

ITEM 8
FINAL STAFF ANALYSIS
PROPOSED PARAMETERS AND GUIDELINES

Education Code Sections 22455.5, Subdivision (b), 22460, 22509, Subdivision (a),
22718, Subdivision (a)(1)(A), 22724, and 22852, Subdivision (e)

Statutes 1994, Chapter 603
Statutes 1996, Chapters 383, 634 and 680
Statutes 1997, Chapter 838
Statutes 1998, Chapter 965
Statutes 1999, Chapter 939
Statutes 2000, Chapter 1021

California State Teachers' Retirement System (CalSTRS) Service Credit
02-TC-19

Santa Monica Community College District, Claimant

EXECUTIVE SUMMARY

The Commission on State Mandates (Commission) adopted a Statement of Decision on consolidated test claims *CalSTRS Creditable Compensation* (01-TC-02) and *CalSTRS Service Credit* (02-TC-19) on April 16, 2007.

The claimants sought reimbursement for increased costs of employer contributions to defined benefit retirement programs for their employees. Particularly at issue was the way in which “compensation” is defined for purposes of calculating employer contributions. Statutes 2000, chapter 1021 amended the Education Code provisions on what constitutes “creditable service.” The Commission found that the test claim statutes create a situation where the employer is faced with “a higher cost of compensation to its employees.” As held by the court in *City of Anaheim v. State of California* (1987) 189 Cal.App.3d 1478, “[t]his is not the same as a higher cost of providing services to the public.” Thus, the Commission found that increased costs resulting from the test claim statutes, without more, do not impose a program, or a new program or higher level of service in an existing program, subject to article XIII B, section 6.

However, the Commission also found that Education Code sections 22455.5, subdivision (b), 22460, 22509, subdivision (a), 22718, subdivision (a)(1)(A), 22724, and 22852, subdivision (e) (02-TC-19) required school district employers to engage in new reporting and notice activities that, impose new programs or higher levels of service for school districts within the meaning of article XIII B, section 6 of the California Constitution and impose costs mandated by the state pursuant to Government Code section 17514.

Because the approved statutes and activities were pled in the *CalSTRS Service Credit* test claim, (02-TC-19), only this case name and number will be cited to identify the state-mandated program addressed in these parameters and guidelines.

Staff drafted the parameters and guidelines, and issued them for comment with the Statement of Decision. All reimbursable activities listed in the parameters and guidelines were specifically approved in the Statement of Decision. The claimant suggested some clarifying changes, all of which are incorporated in the attached proposed parameters and guidelines.

Staff Recommendation

Staff recommends that the Commission:

- Adopt the proposed parameters and guidelines beginning on page 7.
- Authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

STAFF ANALYSIS

Claimant

Santa Monica Community College District

Chronology

Test Claim

- 09/19/01 Co-claimants, Lassen COE and San Luis Obispo COE, file a test claim, *CalSTRS Creditable Compensation* (01-TC-02), with the Commission on State Mandates (Commission)
- 09/26/01 Co-claimants submit missing authorizations and signature pages for 01-TC-02
- 09/28/01 Commission staff issues completeness letter on 01-TC-02
- 10/26/01 Department of Finance (DOF) requests an extension of time for comments
- 10/29/01 Commission staff grants extension of time for comments to November 29, 2001
- 12/05/01 DOF files comments on the test claim 01-TC-02
- 05/12/03 Santa Monica CCD files test claim, *CalSTRS Service Credit* (02-TC-19), with the Commission which includes the one Education Code section and two statutes pled in 01-TC-02, along with numerous other related statutes
- 05/27/03 Commission staff issues completeness letter on 02-TC-19
- 07/24/03 CalSTRS files comments on test claim 02-TC-19
- 07/25/03 DOF files comments on the test claim 02-TC-19
- 08/18/03 Claimant, Santa Monica CCD, files individual responses to comments by CalSTRS and DOF
- 08/18/04 Grant joins the first test claim (01-TC-02) as a co-claimant
- 11/17/05 Commission's Executive Director consolidates the two test claims based on common issues, allegations and statutes
- 01/09/07 Commission staff issues the draft staff analysis on the consolidated test claim
- 01/30/07 DOF requests an extension of time to file comments and a postponement of the hearing
- 01/30/07 CalSTRS files comments on the draft staff analysis
- 02/01/07 Commission staff grants the postponement to April 16, 2007 hearing, with comments now due March 1, 2007
- 02/28/07 DOF requests a second extension of time to file comments and a postponement of the hearing
- 03/02/07 Commission staff grants an extension of time to file comments to March 16, but maintains April 16, 2007 hearing date
- 03/15/07 DOF files comments on the draft staff analysis

04/16/07 Commission adopts Statement of Decision, partially approving 02-TC-19
04/24/07 Adopted Statement of Decision issued

Parameters and Guidelines

04/24/07 Staff's proposed parameters and guidelines on 02-TC-19 are issued with the Statement of Decision; claimant comments are requested by May 22, 2007. State agencies and interested parties comments are due 15 days after service of comments from the claimant.

05/17/07 Claimant files comments on the draft parameters and guidelines

06/06/07 DOF requests an extension of time for comments on the draft parameters and guidelines

06/08/07 Commission staff grants DOF's request for an extension of time to July 9, 2007

06/06/08 Commission staff issues final staff analysis and proposed parameters and guidelines

Summary of the Mandate

In 2001, the Lassen County Office of Education and the San Luis Obispo County Office of Education, later joined by the Grant Joint Union High School District, filed the test claim *CalSTRS Creditable Compensation* (01-TC-02) on Statutes 1999, chapter 939, and Statutes 2000, chapter 1021, as they added and amended Education Code 22119.2. In 2003, the Santa Monica Community College District filed the test claim *CalSTRS Service Credit* (02-TC-19) on the same Education Code section and statutes, but also made test claim allegations regarding 28 additional Education Code sections. The two test claims shared common issues, allegations, and statutes, and thus, the claims were consolidated pursuant to California Code of Regulations, title 2, section 1183.06.

Specifically, the claimants sought reimbursement for increased costs of employer contributions to defined benefit retirement programs for their employees. Particularly at issue was the way in which "compensation" is defined for purposes of calculating employer contributions. Statutes 2000, chapter 1021 amended the Education Code provisions on what constitutes "creditable service." The Commission on State Mandates (Commission) found that the test claim statutes create a situation where the employer is faced with "a higher cost of compensation to its employees." As held by the court in *City of Anaheim v. State of California* (1987) 189 Cal.App.3d 1478, "[t]his is not the same as a higher cost of providing services to the public." Therefore, the Commission found that increased costs resulting from the test claim statutes, without more, do not impose a program, or a new program or higher level of service in an existing program, subject to article XIII B, section 6.

However, the Commission found a number of the test claim statutes do require that the school district employer engage in new reporting and notice activities. On April 16, 2007, the Commission adopted a Statement of Decision finding that Education Code sections 22455.5, subdivision (b), 22460, 22509, subdivision (a), 22718, subdivision (a)(1)(A), 22724, and 22852, subdivision (e), impose new programs or higher levels of service for school districts within the meaning of article XIII B, section 6 of the California Constitution, and impose costs mandated by the state pursuant to Government Code section 17514, for the following specific new activities:

- Employers shall make available criteria for membership, including optional membership, in a timely manner to all persons employed to perform creditable service subject to coverage by the Defined Benefit Program, and shall inform part-time and substitute employees, within 30 days of the date of hire, that they may elect membership in the plan's Defined Benefit Program at any time while employed.

Written acknowledgment by the employee shall be maintained in employer files on a form provided by CalSTRS. (Ed. Code, § 22455.5, subd. (b).)¹

- Amend the notice that employers transmit to a member who terminates employment with less than five years of credited service, as part of the usual separation documents, to include the specific information specified in Education Code section 22460, subdivision (a)(1) – (3), regarding the Defined Benefit Supplement account. (Ed. Code, § 22460; one-time activity.)²
- Within 10 working days of the date of hire of an employee who has the right to make an election pursuant to Education Code section 22508 or 22508.5, the employer shall inform the employee of the right to make an election to CalSTRS or CalPERS and shall make available to the employee written information provided by each retirement system concerning the benefits provided under that retirement system to assist the employee in making an election. (Ed. Code, § 22509, subd. (a).)³
- The employer shall certify the number of unused excess sick leave days to the CalSTRS for retiring members, using the method of calculation described in Education Code section 22724, subdivision (a). (Ed. Code, § 22718, subd. (a)(1)(A).)⁴
- Upon request from the CalSTRS board, the employer shall submit sick leave records of past years for audit purposes. (Ed. Code, § 22724, subd. (b).)⁵
- The employer shall provide information to CalSTRS regarding the reemployment of a member who is subject to federal law regarding the reemployment of military service personnel (38 U.S.C.A. § 4301 et seq.), on a form prescribed by CalSTRS, within 30 days of the date of reemployment. (Ed. Code, § 22852, subd. (e).)⁶

The Commission concludes that Education Code sections 22000, 22002, 22119.2, 22119.5, 22146, 22458, 22461, 22501, 22502, 22503, 22504, 22711, 22712.5, 22713, 22714, 22717, 22717.5, 22800, 22801, 22803, 22851, 22950 and 22951, as amended and pled, along with any

¹ As added and amended by Statutes 1994, chapter 603, Statutes 1996, chapter 634, and Statutes 1999, chapter 939.

² As repealed, reenacted and amended, by Statutes 2000, chapter 1021.

³ As repealed, reenacted and amended, by Statutes 1996, chapter 383, and Statutes 1997, chapter 838.

⁴ As amended by Statutes 1999, chapter 939.

⁵ As added by Statutes 1999, chapter 939.

⁶ As added and amended by Statutes 1996, chapter 680, and Statutes 1998, chapter 965.

other test claim statutes and allegations not specifically approved above, do not impose a program, or a new program or higher level of service, subject to article XIII B, section 6.

Because all of the approved statutes and activities were pled in the *CalSTRS Service Credit* test claim, these are the parameters and guidelines for the *CalSTRS Service Credit* (02-TC-19) program alone.

Discussion

Commission staff issued proposed parameters and guidelines with the Statement of Decision on April 24, 2007.⁷ On May 17, 2007, the claimant filed comments on the draft parameters and guidelines, suggesting some amendments to the reimbursable activities.⁸ DOF was granted an extension of time to file comments to July 9, 2007; however, to date, no state agency comments have been received. All subsequent amendments, whether proposed by the claimant or Commission staff, are noted by underline and strikethrough in the proposed parameters and guidelines.

All reimbursable activities listed in the parameters and guidelines were specifically approved in the Statement of Decision. The claimant suggested some clarifying changes, all of which are incorporated in the attached proposed parameters and guidelines. These changes include specifying what types of agencies are included in the definition of “school districts” under Section II, Eligible Claimants, and adding subject headings to Section IV, Reimbursable Activities.

In addition to suggesting technical changes, the claimant also raised substantive objection to boilerplate language regarding source documents, indirect cost rates, and record retention.⁹ However, the claimant states: “Notwithstanding, the standard has been adopted by the Commission as boilerplate for parameters and guidelines. Unless there is some interest by the Commission to revisit these issues, the parameters and guidelines can proceed since the boilerplate is consistent with past Commission decisions.” Staff does not suggest any changes to the boilerplate language at this time.

Staff Recommendation

Staff recommends that the Commission:

- adopt the proposed parameters and guidelines, as modified by staff, beginning on page 7; and,
- authorize staff to make any non-substantive, technical corrections to the parameters and guidelines following the hearing.

⁷ Exhibit A.

⁸ Exhibit B.

⁹ Claimant Comments, dated May 16, 2007, pages 3-4. (Exh. B.)

DRAFT PROPOSED PARAMETERS AND GUIDELINES

Education Code Sections 22455.5, Subdivision (b), 22460, 22509, Subdivision (a), 22718, Subdivision (a)(1)(A), 22724, and 22852, Subdivision (e)

Statutes 1994, Chapter 603
Statutes 1996, Chapters 383, 634 and 680
Statutes 1997, Chapter 838
Statutes 1998, Chapter 965
Statutes 1999, Chapter 939
Statutes 2000, Chapter 1021

California State Teachers' Retirement System (CalSTRS) Service Credit
02-TC-19

Santa Monica Community College District, Claimant

I. SUMMARY OF THE MANDATE

In 2001, the Lassen County Office of Education and the San Luis Obispo County Office of Education, later joined by the Grant Joint Union High School District, filed the test claim *CalSTRS Creditable Compensation* (01-TC-02) on Statutes 1999, chapter 939, and Statutes 2000, chapter 1021, as they added and amended Education Code 22119.2. In 2003, the Santa Monica Community College District filed the test claim *CalSTRS Service Credit* (02-TC-19) on the same Education Code section and statutes, but also made test claim allegations regarding 28 additional Education Code sections. The two test claims shared common issues, allegations, and statutes, and thus, the claims were consolidated pursuant to California Code of Regulations, title 2, section 1183.06. However, all of the approved statutes and activities were pled in the *CalSTRS Service Credit* (02-TC-19) test claim. Therefore, these are the parameters and guidelines for the *CalSTRS Service Credit* program.

On April 16, 2007, the Commission on State Mandates (Commission) adopted a Statement of Decision finding that Education Code sections 22455.5, subdivision (b), 22460, 22509, subdivision (a), 22718, subdivision (a)(1)(A), 22724, and 22852, subdivision (e), impose new programs or higher levels of service for school districts within the meaning of article XIII B, section 6 of the California Constitution, and impose costs mandated by the state pursuant to Government Code section 17514, for the following specific new activities:

- Employers shall make available criteria for membership, including optional membership, in a timely manner to all persons employed to perform creditable service subject to coverage by the Defined Benefit Program, and shall inform part-time and substitute employees, within 30 days of the date of hire, that they may elect membership in the plan's Defined Benefit Program at any time while employed.

Written acknowledgment by the employee shall be maintained in employer files on a form provided by CalSTRS. (Ed. Code, § 22455.5, subd. (b).)¹

¹ As added and amended by Statutes 1994, chapter 603, Statutes 1996, chapter 634, and Statutes 1999, chapter 939.

- Amend the notice that employers transmit to a member who terminates employment with less than five years of credited service, as part of the usual separation documents, to include the specific information specified in Education Code section 22460, subdivision (a)(1) – (3), regarding the Defined Benefit Supplement account. (Ed. Code, § 22460; one-time activity.)²
- Within 10 working days of the date of hire of an employee who has the right to make an election pursuant to Education Code section 22508 or 22508.5, the employer shall inform the employee of the right to make an election to CalSTRS or CalPERS and shall make available to the employee written information provided by each retirement system concerning the benefits provided under that retirement system to assist the employee in making an election. (Ed. Code, § 22509, subd. (a).)³
- The employer shall certify the number of unused excess sick leave days to ~~the~~ CalSTRS for retiring members, using the method of calculation described in Education Code section 22724, subdivision (a). (Ed. Code, § 22718, subd. (a)(1)(A).)⁴
- Upon request from the CalSTRS board, the employer shall submit sick leave records of past years for audit purposes. (Ed. Code, § 22724, subd. (b).)⁵
- The employer shall provide information to CalSTRS regarding the reemployment of a member who is subject to federal law regarding the reemployment of military service personnel (38 U.S.C.A. § 4301 et seq.), on a form prescribed by CalSTRS, within 30 days of the date of reemployment. (Ed. Code, § 22852, subd. (e).)⁶

The Commission concludes that Education Code sections 22000, 22002, 22119.2, 22119.5, 22146, 22458, 22461, 22501, 22502, 22503, 22504, 22711, 22712.5, 22713, 22714, 22717, 22717.5, 22800, 22801, 22803, 22851, 22950 and 22951, as amended and pled, along with any other test claim statutes and allegations not specifically approved above, do not impose a program, or a new program or higher level of service, subject to article XIII B, section 6.

II. ELIGIBLE CLAIMANTS

Any “school district” as defined in Government Code section 17519, which includes school districts, county offices of education and community college districts, which incurs increased costs as a result of this mandate is eligible to claim reimbursement. Charter schools are not eligible claimants.

III. PERIOD OF REIMBURSEMENT

Government Code section 17557, subdivision (e), states that a test claim shall be submitted on or before June 30 following a given fiscal year to establish eligibility for that fiscal year. The

² As repealed, reenacted and amended, by Statutes 2000, chapter 1021.

³ As repealed, reenacted and amended, by Statutes 1996, chapter 383, and Statutes 1997, chapter 838.

⁴ As amended by Statutes 1999, chapter 939.

⁵ As added by Statutes 1999, chapter 939.

⁶ As added and amended by Statutes 1996, chapter 680, and Statutes 1998, chapter 965.

Santa Monica Community College District filed the test claim on May 12, 2003. Therefore, the reimbursement period begins on or after July 1, 2001.

Actual costs for one fiscal year shall be included in each claim. ~~Estimated costs of the subsequent year may be included on the same claim, if applicable.~~ Pursuant to Government Code section 17561, subdivision (d)(1)(A), all claims for reimbursement of initial fiscal year costs shall be submitted to the State Controller within 120 days of the issuance date for the claiming instructions.

If the total costs for a given fiscal year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

IV. REIMBURSABLE ACTIVITIES

To be eligible for mandated cost reimbursement for any fiscal year, only actual costs may be claimed. Actual costs are those costs actually incurred to implement the mandated activities. Actual costs must be traceable and supported by source documents that show the validity of such costs, when they were incurred, and their relationship to the reimbursable activities. A source document is a document created at or near the same time the actual cost was incurred for the event or activity in question. Source documents may include, but are not limited to, employee time records or time logs, sign-in sheets, invoices, and receipts.

Evidence corroborating the source documents may include, but is not limited to, worksheets, cost allocation reports (system generated), purchase orders, contracts, agendas, training packets, and declarations. Declarations must include a certification or declaration stating, "I certify (or declare) under penalty of perjury under the laws of the State of California that the foregoing is true and correct," and must further comply with the requirements of Code of Civil Procedure section 2015.5. Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

The claimant is only allowed to claim and be reimbursed for increased costs for reimbursable activities identified below. Increased cost is limited to the cost of an activity that the claimant is required to incur as a result of the mandate.

For each eligible claimant, the following activities are reimbursable:

A. One-Time Activity

1. Separation Notice:

- a.** Amend the notice that employers transmit to a member who terminates employment with less than five years of credited service, as part of the usual separation documents, to include the specific information specified in Education Code section 22460, subdivision (a)(1) – (3), regarding the Defined Benefit Supplement account. (Ed. Code, § 22460.)

B. Ongoing Activities

1. Employment Notices:

- 1.a.** Make available criteria for membership, including optional membership, in a timely manner to all persons employed to perform creditable service subject to coverage by the Defined Benefit Program, and inform part-time and substitute employees, within

30 days of the date of hire, that they may elect membership in the plan's Defined Benefit Program at any time while employed. (Ed. Code, § 22455.5, subd. (b).)

b. 2.—Maintain written acknowledgment by the employee regarding information provided about the Defined Benefit Program in employer files on a form provided by CalSTRS. (Ed. Code, § 22455.5, subd. (b).)

c. 3.—Within 10 working days of the date of hire of an employee who has the right to make an election pursuant to Education Code section 22508 or 22508.5, inform the employee of the right to make an election to CalSTRS or CalPERS and make available to the employee written information provided by each retirement system concerning the benefits provided under that retirement system to assist the employee in making an election. (Ed. Code, § 22509, subd. (a).)

2. Sick Leave Days:

a. 4Certify the number of unused excess sick leave days to ~~the~~ CalSTRS for retiring members, using the method of calculation described in Education Code section 22724, subdivision (a). (Ed. Code, § 22718, subd. (a)(1)(A).)

b. 5Upon request from the CalSTRS board, submit sick leave records of past years for audit purposes. (Ed. Code, § 22724, subd. (b).)

3. Military Service Reemployment:

a. 6Provide information to CalSTRS regarding the reemployment of a member who is subject to federal law regarding the reemployment of military service personnel (38 U.S.C.A. § 4301 et seq.), on a form prescribed by CalSTRS, within 30 days of the date of reemployment. (Ed. Code, § 22852, subd. (e).)

V. CLAIM PREPARATION AND SUBMISSION

Each of the following cost elements must be identified for each reimbursable activity identified in Section IV, Reimbursable Activities, of this document. Each claimed reimbursable cost must be supported by source documentation as described in Section IV. Additionally, each reimbursement claim must be filed in a timely manner.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. The following direct costs are eligible for reimbursement.

1. Salaries and Benefits

Report each employee implementing the reimbursable activities by name, job classification, and productive hourly rate (total wages and related benefits divided by productive hours). Describe the specific reimbursable activities performed and the hours devoted to each reimbursable activity performed.

2. Materials and Supplies

Report the cost of materials and supplies that have been consumed or expended for the purpose of the reimbursable activities. Purchases shall be claimed at the actual price after deducting discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name of the contractor and services performed to implement the reimbursable activities. Attach a copy of the contract to the claim. If the contractor bills for time and materials, report the number of hours spent on the activities and all costs charged. If the contract is a fixed price, report the dates when services were performed and itemize all costs for those services.

4. Fixed Assets and Equipment

Report the purchase price paid for fixed assets and equipment (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset or equipment is also used for purposes other than the reimbursable activities, only the pro-rata portion of the purchase price used to implement the reimbursable activities can be claimed.

5. Travel

Report the name of the employee traveling for the purpose of the reimbursable activities. Include the date of travel, destination point, the specific reimbursable activity requiring travel, and related travel expenses reimbursed to the employee in compliance with the rules of the local jurisdiction. Report employee travel time according to the rules of cost element A.1, Salaries and Benefits, for each applicable reimbursable activity.

B. Indirect Cost Rates

Indirect costs are costs that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned to other activities, as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been claimed as a direct cost.

Indirect costs include: (a) the indirect costs originating in each department or agency of the governmental unit carrying out state mandated programs, and (b) the costs of central governmental services distributed through the central service cost allocation plan and not otherwise treated as direct costs.

School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the Office of Management and Budget Circular A-21, "Cost Principles of Educational Institutions"; (2) the rate calculated on State Controller's Form FAM-29C; or (3) a 7% indirect cost rate.

VI. RECORD RETENTION

Pursuant to Government Code section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter⁷ is subject to the initiation

⁷ This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in Section IV, must be retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

VII. OFFSETTING REVENUES AND REIMBURSEMENTS

Any offsets the claimant experiences in the same program as a result of the same statutes or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any source, including but not limited to, service fees collected, federal funds, and other state funds, shall be identified and deducted from this claim.

VIII. STATE CONTROLLER'S CLAIMING INSTRUCTIONS

Pursuant to Government Code section 17558, subdivision (b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than 60 days after receiving the adopted parameters and guidelines from the Commission, to assist local agencies and school districts in claiming costs to be reimbursed. The claiming instructions shall be derived from the test claim decision and the parameters and guidelines adopted by the Commission.

Pursuant to Government Code section 17561, subdivision (d)(1), issuance of the claiming instructions shall constitute a notice of the right of the local agencies and school districts to file reimbursement claims, based upon parameters and guidelines adopted by the Commission.

IX. REMEDIES BEFORE THE COMMISSION

Upon request of a local agency or school district, the Commission shall review the claiming instructions issued by the State Controller or any other authorized state agency for reimbursement of mandated costs pursuant to Government Code section 17571. If the Commission determines that the claiming instructions do not conform to the parameters and guidelines, the Commission shall direct the Controller to modify the claiming instructions and the Controller shall modify the claiming instructions to conform to the parameters and guidelines as directed by the Commission.

In addition, requests may be made to amend parameters and guidelines pursuant to Government Code section 17557, subdivision (d), and California Code of Regulations, title 2, section 1183.2.

X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES

The Statement of Decision is legally binding on all parties and provides the legal and factual basis for the parameters and guidelines. The support for the legal and factual findings is found in the administrative record for the test claim. The administrative record, including the Statement of Decision, is on file with the Commission.