate under IDEA. The parents in *Carter* placed their child in a private school because the public school she was attending provided an inappropriate education under IDEA.

In California, if counties are unable to access for profit out-of-state programs, they may not be able to offer an appropriate placement for a child that has a high level of unique mental health needs that may only be treated by a specialized program. If that program is for profit, that county will therefore be subject to potential litigation from parents who through litigation may access the appropriate program for their child regardless of for profit or nonprofit status.

County Mental Health Agencies recommend out-of state residential programs for special education students only after in state alternatives have been considered and are not found to meet the child's needs. See Gov't Code §§ 7572.5 and 7572.55. As described in 7572.5 and 7275.55, such decisions are not made hastily and require levels of documented review, including consensus from the special education student's individualized education program team. Further, when students require the most restrictive educational environment, their needs are great and unique. Consistent with IDEA, counties should be able to place special education students in the most appropriate program that meets their unique needs without consideration for the programs for profit or nonprofit status so that students are placed appropriately and counties are not subject to needless litigation.

4. County Contracted with Nonprofit Out-of-State Residential Program for SED Pupils.

During the audit period, the County contracted with Mental Health Systems, Inc. (Provo Canyon School) the provider of the out-of-state residential services that are the subject of the proposed disallowance that the County disputes in this Response. As referenced in the April 28, 2007 letter from the Internal Revenue Service (attached hereto as Exhibit C) Mental Health Systems, Inc. (Provo Canyon School) is a nonprofit entity. The County contracted with this provider in a manner consistent with the requirements of the California Code of Regulations and Welfare and Institutions Code referenced above. The State never provided any guidance to counties as to how to access or contract with appropriate out-of-state facilities that meet State criteria or qualifications. The State never provided counties a list of appropriate out-of-state facilities that meet State requirements. County should not be penalized now for fulfilling the requirements of the law with little or no guidance from the State.

5. There are no Requirements in Federal or State law Regarding the Tax Identification Status of Mental Health Treatment Services Providers. Thus, there are no grounds to disallow the County's Treatment Costs.

Government Code section 7572 (c) provides that "Psychotherapy and other mental health assessments shall be conducted by qualified mental health professionals as specified in regulations developed by the State Department of Mental Health in consultation with the State Department of Education. . . ." The California Code of Regulations Title 2, Division 9, Chapter 1, Article 1, Section 60020 (i) and (j) further describe the type of mental health services to be provided in the program as well as who shall provide those services to special education pupils. There is no mention that the providers have a nonprofit or for profit status. The requirements are that the services "shall be provided directly or by contract at the discretion of the community mental health service of the county of origin" and that the services are provided by "qualified mental health professionals." Qualified mental health professionals include licensed practitioners of the healing arts such as: psychiatrists, psychologists, clinical social workers, marriage, family and child counselors, registered nurses, mental health rehabilitation specialists and others who have been waived under Section 5751.2 of the Welfare and Institutions Code. The County has complied with all these requirements. Consequently, because there is no legal requirement that treatment services be provided by nonprofit entities the State cannot and shall not disallow the treatment costs.

Response To Finding 2 - Unallowable Travel Costs

The State alleges that the County has claimed unallowable travel costs of \$49,164 for the audit period July 1, 2001 through June 30, 2005. The County disputes this finding and submits the attached cost per unit calculation as Exhibit D. This cost per unit calculation clearly indicates that the County has excluded the travel costs in calculating the cost per unit per claim to calculate the gross costs in the County's Handicapped and Disabled Student's claim. Therefore, because these costs were clearly excluded they are valid SED claimable costs in the amount of \$49,164.00.

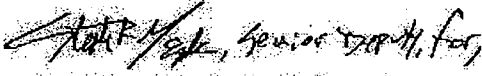
Conclusion

In conclusion, the County asserts that the costs of \$8,057,183 as set forth in Exhibit B should be allowed.

Dated: November 2, 2007

Respectfully submitted,

JOHN J. SANSONE, County Counsel

By  Lisa M. Macchione, Senior Deputy

Attorneys for the County of San Diego

F I L E D
Clerk of the Superior Court

MAY 12 2006

By: L. ROCKWELL, Deputy

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**IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN DIEGO**

COUNTY OF SAN DIEGO,

Plaintiff/Petitioner,

v.

STATE OF CALIFORNIA; STEVE
WESTLY in his official capacity as California
State Controller; PHIL ANGELIDES in his
official capacity as California State Treasurer;
DONNA ARDUIN in her official capacity as
Director of the California State Department of
Finance; and DOES 1 through 50, inclusive,

Defendants/Respondents.

Case No. GIC 825109 (consolidated with
Case No. GIC 827845)

JUDGMENT (PROPOSED)

Trial Date: November 28, 2005
Time: 10:30 a.m.
Dept: 70
I/C Judge: Honorable Jay M. Bloom
Actions filed: 2/3/04 and 4/1/04

~~JUDGMENT (PROPOSED)~~

EXHIBIT A-1

1 COUNTY OF ORANGE,
2 Plaintiff/Petitioner,
3 v.
4 STATE OF CALIFORNIA; STEVE
5 WESTLY in his official capacity as California
6 State Controller; PHIL ANGELIDES in his
7 official capacity as California State Treasurer;
8 DONNA ARDUIN in her official capacity as
9 Director of the California State Department of
10 Finance, and DOES 1 through 50, inclusive,
11 Defendants/Respondents.

12 Plaintiffs/Petitioners County of San Diego's and County of Orange's consolidated
13 complaints for declaratory relief and petitions for issuance of a writ of mandate came on for trial
14 on November 28, 2005, at 10:30 am., in Department 70 of the above-entitled court, the
15 Honorable Jay M. Bloom, judge presiding. The County of San Diego was represented by John
16 J. Sansone, County Counsel by Timothy M. Barry, Senior Deputy. The County of Orange was
17 represented by Benjamin P. de Mayo, County Counsel by Wendy J. Phillips, Deputy County
18 Counsel. The State of California, California State Controller, California State Treasurer, and
19 Director of the California State Department of Finance, were represented by William Lockyer,
20 Attorney General by Leslie R. Lopez, Deputy Attorney General.

21 Having heard and considered the evidence both written and oral and the oral arguments
22 of counsel for the parties it is hereby ORDERED, AJUDGED and DECREED as follows:

23 1. The State of California is obligated to reimburse the County of San Diego and the
24 County is entitled to judgment in the total principal sum of \$41,652,974 for the balance due on
25 its claims for costs incurred in providing State mandated programs and services from fiscal year
26 1994-95 through fiscal year 2003-04, together with interest thereon at the legal rate of seven
27 percent.

28 ///

~~JUDGMENT (PROPOSED)~~

EXHIBIT A-2

1 percent (7%) per annum from February 3, 2004. Interest on the \$41,652,974 at the legal rate
2 from February 3, 2004, through May 10, 2006 (826 days), the date of entry of this judgment, is
3 \$6,328,236 for a total judgment of \$47,981,210.

4 2. The State of California is obligated to reimburse the County of Orange and the
5 County is entitled to judgment in the total principal sum of \$72,755,977 for the balance due on
6 its claims for costs incurred in providing State mandated programs and services from fiscal year
7 1994-95 through fiscal year 2003-04, together with interest at the legal rate of seven percent
8 (7%) per annum from April 1, 2004. Interest on the \$72,755,977 at the legal rate from April 1,
9 2004, through May 10, 2006 (770 days), the date of entry of this judgment, is \$9,982,132 for a
10 total judgment of \$82,738,109.

11 3. The Counties request for pre-petition interest is denied.

12 4. A writ of mandate pursuant to Code of Civil Procedure section 1084, et seq. shall
13 issue commanding respondents, State of California, State Controller, State Treasurer, and
14 Director of the California State Department of Finance to pay the amount of the judgment plus
15 interest to the County of San Diego and the County of Orange over the fifteen year period
16 required by Government Code section 17617 (or a shorter period if the Legislature enacts a
17 shorter period, elects to pay the debt off earlier or is otherwise required by law to pay the debt
18 off over a shorter period) in equal annual installments beginning with the budget for the 2006-07
19 fiscal year and annually thereafter each successive budget until paid.

20 5. Respondents will file a return on the writ with the court within 90 days of the
21 enactment of the State budget for each fiscal year commencing with the 2006-07 fiscal year
22 demonstrating compliance with the writ until the amounts owed have been fully paid.

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~~JUDGMENT (PROPOSED)~~

EXHIBIT A-3

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6. This court will retain jurisdiction to enforce the writ in the event respondents fail to comply with the writ.

7. Petitioners/plaintiffs are awarded costs of suit in the amount of \$ _____.

DATED: MAY 12 2006 JAY M. BLOOM
JUDGE OF THE SUPERIOR COURT

APPROVED AS TO FORM AND CONTENT,
BILL LOCKYER, Attorney General

By LESLIE R. LOPEZ, Deputy Attorney General
for Defendants State Of California, Steve Westly,
Phil Angelides, and Tom Campbell.

3
JUDGMENT (PROPOSED)

EXHIBIT A-4

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IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
IN AND FOR THE COUNTY OF SAN DIEGO

COUNTY OF SAN DIEGO,

Plaintiff/Petitioner,

v.

STATE OF CALIFORNIA; STEVE
WESTLY in his official capacity as California
State Controller; PHIL ANGELIDES in his
official capacity as California State Treasurer;
DONNA ARDUIN in her official capacity as
Director of the California State Department of
Finance; and DOES I through 50, inclusive,

Defendants/Respondents.

Case No. GIC 825109 (consolidated with
Case No. GIC 827845)

WRIT (~~PROPOSED~~)

Trial Date: November 28, 2005
Time: 10:30 a.m.
Dept: 70
I/C Judge: Honorable Jay M. Bloom
Actions filed: 2/3/04 and 4/1/04

WRIT (~~PROPOSED~~)

EXHIBIT A-5

1 COUNTY OF ORANGE,
2 Plaintiff/Petitioner,
3 v.
4 STATE OF CALIFORNIA; STEVE
5 WESTLY in his official capacity as California
6 State Controller; PHIL ANGELIDES in his
7 official capacity as California State Treasurer;
8 DONNA ARDUIN in her official capacity as
9 Director of the California State Department of
10 Finance; and DOES 1 through 50, inclusive,
11 Defendants/Respondents.

12 TO: Respondents State of California, California State Controller, California State
13 Treasurer, and the California State Department of Finance and its current and future directors,
14 together with their agents, employees and successors in interest:

15 The court having ordered that a writ of mandate be issued:

16 **UPON RECEIPT OF THIS WRIT, YOU ARE HEREBY COMMANDED TO DO**
17 **THE FOLLOWING:**

18 1. Pay the judgment in favor of the County of San Diego in the amount of
19 \$47,981,210 together with court ordered costs, plus interest at the rate of 7% per annum from
20 the date of entry of judgment, for the balance due on its claims for costs incurred in providing
21 State mandated programs and services from fiscal year 1994-95 through fiscal year 2003-04,
22 over the fifteen year period required by Government Code section 17617 (or a shorter period if
23 the Legislature enacts a shorter period, elects to pay the debt off earlier or is otherwise required
24 by law to pay the debt off over a shorter period) in equal annual installments beginning with the
25 budget for the 2006-07 fiscal year and annually thereafter from each successive budget until the
26 amounts owed with interest are paid in full.

27 2. Pay the judgment in favor of the County of Orange in the amount of \$82,738,109
28 together with court ordered costs, plus interest at the rate of 7% per annum from the date of
entry of judgment, for the balance due on its claims for costs incurred in providing State
mandated programs and services from fiscal year 1994-95 through fiscal year 2003-04, over the

1 fifteen year period required by Government Code section 17617 (or a shorter period if the
2 Legislature enacts a shorter period, elects to pay the debt off earlier or is otherwise required by
3 law to pay the debt off over a shorter period) in equal annual installments beginning with the
4 budget for the 2006-07 fiscal year and annually thereafter from each successive budget until the
5 amounts owed with interest are paid in full.


6 3. File a return on the writ with the court within 90 days of the enactment of the State
7 budget for each fiscal year commencing with the 2006-07 fiscal year demonstrating compliance
8 with this writ until the amounts owed have been fully paid.

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By: 
DEPUTY CLERK L. Rockwell

LET THE FOREGOING WRIT ISSUE

DATED: MAY 12 2006


JUDGE OF THE SUPERIOR COURT

APPROVED AS TO FORM AND CONTENT

BILL LOCKYER, Attorney General

By
LESLIE R. LOPEZ, Deputy Attorney General
for Defendants State Of California, Steve Westly,
Phil Angelides, and Tom Campbell

Claims Summary - San Diego

ITEM - STATE DEPARTMENT Mandate	FY 94-95	FY 95-96	FY 96-97	FY 97-98	FY 98-99	FY 99-00	FY 00-01	FY 01-02	FY 02-03	FY 03-
Protocols (Ch 955/89)								29,726		
By Local Health Officers (Ch 268/91)								24,135	31,052	22,352
0001 Department of Developmental (Ch 1304/80)								1,549	5,790	61
By Disabled: Attorney Services (Ch Retarded: Diversion (Ch 1253/80)										
0001 Department of Mental Health										
By Disordered Sex Offenders (Ch 1036/78 & Ch 991/79)								4,899	3,118	
By Credited Offenders' Extended Commitment (Ch 1418/85)						22,037	19,150	27,765	24,456	33,0
Reason Of Insanity (Ch 1114/79 and Ch						40,048		73,605	77,247	84,3
Chronically Disturbed Pupils: Out-Of-State services (Ch 654/96)				102,351	515,963	1,085,657	1,135,792	1,691,153	4,450,120	2,485,0
Handicapped and Disabled Students (Ch 1274/85)						440,448	857,575	5,401,433	7,270,033	1,705,6

Summary of Program Costs
 SED Claims - July 1, 2001 - June 30, 2005

<u>Cost Elements</u>	<u>Actual Costs Claimed</u>	<u>Allowable</u>	<u>Adjustments</u>	<u>Remarks</u>
July 1, 2001 - June 30, 2002				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 1,681,983	\$ 1,677,988	\$ (3,995)	Duplicated costs
Travel	9,170	9,170	-	
Total program costs	<u>\$ 1,691,153</u>	<u>\$ 1,687,158</u>	<u>\$ (3,995)</u>	
Less: Amount paid by State				
Allowable costs claimed in excess of amount paid		<u>\$ 1,687,158</u>		
July 1, 2002 - June 30, 2003				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 4,435,895	\$ 4,216,894	\$ (218,701)	Ineligible In-State and clients' costs
Travel	15,425	15,425	-	
Sub-Total program costs	<u>\$ 4,451,320</u>	<u>\$ 4,232,419</u>	<u>\$ (218,701)</u>	
Less: Late filing penalty	<u>\$ (1,000)</u>	<u>(1,000)</u>	<u>\$ -</u>	
Total Program Costs	<u>\$ 4,450,320</u>	<u>\$ 4,231,419</u>	<u>\$ (218,701)</u>	
Less: Amount paid by State				
Allowable costs claimed in excess of amount paid		<u>\$ 4,231,419</u>		
July 1, 2003 - June 30, 2004				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 2,158,653	\$ 2,136,378	\$ (22,275)	Ineligible clients' costs
Travel	15,843	15,843	-	
Sub-Total program costs	<u>\$ 2,174,496</u>	<u>\$ 2,152,221</u>	<u>\$ (22,275)</u>	
Less: Late filing penalty	<u>\$ (1,000)</u>	<u>(1,000)</u>	<u>\$ -</u>	
Total Program Costs	<u>\$ 2,173,496</u>	<u>\$ 2,151,221</u>	<u>\$ (22,275)</u>	
Less: Amount paid by State				
Allowable costs claimed in excess of amount paid		<u>\$ 2,151,221</u>		
July 1, 2004 - June 30, 2005				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 1,610,382	\$ 1,597,567	\$ (12,615)	Ineligible clients' costs
Travel	8,726	8,726	-	
Total program costs	<u>\$ 1,618,908</u>	<u>\$ 1,606,293</u>	<u>\$ (12,615)</u>	
Less: Amount paid by State		<u>(1,618,908)</u>		
Allowable costs claimed in excess of amount paid		<u>\$ (12,615)</u>		
Summary July 1, 2001 - June 30, 2005				
Ongoing Costs - Mental Health Service:				
Vendor Reimbursements	\$ 9,886,513	\$ 9,628,927	\$ (257,586)	
Travel	\$ 49,164	\$ 49,164	\$ -	
Sub-Total program costs	<u>\$ 9,935,677</u>	<u>\$ 9,678,091</u>	<u>\$ (257,586)</u>	
Less: Late filing penalty	<u>\$ (2,000)</u>	<u>(2,000)</u>	<u>\$ -</u>	
Total Program Costs	<u>\$ 9,933,677</u>	<u>\$ 9,676,091</u>	<u>\$ (257,586)</u>	
Less: Amount paid by State		<u>(1,618,908)</u>		
Allowable costs claimed in excess of amount paid		<u>\$ 8,057,183</u>		
Allowable per State Audit		<u>6,028,631</u>		
Difference - amount being appealed		<u>\$ 2,028,552</u>		
Breakdown:				
Treatment & R&B costs - for profit facilities		<u>\$ 1,979,388</u>		
Travel Costs		<u>49,164</u>		
Grand Total		<u>\$ 2,028,552</u>		

EXHIBIT B

Administration

MAY 07 2007

Internal Revenue Service

Date: April 28, 2007

MENTAL HEALTH SYSTEMS INC
9465 FARNHAM ST
SAN DIEGO CA 92123

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Person to Contact:
T. Buckingham 29-70700
Customer Service Representative
Toll Free Telephone Number:
877-829-5600
Federal Identification Number:

Dear Sir or Madam:

This is in response to your request of April 26, 2007, regarding your organization's tax-exempt status.

In November 1982 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under section 509(a)(2) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,



Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations 1

EXHIBIT C

SB90 Cost Per Unit Calculation In the HDS Claims

This spreadsheet demonstrates that the County have excluded the Travel Costs in calculating the cost per unit to calculate Gross Costs in the HDS claim and therefore are valid SED claimable costs in the amount of \$ 49,164.00.

Fiscal Year 01-02							
	Gross Cost Per Cost Report	Less: Travel Costs	Adjusted Gross Cost	Total Units	Cost Per Unit	Cost Per Unit per Claim & as Audited	
Case Mgt	3,807,337	-	3,807,337	1,884,592	\$ 2.02	\$ 2.02	
MHS	5,932,422	(9,170)	5,923,252	4,381,913	\$ 1.35	\$ 1.35	
Medication	15,577,046	-	15,577,046	2,298,712	\$ 6.78	\$ 6.78	

Fiscal Year 02-03							
	Gross Cost Per Cost Report	Less: Travel Costs	Adjusted Gross Cost	Total Units	Cost Per Unit	Cost Per Unit per Claim & as Audited	
Case Mgt	3,198,545	-	3,198,545	2,045,646	\$ 1.56	\$ 1.56	
MHS	8,569,151	(15,425)	8,553,726	4,260,347	\$ 2.00	\$ 2.00	
Medication	14,843,828	-	14,843,828	2,475,945	\$ 6.00	\$ 6.00	

Fiscal Year 03-04							
	Gross Cost Per Cost Report	Less: Travel Costs	Adjusted Gross Cost	Total Units	Cost Per Unit	Cost Per Unit per Claim & as Audited	
Case Mgt	2,155,387	-	2,155,387	1,631,979	\$ 1.32	\$ 1.32	
MHS	9,573,387	(15,843)	9,557,544	3,565,746	\$ 2.68	\$ 2.68	
Medication	14,311,297	-	14,311,297	2,407,863	\$ 5.94	\$ 5.94	

Fiscal Year 04-05							
	Gross Cost Per Cost Report	Less: Travel Costs	Adjusted Gross Cost	Total Units	Cost Per Unit	Cost Per Unit per Claim & as Audited	
Case Mgt	4,070,095	-	4,070,095	1,201,820	\$ 3.39	\$ 3.39	
MHS	7,921,169	(8,726)	7,912,443	2,211,448	\$ 3.58	\$ 3.58	
Medication	15,556,190	-	15,556,190	2,094,018	\$ 7.43	\$ 7.43	

EXHIBIT D

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

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

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D
FY01-02

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D
FY01-02

COPY

State Controller's Office

Mandated Cost Manual

CLAIM FOR PAYMENT
 Pursuant to Government Code Section 17561
SERIOUSLY EMOTIONALLY DISTURBED PUPILS:
OUT-OF-STATE MENTAL HEALTH SERVICES

For State Controller Use Only	Program
(19) Program Number 00191	191
(20) Date File _____/_____/_____	
(21) LRS Input _____/_____/_____	

(01) Claimant Identification Number	9937
(02) Mailing Address	
Claimant Name	AUDITOR AND CONTROLLER
County of Location	COUNTY OF SAN DIEGO
Street Address or P.O. Box	1600 PACIFIC HIGHWAY RM 166
City	SAN DIEGO
State	CA
Zip Code	92101

Reimbursement Claim Data	
(22) SEDP-1, (03)	82
(23) SEDP-1, (04)(A)(1)(f)	
(24) SEDP-1, (04)(A)(2)(f)	
(25) SEDP-1, (04)(B)(1)(f)	1,681,983
(26) SEDP-1, (04)(B)(1)(f)	
(27) SEDP-1, (04)(B)(3)(f)	9,170
(28) SEDP-1, (04)(B)(4)(f)	
(29) SEDP-1, (06)	10
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	

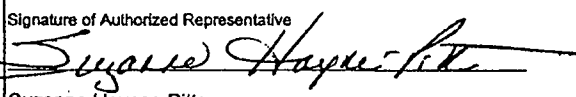
Type of Claim	Estimated Claim	Reimbursement Claim
(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	
Fiscal Year of Cost	(06) 2002 - 2003	(12) 2001 - 2002
Total Claimed Amount	(07)	(13) 1,691,153
Less: 10% Late Penalty, not to exceed \$ 1,000		(14)
Less: Estimated Claim Payment Received		(15)
Net Claimed Amount		(16) 1,691,153
Due from State	(08)	(17) 1,691,153
Due to State		(18)

(38) CERTIFICATION OF CLAIM

In accordance with provisions of Government Code S 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 654, Statutes of 1996, 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 654, Statutes of 1996.

The amounts of 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 654, Statutes of 1996, set forth on the attached statements.

Signature of Authorized Representative 	Date <u>1-14-03</u>
Suzanne Haynes-Pitts	Sr Auditor & Controller Manager
Type or Print Name	Title
(39) Name of Contact Person for Claim LINDA TATE	Telephone Number (619) 531-5336 Ext. _____ E-mail Address <u>Linda.tate@sdcounty.ca.gov</u>

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES CLAIM SUMMARY						FORM SEDP-1
(01) Claimant COUNTY OF SAN DIEGO			(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>		Fiscal Year 2001 - 2002	
Claims Statistics						
(03) Number of pupils placed in out-of-state residential programs in the fiscal year of claim						82
Direct Costs			Object Accounts			
(04) Reimbursable Components	(a)	(b)	(c)	(d)	(e)	(f)
	Salaries	Benefits	Services and Supplies	Fixed Assets	Travel and Training	Total
A. One-Time Costs						
1. Develop Policies, Procedures, and Contractual Arrangements						
2. Conduct County Staff Training						
B. Ongoing Costs						
1. Mental Health Service Vendor Reimbursements			1,681,983			1,681,983
2. Case Management						
3. Travel					9,170	9,170
4. Program Management						
(05) Total Direct Costs						1,691,153
Indirect Costs						
(06) Indirect Cost Rate	(From ICRP)					%
(07) Total Indirect Costs	(Line (06) x line (05)(a)) or (Line (06) x (line (05)(a) + line (05)(b)))					
(08) Total Direct and Indirect Costs	(Line (05)(f) + (07))					1,691,153
Cost Reduction						
(09) Less: Offsetting Savings						
(10) Less: Other Reimbursements						
(11) Total Claimed Amount	(Line (08) - (line (09) + line (10)))					1,691,153

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL	FORM SEDP-2
---	------------------------------

(01) Claimant <p style="text-align: center;">COUNTY OF SAN DIEGO</p>	(02) Fiscal Year Costs Were Incurred <p style="text-align: center;">FY 2001 - 2002</p>
--	--

(03) Reimbursable Components: Check only one box per form to identify the component being claimed.

One-time Costs :

Develop Policies, Procedures, and Contractual Arrangements
 Conduct County Staff Training

Ongoing Costs :

Mental Health Service Vendor Reimbursements *
 Travel
 Case Management
 Program Management

(04) Description of Expenses: Complete columns (a) through (h).								Object Accounts							
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training								
Contracted Services	Per Day	Days													
Contract Nos. 4384701/4541801 Daystar Residential, Inc.	\$80	7,401			592,080										
Contract No. 4384701/4542001 Devereux Foundation	\$101	6,146			621,753										
Contract No. 4384701 Emily Griffith Center, Inc	\$69	169			11,627										
Contract No. 4384701/4542201 Excelsior Youth Center, Inc	\$75	610			45,787										
Contract No. 4384701/4542401 Heritage Center	\$46	877			40,377										
Contract No. 4384701/4542501 Island View Academy	\$50	400			19,800										
Contract No. 4384701/4542601 Mental Health Systems	\$55	2,657			144,807										
Contract No. 4384701/4542801 Yellowstone Boys & Girls Ranch	\$61	3,373			205,753										
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/>					1,681,983										
Page <u>1</u> of <u>1</u>															

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL							FORM SEDP-2
(01) Claimant COUNTY OF SAN DIEGO				(02) Fiscal Year Costs Were Incurred FY 2001 - 2002			
(03) Reimbursable Components: Check only one box per form to identify the component being claimed.							
One-time Costs : <input type="checkbox"/> Develop Policies, Procedures, and Contractual Arrangements <input type="checkbox"/> Conduct County Staff Training							
Ongoing Costs : <input type="checkbox"/> Mental Health Service Vendor Reimbursements * <input checked="" type="checkbox"/> Travel							
<input type="checkbox"/> Case Management <input type="checkbox"/> Program Management							
(04) Description of Expenses: Complete columns (a) through (h). Object Accounts							
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Bleiweiss, Sheldon Lic. MH Clinician, Car Rental and Travel Expenses							1,196
Campbell, Rebecca MH Case Mgt Clinician, Air Fare, Car Rental and Travel Expenses							1,009
McGiven, Gail Lic. MH Clinician, Air Fare, Car Rental and Travel Expenses							1,229
INGRUM, PAULA Lic. MH Clinician, Air Fare, Car Rental and Travel Expenses							1,015
PEDDIE, TAMARA Lic. MH Clinician, Air Fare, Car Rental and Travel Expenses							393
Quattro, Elaine Lic. MH Clinician, Car Rental and Travel Expenses							784
Rappaport, Andrew MH Case Mgt Clinician, Air Fare, Car Rental and Travel Expenses							3,545
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/>	Page <u>1</u> of <u>1</u>						9,170

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D
FY02-03

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D
FY02-03

CLAIM FOR PAYMENT
 Pursuant to Government Code Section 17561
**SERIOUSLY EMOTIONALLY DISTURBED PUPILS:
 OUT-OF-STATE MENTAL HEALTH SERVICES**

(19) Program Number 00191
 (20) Date File ____/____/____
 (21) LRS Input ____/____/____

191

(01) Claimant Identification Number **9937**

(02) Mailing Address

Claimant Name **AUDITOR AND CONTROLLER**

County of Location **COUNTY OF SAN DIEGO**

Street Address or P.O. Box **1600 PACIFIC HIGHWAY RM 166**

City **SAN DIEGO** State **CA** Zip Code **92101**

Reimbursement Claim Data	
(22) SEDP-1, (03)	102
(23) SEDP-1, (04)(A)(1)(f)	
(24) SEDP-1, (04)(A)(2)(f)	
(25) SEDP-1, (04)(B)(1)(f)	4,435,696
(26) SEDP-1, (04)(B)(1)(f)	

Type of Claim	Estimated Claim	Reimbursement Claim	
(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27) SEDP-1, (04)(B)(3)(f)	15,425
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) SEDP-1, (04)(B)(4)(f)	
(05) Amended <input checked="" type="checkbox"/>	(11) Amended <input checked="" type="checkbox"/>	(29) SEDP-1, (06)	
(30)			
Fiscal Year of Cost (06)	(12) 2002 - 2003	(31)	
Total Claimed Amount (07)	(13) 4,451,120	(32)	
Less: 10% Late Penalty, not to exceed \$ 1,000	(14)	(33)	
Less: Estimated Claim Payment Received	(15)	(34)	
Net Claimed Amount	(16) 4,451,120	(35)	
Due from State (08)	(17) 4,451,120	(36)	
Due to State	(18)	(37)	

(38) CERTIFICATION OF CLAIM

In accordance with provisions of Government Code S 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 654, Statutes of 1996, 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 654, Statutes of 1996.

The amounts of 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 654, Statutes of 1996, set forth on the attached statements.

Signature of Authorized Representative

Date

GINA SURGEON

Sr Auditor & Controller Manager

Type or Print Name

Title

(39) Name of Contact Person for Claim

Telephone Number **(619) 531-5336** Ext. _____

LINDA TATE

E-mail Address **ltatexac@co.san-diego.ca.us**

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES CLAIM SUMMARY						FORM SEDP-1
(01) Claimant COUNTY OF SAN DIEGO			(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>		Fiscal Year 2002 - 2003	
Claims Statistics						
(03) Number of pupils placed in out-of-state residential programs in the fiscal year of claim						102
Direct Costs			Object Accounts			
(04) Reimbursable Components	(a)	(b)	(c)	(d)	(e)	(f)
	Salaries	Benefits	Services and Supplies	Fixed Assets	Travel and Training	Total
A. One-Time Costs						
1. Develop Policies, Procedures, and Contractual Arrangements						
2. Conduct County Staff Training						
B. Ongoing Costs						
1. Mental Health Service Vendor Reimbursements			4,435,696			4,435,696
2. Case Management						
3. Travel					15,425	15,425
4. Program Management						
(05) Total Direct Costs						4,451,120
Indirect Costs						
(06) Indirect Cost Rate	(From ICRP)					%
(07) Total Indirect Costs	(Line (06) x line (05)(a)) or (Line (06) x (line (05)(a) + line (05)(b)))					
(08) Total Direct and Indirect Costs	(Line (05)(f) + (07))					4,451,120
Cost Reduction						
(09) Less: Offsetting Savings						
(10) Less: Other Reimbursements						
(11) Total Claimed Amount	(Line (08) - (line (09) + line (10)))					4,451,120

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL	FORM SEDP-2
---	----------------

(01) Claimant <p style="text-align: center;">COUNTY OF SAN DIEGO</p>	(02) Fiscal Year Costs Were Incurred <p style="text-align: center;">FY 2002 - 2003</p>
--	--

(03) Reimbursable Components: Check only one box per form to identify the component being claimed.

One-time Costs :

Develop Policies, Procedures, and Contractual Arrangements Conduct County Staff Tra

Ongoing Costs :

Mental Health Service Vendor Reimbursements * Travel

Case Management Program Management

(04) Description of Expenses: Complete columns (a) through (h). **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Contracted Services	Per Day	Days					
Contract No.4541801 Daystar Residential, Inc.	\$80	6,235			498,800		
Contract No. 4596901 Devereux Foundation	\$118	638			75,571		
Contract No. 4542001 Devereux Foundation	\$106	5,770			613,145		
Contract No. 4596801 Cinnamon Youth Crisis Center	\$40	293			11,752		
Contract No. 4542201 Excelsior Youth Center, Inc	\$75	1,325			99,455		
Contract No. 4542401 Heritage Center	\$46	1,687			77,669		
Contract No. 4542501 Island View Academy	\$51	675			34,628		
Contract No. 4542501/4542601 Mental Health Systems	\$55	6,229			339,481		
Contract No. 4542801 Yellowstone Boys & Girls Ranch	\$62	4,038			249,502		

(05) Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u>1</u> of <u>2</u>	2,000,003
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MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL	FORM SEDP-2
---	------------------------------

(01) Claimant <p style="text-align: center;">COUNTY OF SAN DIEGO</p>	(02) Fiscal Year Costs Were Incurred <p style="text-align: center;">FY 2002 - 2003</p>
--	--

(03) Reimbursable Components: Check only one box per form to identify the component being claimed.

One-time Costs :

<input type="checkbox"/> Develop Policies, Procedures, and Contractual Arrangements	<input type="checkbox"/> Conduct County Staff Training
---	--

Ongoing Costs :

<input checked="" type="checkbox"/> Mental Health Service Vendor Reimbursements *	<input type="checkbox"/> Travel
<input type="checkbox"/> Case Management	<input type="checkbox"/> Program Management

(04) Description of Expenses: Complete columns (a) through (h). **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Balance forwarded from Page 1					2,000,003		
Victor Children's Treatment Svcs	\$156	729			113,940		
Canyon Acres Children's Services	\$114	174			19,836		
Room & Board Charges (Various Facilities)					2,301,917		

(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>2</u> of <u>2</u>	<p style="text-align: right;">4,435,696</p>
--	--

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL							FORM SEDP-2
(01) Claimant COUNTY OF SAN DIEGO				(02) Fiscal Year Costs Were Incurred FY 2002 - 2003			
(03) Reimbursable Components: Check only one box per form to identify the component being claimed.							
One-time Costs : <input type="checkbox"/> Develop Policies, Procedures, and Contractual Arrangements <input type="checkbox"/> Conduct County Staff Training							
Ongoing Costs : <input type="checkbox"/> Mental Health Service Vendor Reimbursements * <input checked="" type="checkbox"/> Travel							
<input type="checkbox"/> Case Management <input type="checkbox"/> Program Management							
(04) Description of Expenses: Complete columns (a) through (h).							Object Accounts
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Bleiweiss, Sheldon Lic. MH Clinician, Car Rental and Travel Expenses							2,305
Campbell, Rebecca MH Case Mgt Clinician, Air Fare, Car Rental and Travel Expenses							1,189
McGiven, Gail Lic. MH Clinician, Air Fare, Car Rental and Travel Expenses							1,688
Edwards, Frances Mental Health Program Manager, Air Fare, Car Rental and Travel Expenses							1,079
Dempsey, Donna Sr. Psychiatric Social Worker, Air Fare, Car Rental and Travel Expenses							443
Quattro, Elaine Lic. MH Clinician, Car Rental and Travel Expenses							1,549
Rappaport, Andrew MH Case Mgt Clinician, Air Fare, Car Rental and Travel Expenses							0
Hahn, David MH Case Mgt Clinician, Air Fare, Car Rental and Travel Expenses							1,588
(05) Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u>1</u> of <u>2</u>							9,840

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL							FORM SEDP-2
(01) Claimant COUNTY OF SAN DIEGO				(02) Fiscal Year Costs Were Incurred FY 2002 - 2003			
(03) Reimbursable Components: Check only one box per form to identify the component being claimed.							
One-time Costs : <input type="checkbox"/> Develop Policies, Procedures, and Contractual Arrangements <input type="checkbox"/> Conduct County Staff Training							
Ongoing Costs : <input type="checkbox"/> Mental Health Service Vendor Reimbursements * <input checked="" type="checkbox"/> Travel							
<input type="checkbox"/> Case Management <input type="checkbox"/> Program Management							
(04) Description of Expenses: Complete columns (a) through (h).						Object Accounts	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Employee Names, Job Classifications, Functions Performed and Description of Expenses	Hourly rate or Unit Costs	Hours Worked or Quantity	Salaries	Benefits	Services and Supplies	Fixed Assets	Travel and Training
<i>Balance forwarded from Page 1</i>							9,840
CHEE, VIVIAN Lic. MH Clinician, Air Fare, and other Travel Expenses							891
Sinclair, Julie MH Clinician Travel Expenses							412
CONCELLOSI, JOSEPH MH Prog. Mgr, Air Fare, and other Travel Expenses							936
GORMAN, JANE Clinical Psychologist, Air Fare, Car Rental & Travel Expenses							3,346
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/>	Page <u>2</u> of <u>2</u>						15,425

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D
FY03-04

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D
FY03-04

CLAIM FOR PAYMENT
 Pursuant to Government Code Section 17561
SERIOUSLY EMOTIONALLY DISTURBED PUPILS:
OUT-OF-STATE MENTAL HEALTH SERVICES

(19) Program Number 00191	191
(20) Date File _____/_____/_____	
(21) LRS Input _____/_____/_____	

(01) Claimant Identification Number	9937
(02) Mailing Address	COPY
Claimant Name	
AUDITOR AND CONTROLLER	
County of Location	
COUNTY OF SAN DIEGO	
1600 PACIFIC HIGHWAY RM 166	
Street Address or P.O. Box	1600 PACIFIC HIGHWAY RM 166
City	State CA Zip Code 92101
SAN DIEGO	CA 92101

Reimbursement Claim Data	
(22) SEDP-1, (03)	130
(23) SEDP-1, (04)(A)(1)(f)	
(24) SEDP-1, (04)(A)(2)(f)	
(25) SEDP-1, (04)(B)(1)(f)	2,158,653
(26) SEDP-1, (04)(B)(1)(f)	
(27) SEDP-1, (04)(B)(3)(f)	15,843
(28) SEDP-1, (04)(B)(4)(f)	
(29) SEDP-1, (06)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	

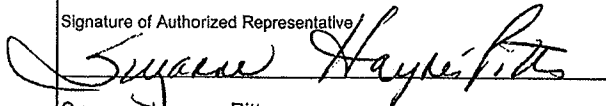
Type of Claim	Estimated Claim	Reimbursement Claim
(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	
(05) Amended <input checked="" type="checkbox"/>	(11) Amended <input checked="" type="checkbox"/>	
Fiscal Year of Cost	(06) 2004 - 2005	(12) 2003 - 2004
Total Claimed Amount	(07) 2,174,496	(13) 2,174,496
Less: 10% Late Penalty, not to exceed \$ 1,000		(14)
Less: Estimated Claim Payment Received		(15)
Net Claimed Amount	2,174,496	(16) 2,174,496
Due from State	(08) 2,174,496	(17) 2,174,496
Due to State		(18)

(38) **CERTIFICATION OF CLAIM**

In accordance with provisions of Government Code S 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 654, Statutes of 1996, 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 654, Statutes of 1996.

The amounts of 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 654, Statutes of 1996, set forth on the attached statements.

Signature of Authorized Representative	Date
	11-23-05
Suzanne Haynes-Pitts	Sr Auditor & Controller Manager
Type or Print Name	Title
(39) Name of Contact Person for Claim	Telephone Number (619) 531-5336 Ext. _____
LINDA TATE	E-mail Address ltatexac@co.san-diego.ca.us

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES CLAIM SUMMARY						FORM SEDP-1
(01) Claimant COUNTY OF SAN DIEGO			(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>		Fiscal Year 2003 - 2004	
Claims Statistics						
(03) Number of pupils placed in out-of-state residential programs in the fiscal year of claim						130
Direct Costs			Object Accounts			
(04) Reimbursable Components	(a)	(b)	(c)	(d)	(e)	(f)
	Salaries	Benefits	Services and Supplies	Fixed Assets	Travel and Training	Total
A. One-Time Costs						
1. Develop Policies, Procedures, and Contractual Arrangements						
2. Conduct County Staff Training						
B. Ongoing Costs						
1. Mental Health Service Vendor Reimbursements			2,158,653			2,158,653
2. Case Management						
3. Travel					15,843	15,843
4. Program Management						
(05) Total Direct Costs						2,174,496
Indirect Costs						
(06) Indirect Cost Rate	(From ICRP)					%
(07) Total Indirect Costs	(Line (06) x line (05)(a)) or (Line (06) x (line (05)(a) + line (05)(b)))					
(08) Total Direct and Indirect Costs	(Line (05)(f) + (07))					2,174,496
Cost Reduction						
(09) Less: Offsetting Savings						
(10) Less: Other Reimbursements						
(11) Total Claimed Amount	(Line (08) - (line (09) + line (10)))					2,174,496

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL	FORM SEDP-2
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(01) Claimant <p style="text-align: center;">COUNTY OF SAN DIEGO</p>	(02) Fiscal Year Costs Were Incurred <p style="text-align: center;">FY 2003 - 2004</p>
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(03) Reimbursable Components: Check only one box per form to identify the component being claimed.

One-time Costs :

Develop Policies, Procedures, and Contractual Arrangements
 Conduct County Staff Training

Ongoing Costs :

Mental Health Service Vendor Reimbursements *
 Travel
 Case Management
 Program Management

(04) Description of Expenses: Complete columns (a) through (h). **Object Accounts**

(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Contracted Services:	Per Day	Days					
Contract No.4541801 Daystar Residential, Inc.	\$80	695			55,600		
Contract No. 4542001 Devereux Foundation	\$118	2,466			286,076		
Contract No. 4596901 Devereux Foundation	\$118	1,587			187,980		
Contract No. 4596801 Cinnamon Youth Crisis Center	\$40	27			1,083		
Contract No. 4542201 Excelsior Youth Center, Inc	\$79	1,215			96,277		
Contract No. 4542401 Heritage Center	\$46	846			38,950		
Contract No. 4542501 Island View Academy	\$55	59			3,245		
Contract No. 4542501/4542601 Mental Health Systems	\$55	3,130			170,586		
Contract No. 4542801 Yellowstone Boys & Girls Ranch	\$63	2,187			137,628		
Room & Board Charges (Various Facilities)					1,181,229		

(05) Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u>1</u> of <u>1</u>	2,158,653
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MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL							FORM SEDP-2
(01) Claimant COUNTY OF SAN DIEGO				(02) Fiscal Year Costs Were Incurred FY 2003 - 2004			
(03) Reimbursable Components: Check only one box per form to identify the component being claimed.							
One-time Costs : <input type="checkbox"/> Develop Policies, Procedures, and Contractual Arrangements <input type="checkbox"/> Conduct County Staff Training							
Ongoing Costs : <input type="checkbox"/> Mental Health Service Vendor Reimbursements * <input checked="" type="checkbox"/> Travel							
<input type="checkbox"/> Case Management <input type="checkbox"/> Program Management							
(04) Description of Expenses: Complete columns (a) through (h).						Object Accounts	
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Binam, Carrie Lic. MH Clinician, Car Rental and Travel Expenses							434
Bleiweiss, Sheldon MH Case Mgt Clinician, Air Fare, Car Rental and Travel Expenses							1,523
Colligan, Laura Chief, Child & Adol Svcs, Air Fare, Car Rental and Travel Expenses							840
Concellosi, Joe Mental Health Program Manager, Air Fare, Car Rental and Travel Expenses							840
Dempsey, Donna Sr. Psychiatric Social Worker, Air Fare, Car Rental and Travel Expenses							1,445
Gold, Madeline Case Manager, Car Rental and Travel Expenses							697
Gorman, Jane Clinical Psychologist, Air Fare, Car Rental & Travel Expenses							996
Martin, Patrick MH Case Mgt Clinician, Air Fare, Car Rental and Travel Expenses							1,429
(05) Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u> 1 </u> of <u> 2 </u>							8,204

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL								FORM SEDP-2
(01) Claimant COUNTY OF SAN DIEGO				(02) Fiscal Year Costs Were Incurred FY 2003 - 2004				
(03) Reimbursable Components: Check only one box per form to identify the component being claimed.								
One-time Costs : <input type="checkbox"/> Develop Policies, Procedures, and Contractual Arrangements <input type="checkbox"/> Conduct County Staff Training								
Ongoing Costs : <input type="checkbox"/> Mental Health Service Vendor Reimbursements * <input checked="" type="checkbox"/> Travel								
<input type="checkbox"/> Case Management <input type="checkbox"/> Program Management								
(04) Description of Expenses: Complete columns (a) through (h).								
Object Accounts								
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training	
<i>Balance forwarded from Page 1</i>							8,204	
Mcgiven, Gail Lic. MH Clinician, Air Fare, and other Travel Expenses							3,311	
Mertins, Karl Lic. MH Clinician, Air Fare, and other Travel Expenses							468	
Notla, Robyn MH Case Mgt Clinician, Air Fare, and other Travel Expenses							1,317	
Quattro, Elaine Lic. MH Clinician, Air Fare, and other Travel Expenses							1,021	
Sinclair, Julie Lic. MH Clinician, Air Fare, and other Travel Expenses							1,522	
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/> Page <u>2</u> of <u>2</u>							15,843	

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D
FY04-05

ITEM 11
REIMBURSEMENT CLAIMS:
Exhibit D
FY04-05

State Controller's Office		CLAIM FOR PAYMENT		Mandated Cost Manual	
Pursuant to Government Code Section 17561 SERIOUSLY EMOTIONALLY DISTURBED PUPILS: OUT-OF-STATE MENTAL HEALTH SERVICES				(19) Program Number 00181 (20) Date File _____ (21) LRS Input _____	
(01) Claimant Identification Number				191	
(02) 9937				Reimbursement Claim Data	
City: AUDITOR AND CONTROLLER				(22) SEDP-1, (03) 48	
City: COUNTY OF SAN DIEGO				(23) SEDP-1, (04)(A)(1)(f)	
City: 1600 PACIFIC HIGHWAY ROOM 166				(24) SEDP-1, (04)(A)(2)(f)	
City: SAN DIEGO CA 92101				(25) SEDP-1, (04)(B)(1)(f) 1,610,182	
City: SAN DIEGO State: CA Zip Code: 92101				(26) SEDP-1, (04)(B)(1)(f)	
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) 2005 - 2006		(12) 2004 - 2005	
Total Claimed Amount		(07) 1,618,908		(13) 1,618,908	
Less: 10% Late Penalty, not to exceed \$ 1,000				(14)	
Less: Estimated Claim Payment Received				(15)	
Net Claimed Amount				(16) 1,618,908	
Due from State		(08) 1,618,908		(17) 1,618,908	
Due to State				(18)	
(38) CERTIFICATION OF CLAIM					
<p>In accordance with provisions of Government Code S 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 654, Statutes of 1996, 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 654, Statutes of 1996.</p> <p>The amounts of 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 654, Statutes of 1996, set forth on the attached statements.</p>					
Signature of Authorized Representative <i>Marilyn Flores</i>				Date 1/9/06	
MARILYN FLORES				COST ANALYST	
Type or Print Name				Title	
(39) Name of Contact Person for Claim LINDA TATE				Telephone Number (619) 531-5336 Ext. _____	
				E-mail Address ltatexac@co.san-diego.ca.us	

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES CLAIM SUMMARY						FORM SEDP-1
(01) Claimant COUNTY OF SAN DIEGO			(02) Type of Claim Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>		Fiscal Year 2004 - 2005	
Claims Statistics						
(03) Number of pupils placed in out-of-state residential programs in the fiscal year of claim						48
Direct Costs			Object Accounts			
(04) Reimbursable Components	(a)	(b)	(c)	(d)	(e)	(f)
	Salaries	Benefits	Services and Supplies	Fixed Assets	Travel and Training	Total
A. One-Time Costs						
1. Develop Policies, Procedures, and Contractual Arrangements						
2. Conduct County Staff Training						
B. Ongoing Costs						
1. Mental Health Service Vendor Reimbursements			1,610,182			1,610,182
2. Case Management						
3. Travel					8,726	8,726
4. Program Management						
(05) Total Direct Costs						1,618,908
Indirect Costs						
(06) Indirect Cost Rate	(From ICRP)					%
(07) Total Indirect Costs	(Line (06) x line (05)(a)) or (Line (06) x (line (05)(a) + line (05)(b)))					
(08) Total Direct and Indirect Costs	(Line (05)(f) + (07))					1,618,908
Cost Reduction						
(09) Less: Offsetting Savings						
(10) Less: Other Reimbursements						
(11) Total Claimed Amount	(Line (08) - (line (09) + line (10)))					1,618,908

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL							FORM SEDP-2
(01) Claimant COUNTY OF SAN DIEGO				(02) Fiscal Year Costs Were Incurred FY 2004 - 2005			
(03) Reimbursable Components: Check only one box per form to identify the component being claimed.							
One-time Costs : <input type="checkbox"/> Develop Policies, Procedures, and Contractual Arrangements <input type="checkbox"/> Conduct County Staff Training							
Ongoing Costs : <input checked="" type="checkbox"/> Mental Health Service Vendor Reimbursements * <input type="checkbox"/> Travel <input type="checkbox"/> Case Management <input type="checkbox"/> Program Management							
(04) Description of Expenses: Complete columns (a) through (h). Object Accounts							
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Contracted Services	Per Day	Days					
Contract No.45418 Daystar Residential, Inc.	\$ 80.00	705			56,400		
Contract No. 45420 Devereux Foundation	\$ 114.34	598			68,378		
Contract No. 45969 Devereux Foundation	\$ 118.45	842			99,735		
Contract No. 507477 Devereux Foundation	\$ 118.45	121			14,332		
Contract No. 45422 Excelsior Youth Center, Inc	\$ 81.42	218			17,750		
Contract No. 506837 La Familia	\$ 215.00	55			11,825		
Contract No. 45426 Mental Health Systems-Provo Canyon	\$ 54.50	3,241			176,643		
Contract No. 506325 Mental Health Systems-Provo Canyon	\$ 55.86	2,109			117,806		
Contract No. 45428 Yellowstone Boys & Girls Ranch	\$ 65.41	2,598			169,939		
Various Vendors - Room and Board costs					877,374		
(05) Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/> Page <u>1</u> of <u>1</u>					1,610,182		

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL							FORM SEDP-2
(01) Claimant COUNTY OF SAN DIEGO				(02) Fiscal Year Costs Were Incurred FY 2004 - 2005			
(03) Reimbursable Components: Check only one box per form to identify the component being claimed.							
One-time Costs :							
<input type="checkbox"/> Develop Policies, Procedures, and Contractual Arrangements				<input type="checkbox"/> Conduct County Staff Training			
Ongoing Costs :							
<input type="checkbox"/> Mental Health Service Vendor Reimbursements *				<input checked="" type="checkbox"/> Travel			
<input type="checkbox"/> Case Management				<input type="checkbox"/> Program Management			
(04) Description of Expenses: Complete columns (a) through (h).							
Object Accounts							
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
Beaucamp, Lauren Lic. MH Clinician, Air fare, car rental and travel expenses							966
Bleiweiss, Sheldon Lic. MH Clinician, Air Fare and travel expenses							559
Colligan, Laura Chief, Child & Adolescent Services Air fare, car rental & travel expenses							1,349
Concellosi, Joseph Mental Health Program Manager Air fare and travel expenses							546
Deininger, Susan Lic. MH Clinician, Air fare, car rental and travel expenses							148
Dempsey, Donna Sr. Psychiatric Social Worker Air fare and travel expenses							875
Edwards, Frances Mental Health Program Manager Air fare, car rental and travel expenses							268
Gorman, Jane Mental Health Program Manager Air fare, car rental and travel expenses							640
(05) Total <input type="checkbox"/> Subtotal <input checked="" type="checkbox"/>			Page <u>1</u> of <u>2</u>		5,352		

MANDATED COSTS SERIOUSLY EMOTIONALLY DISTURBED PUPILS OUT-OF-STATE MENTAL HEALTH SERVICES COMPONENT / ACTIVITY COST DETAIL							FORM SEDP-2
(01) Claimant COUNTY OF SAN DIEGO				(02) Fiscal Year Costs Were Incurred FY 2004 - 2005			
(03) Reimbursable Components: Check only one box per form to identify the component being claimed.							
One-time Costs :							
<input type="checkbox"/> Develop Policies, Procedures, and Contractual Arrangements				<input type="checkbox"/> Conduct County Staff Training			
Ongoing Costs :							
<input type="checkbox"/> Mental Health Service Vendor Reimbursements *				<input checked="" type="checkbox"/> Travel			
<input type="checkbox"/> Case Management				<input type="checkbox"/> Program Management			
(04) Description of Expenses: Complete columns (a) through (h).							
(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly rate or Unit Costs	(c) Hours Worked or Quantity	(d) Salaries	(e) Benefits	(f) Services and Supplies	(g) Fixed Assets	(h) Travel and Training
<i>Balance forwarded from Page 1</i>							5,352
Martin, Patrick MH Case Management Clinician Air fare, car rental and travel expenses							1,193
McGiven, Gail Licensed MH Clinician Air fare, car rental and travel expenses							1,271
Peddle, Tami Lic. Mental Health Clinician Air fare, car rental and travel expenses							293
Rappaport, Andrew MH Case Management Clinician Air fare, car rental and travel expenses							618
(05) Total <input checked="" type="checkbox"/> Subtotal <input type="checkbox"/>	Page <u>2</u> of <u>2</u>						8,726