

**COMMISSION ON STATE MANDATES**

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September 11, 2012

Ms. Andra Donovan  
Legal Services Office  
San Diego Unified School District  
4100 Normal Street, Room 2148  
San Diego, CA 92103

Mr. Art Palkowitz  
Stutz Artiano Shinoff & Holtz  
2488 Historic Decatur Road, Suite 200  
San Diego, CA 92106

*And Interested Parties and Affected State Agencies (See Mailing List)*

Re: **Proposed Parameters and Guidelines and Statement of Decision and Notice of Hearing**

*Charter Schools IV, 03-TC-03*

Education Code Sections 1628, 42100, 47602, 47604.3,  
47604.4, 47605, 47605.1, 47605.6, 47605.8, 47611.5, 47612.1,  
47613.1, 47626, 47652

Government Code Section 3540.1

Statutes 1999, Chapter 828, Statutes 2002, Chapter 1058

San Diego Unified School District, Claimant

Dear Ms. Donovan and Mr. Palkowitz:

The final staff analysis and proposed parameters and guidelines for the above-named matter are enclosed.

**Hearing**

This matter is set for hearing on **Friday September 28, 2012**, at 9:30 a.m., in the State Capitol, Room 447, Sacramento, California. This matter is proposed for the Consent Calendar. Please let us know in advance if you or a representative of your agency will testify at the hearing, and if other witnesses will appear. If you would like to request postponement of the hearing, please refer to section 1183.01(c)(2) of the Commission's regulations.

**Special Accommodations**

For any special accommodations such as a sign language interpreter, an assistive listening device, materials in an alternative format, or any other accommodations, please contact the Commission Office at least five to seven *working* days prior to the meeting.

Please contact Heidi Palchik at (916) 323-3562 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Heather Halsey".

Heather Halsey  
Executive Director

**ITEM 9**  
**PROPOSED PARAMETERS AND GUIDELINES**

**AND**

**STATEMENT OF DECISION**

Education Code Sections 1628, 42100(a), 47605, 47605.6

Statutes 2002, Chapter 1058

*Charter Schools IV*

03-TC-03

San Diego Unified School District, Claimant

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This matter was rescheduled from July 27, 2012 to September 28, 2012. Except to reflect the date change, no other revisions were made to this document.

**Executive Summary**

The following final staff analysis is the proposed statement of decision for this matter prepared pursuant to section 1188.1 of the Commission's regulations. As of January 1, 2011, Commission hearings on the adoption of proposed parameters and guidelines are conducted under Article 7 of the Commission's regulations.<sup>1</sup> Article 7 hearings are quasi-judicial hearings. The Commission is required to adopt a decision that is correct as a matter of law and based on substantial evidence in the record.<sup>2</sup> Oral or written testimony is offered under oath or affirmation in article 7 hearings.<sup>3</sup>

**Summary of the Mandate**

This program implements a comprehensive process for school districts or county boards of education to review a petition for the proposed operation of a charter school. On January 27, 2012, the Commission adopted a statement of decision finding that the test claim statutes impose a partially reimbursable state-mandated program upon school districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

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<sup>1</sup> California Code of Regulations, Title 2, section 1187.

<sup>2</sup> Government Code section 17559(b); California Code of Regulations, Title 2, section 1187.5.

<sup>3</sup> Government Code section 17559(b); California Code of Regulations, Title 2, section 1187.5.

## **Staff Recommendation**

Staff recommends that the Commission:

- Adopt the attached proposed statement of decision and proposed parameters and guidelines; and
- Authorize staff to make any non-substantive, technical corrections to these parameters and guidelines following the hearing.

BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE PARAMETERS AND GUIDELINES FOR:

Education Code Sections 1628, 42100, 47605, and 47605.6

Statutes 2002, Chapter 1058

Period of reimbursement beginning:  
January 1, 2003

Case No.: 03-TC-03

*Charter Schools IV*

STATEMENT OF DECISION  
PURSUANT TO GOVERNMENT  
CODE SECTION 17500 ET SEQ.;  
TITLE 2, CALIFORNIA CODE OF  
REGULATIONS, DIVISION 2,  
CHAPTER 2.5, ARTICLE 7.

*(Proposed for Adoption: September 28, 2012)*

**STATEMENT OF DECISION**

The Commission on State Mandates (Commission) adopted this statement of decision and parameters and guidelines during a regularly scheduled hearing on September 28, 2012. [Witness list will be included in the final statement of decision.]

The law applicable to the Commission's determination of a reimbursable state-mandated program is article XIII B, section 6 of the California Constitution, Government Code section 17500 *et seq.*, and related case law.

The Commission adopted the parameters and guidelines and statement of decision by a vote of [Vote count will be included in the final statement of decision].

**I. Summary of the Mandate**

This program implements a comprehensive process for school districts or county boards of education to review a petition for the proposed operation of a charter school.

On January 27, 2012, the Commission on State Mandates (Commission) adopted a test claim statement of decision finding that the test claim statutes impose a partially reimbursable state-mandated program upon school districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission approved the test claim for the following reimbursable activities:

- A. When a K-12 school district receives a petition for the establishment of a charter school pursuant to Education Code section 47605(a), and when a county board of education receives a petition for the establishment of a charter school on appeal pursuant to Education Code section 47605(j), K-12 school districts and county boards of education

are eligible to receive reimbursement for the following activities mandated by Education Code section 47605:

1. Review, and consider at a public hearing the following additional information in the charter school petition:
    - a) If the proposed school will serve high school pupils, a description of how the charter school will inform parents about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements.
    - b) A description of the procedures to be used if the charter school closes. The procedures shall ensure a final audit of the school to determine the disposition of all assets and liabilities of the charter school, including plans for disposing of any net assets and for the maintenance and transfer of pupil records.
    - c) A description of where the charter school intends to locate in its description of facilities.
    - d) That the notices described below have been provided when the charter school petition proposes to operate one site outside the jurisdictional boundaries of the school district, but within the county where that school district is located:
      - 1) Notice is provided to the school district where the charter school proposes to operate before the charter petition is approved;
      - 2) Notice of the location is provided to the Superintendent of Public Instruction and the county superintendent of schools before the charter school commences operations; and
      - 3) Notice that the school has attempted to locate a single site or facility to house the entire program, but such facility or site is unavailable, or the site is needed for temporary use during a construction or expansion project.
  2. If, after review, the school district or county board of education denies the charter school petition based on the information provided in 1. above, make written factual findings setting forth facts to support the finding.
  3. Consider at an open and public meeting, proposed material revisions to an already approved charter to establish operations at one or more additional sites within the jurisdictional boundaries of the school district.
- B. When county boards of education receives a petition for the establishment of a countywide charter school pursuant to Education Code section 47605.6, county boards of education are eligible to receive reimbursement for the following activities:
1. Hold a public hearing not later than 60 days after receiving a petition to consider the level of support for the petition by teachers, parents or guardians, and the school districts where the charter school petitioner proposes to place school facilities. As part of its consideration, the county board of education shall do the following:<sup>4</sup>

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<sup>4</sup> Education Code section 47605.6(a)(1), (h), (i).

- a) Require that the petitioner or petitioners provide information regarding the proposed operation and potential effects of the school, including, but not limited to, the facilities utilized by the school, the manner in which administrative services of the school are to be provided, and potential civil liability effects, if any, upon the school, any school district where the charter school may operate and upon the county board of education.
  - b) Require the petitioner or petitioners to provide financial statements that include a proposed first-year operational budget, including startup costs, and cash-flow and financial projections for the first three years of operation.
  - c) Determine whether the educational services to be provided by the charter school will offer services to a pupil population that will benefit from those services, and that cannot be served as well by a charter school that operates in only one school district in the county.
  - d) Determine whether granting the charter is consistent with a sound educational practice, and whether the charter school has reasonable justification for why it could not be established by petition to a school district pursuant to Education Code section 47605.
  - e) Give preference to petitions that demonstrate the capability to provide comprehensive learning experiences to pupils identified by the petitioner or petitioners as academically low-achieving pursuant to the standards established by the State Department of Education under Education Code section 54032.
2. The county board of education shall also consider the information listed below and deny a petition for the establishment of a charter school if the board finds one or more of the following:
- a) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.
  - b) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.
  - c) The petition does not contain the number of signatures required.
  - d) The petition does not contain an affirmation of each of the following conditions listed in subdivision (d):
    - 1) That the charter school will meet all statewide standards and conduct the pupil assessments required pursuant to Education Code section 60605 and any other statewide standards authorized in statute or pupil assessments applicable to pupils in non-charter public schools.
    - 2) That the charter school will consult with their parents and teachers regarding the school's educational programs.
  - e) The petition does not contain reasonably comprehensive descriptions of all of the following:

- 1) A description of the educational program of the school, designed, among other things, to identify those whom the school is attempting to educate, what it means to be an “educated person” in the 21<sup>st</sup> century, and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners.
  - 2) The measurable pupil outcomes identified for use by the charter school.
  - 3) The method by which pupil progress in meeting those pupil outcomes is to be measured.
  - 4) The location of each charter school facility that the petitioner proposes to operate.
  - 5) The governance structure of the school, including, but not limited to, the process to be followed by the school to ensure parental involvement.
  - 6) The qualifications to be met by individuals to be employed by the school.
  - 7) The procedures that the school will follow to ensure the health and safety of pupils and staff. These procedures shall include the requirement that each employee of the school furnish the school with a criminal record summary as described in Education Code section 44237.
  - 8) The means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district to which the charter petition is submitted.
  - 9) The manner in which annual, independent, financial audits shall be conducted, in accordance with regulations established by the State Board of Education, and the manner in which audit exceptions and deficiencies shall be resolved.
  - 10) The procedures by which pupils can be suspended or expelled.
  - 11) The manner by which staff members of the charter schools will be covered by the State Teachers’ Retirement System, the Public Employees’ Retirement System, or federal social security.
  - 12) The procedures to be followed by the charter school and the county board of education to resolve disputes relating to provisions of the charter.
  - 13) A declaration whether or not the charter school shall be deemed the exclusive public school employer for the employees of the charter school for the purposes of the EERA.
3. The county board of education shall also consider whether to approve additional locations subsequently proposed by a charter school following the initial approval of the charter petition as a material revision of the charter at an open, public meeting, held no sooner than 30 days following notification of the school districts where the sites will be located.

C. K-12 school districts and county superintendents of schools are eligible for reimbursement for following activities pursuant to Education Code sections 1628 and 42100(a):

1. For school districts, following the approval of a charter petition and as the charter authority, to include the charter school's annual statement of receipts and expenditures with its own annual statement, and file the charter school's statement with the county superintendent of schools.
2. For county superintendents of schools to receive from a school district (when the school district is the chartering authority) or receive directly from a charter school (when the county board of education is the chartering authority) the charter schools' annual statement of receipts and expenditures.
3. For county superintendents of schools to verify the mathematical accuracy of the charter schools' annual statements of receipts and expenditures, and transmit the charter schools' statements to the State Superintendent of Schools.

## **II. Procedural History**

The test claim statement of decision was adopted on January 27, 2012.<sup>5</sup> Claimant requested that the Commission issue expedited draft proposed parameters and guidelines, which Commission staff issued for comment on January 31, 2012.<sup>6</sup> On February 21, 2012, the State Controller's Office filed comments recommending amendments to the draft parameters and guidelines.<sup>7</sup>

## **III. Commission Findings**

The statement of decision, the draft parameters and guidelines, the comments filed by the State Controller's Office were reviewed and considered by the Commission as discussed below.

### *IV. Reimbursable Activities*

The State Controller's Office requested non-substantive amendments, including adding training packets to the list of evidence that may corroborate the source documentation. The Commission did not make this change because training is not a reimbursable activity for this program.

### *V. Claim Preparation and Submission*

The State Controller's Office also requested that the language describing the process for reporting contracted services be updated to include the most recent boilerplate language. The Commission updated the language to conform to parameters and guidelines previously adopted by the Commission.

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<sup>5</sup> Exhibit A.

<sup>6</sup> Exhibit B.

<sup>7</sup> Exhibit C.



### *VIII. State Controller's Claiming Instructions*

Prior to 2012, existing law required the State Controller to issue claiming instructions for each reimbursable mandate no later than 60 days after receiving the adopted parameters and guidelines from the Commission. Last year, SB 112 (Statutes 2011, chapter 144) revised this statute to require the State Controller to issue the claiming instructions within 90 days of receiving the parameters and guidelines. At the State Controller's request, the Commission updated this section to reflect this new 90-day requirement.

### **IV. Conclusion**

The Commission adopts the proposed statement of decision and parameters and guidelines for the *Charter Schools IV* program (03-TC-03), with a period of reimbursement beginning January 1, 2003.

## PROPOSED PARAMETERS AND GUIDELINES

Education Code Sections 1628, 42100(a), 47605, 47605.6

Statutes 2002, Chapter 1058

*Charter Schools IV*

03-TC-03

~~San Diego Unified School District, Claimant~~

### I. SUMMARY OF THE MANDATE

~~This program implements a comprehensive process for school districts or county boards of education to review a petition for the proposed operation of a charter school.~~

~~This program involves the petition process for the proposed operation of charter schools and the oversight and accountability for charter schools.~~

On January 27, 2012, the Commission on State Mandates (Commission) adopted a statement of decision finding that the test claim legislation imposes a partially reimbursable state-mandated program upon school districts within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The Commission approved this test claim for the reimbursable activities found under Section IV. Reimbursable Activities.

### II. ELIGIBLE CLAIMANTS

Any "school district" as defined in Government Code section 17519, including county boards of education, and excluding community colleges, 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(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. San Diego Unified School District filed the test claim on August 29, 2003, establishing eligibility for reimbursement for the 2002-2003 fiscal year. The test claim statute (Statutes 2002, chapter 1058) became effective on January 1, 2003. Therefore, costs incurred for this mandate are eligible for reimbursement on January 1, 2003.

Reimbursement for state-mandated costs may be claimed as follows:

1. Actual costs for one fiscal year shall be included in each claim.
2. Pursuant to Government Code section 17561(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.
3. Pursuant to Government Code section 17560(a), a school district may, by February 15 following the fiscal year in which costs were incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.

4. If revised claiming instructions are issued by the Controller pursuant to Government Code section 17558(c), between November 15 and February 15, a school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim. (Government Code section 17560(b).)
5. 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.
6. There shall be no reimbursement for any period in which the Legislature has suspended the operation of a mandate pursuant to state law.

#### **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 to 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, 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. When a K-12 school district receives a petition for the establishment of a charter school pursuant to Education Code section 47605(a), and when a county board of education receives a petition for the establishment of a charter school on appeal pursuant to Education Code section 47605(j), K-12 school districts and county boards of education are eligible to receive reimbursement for the following activities:
  1. Review, and consider at a public hearing the following additional information in the charter school petition:
    - a) If the proposed school will serve high school pupils, a description of how the charter school will inform parents about the transferability of courses to other public high schools and the eligibility of courses to meet college entrance requirements.<sup>1</sup>

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<sup>1</sup> Education Code section 47605(b)(5)(A)(ii).

- b) A description of the procedures to be used if the charter school closes. The procedures shall ensure a final audit of the school to determine the disposition of all assets and liabilities of the charter school, including plans for disposing of any net assets and for the maintenance and transfer of pupil records.<sup>2</sup>
- c) A description of where the charter school intends to locate in its description of facilities.<sup>3</sup>
- d) That the notices described below have been provided when the charter school petition proposes to operate one site outside the jurisdictional boundaries of the school district, but within the county where that school district is located:
  - 1) Notice is provided to the school district where the charter school proposes to operate before the charter petition is approved;
  - 2) Notice of the location is provided to the Superintendent of Public Instruction and the county superintendent of schools before the charter school commences operations; and
  - 3) Notice that the school has attempted to locate a single site or facility to house the entire program, but such facility or site is unavailable, or the site is needed for temporary use during a construction or expansion project.<sup>4</sup>
- 2. If, after review, the school district or county board of education denies the charter school petition based on the information provided in 1. above, make written factual findings setting forth facts to support the finding.<sup>5</sup>
- 3. Consider at an open and public meeting, proposed material revisions to an already approved charter to establish operations at one or more additional sites within the jurisdictional boundaries of the school district.<sup>6</sup>
- B. When county boards of education receive a petition for the establishment of a countywide charter school pursuant to Education Code section 47605.6, county boards of education are eligible to receive reimbursement for the following activities:
  - 1. Hold a public hearing not later than 60 days after receiving a petition to consider the level of support for the petition by teachers, parents or guardians, and the school districts where the charter school petitioner proposes to place school facilities. As part of its consideration, the county board of education shall do the following:<sup>7</sup>
    - a) Require that the petitioner or petitioners provide information regarding the proposed operation and potential effects of the school, including, but not limited to, the facilities utilized by the school, the manner in which administrative

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<sup>2</sup> Education Code section 47605(b)(5)(P).

<sup>3</sup> Education Code section 47605(g).

<sup>4</sup> Education Code section 47605(a)(1) and (5).

<sup>5</sup> Education Code section 47605(b).

<sup>6</sup> Education Code section 47605(a)(4).

<sup>7</sup> Education Code section 47605.6(a)(1), (h), (i).

services of the school are to be provided, and potential civil liability effects, if any, upon the school, any school district where the charter school may operate and upon the county board of education.

- b) Require the petitioner or petitioners to provide financial statements that include a proposed first-year operational budget, including startup costs, and cash-flow and financial projections for the first three years of operation.
  - c) Determine whether the educational services to be provided by the charter school will offer services to a pupil population that will benefit from those services, and that cannot be served as well by a charter school that operates in only one school district in the county.
  - d) Determine whether granting the charter is consistent with a sound educational practice, and whether the charter school has reasonable justification for why it could not be established by petition to a school district pursuant to Education Code section 47605.
  - e) Give preference to petitions that demonstrate the capability to provide comprehensive learning experiences to pupils identified by the petitioner or petitioners as academically low-achieving pursuant to the standards established by the State Department of Education under Education Code section 54032.
2. The county board of education shall also consider the information listed below and deny a petition for the establishment of a charter school if the board finds one or more of the following:<sup>8</sup>
- a) The charter school presents an unsound educational program for the pupils to be enrolled in the charter school.
  - b) The petitioners are demonstrably unlikely to successfully implement the program set forth in the petition.
  - c) The petition does not contain the number of signatures required.
  - d) The petition does not contain an affirmation of each of the following conditions listed in subdivision (d):
    - 1) That the charter school will meet all statewide standards and conduct the pupil assessments required pursuant to Education Code section 60605 and any other statewide standards authorized in statute or pupil assessments applicable to pupils in non-charter public schools.
    - 2) That the charter school will consult with their parents and teachers regarding the school's educational programs.

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<sup>8</sup> Education Code section 47605.6(b). Unlike a school district's consideration and review of a charter school petition under section 47605, section 47605.6 does not require county boards of education to make written factual findings when denying a petition. Section 47605.6(b) simply states that the county board of education shall either grant or deny the charter within 90 days of receipt of the petition. The date can be extended by 30 days with the agreement of all parties.

- e) The petition does not contain reasonably comprehensive descriptions of all of the following:
- 1) A description of the educational program of the school, designed, among other things, to identify those whom the school is attempting to educate, what it means to be an “educated person” in the 21<sup>st</sup> century, and how learning best occurs. The goals identified in that program shall include the objective of enabling pupils to become self-motivated, competent, and lifelong learners.
  - 2) The measurable pupil outcomes identified for use by the charter school.
  - 3) The method by which pupil progress in meeting those pupil outcomes is to be measured.
  - 4) The location of each charter school facility that the petitioner proposes to operate.
  - 5) The governance structure of the school, including, but not limited to, the process to be followed by the school to ensure parental involvement.
  - 6) The qualifications to be met by individuals to be employed by the school.
  - 7) The procedures that the school will follow to ensure the health and safety of pupils and staff. These procedures shall include the requirement that each employee of the school furnish the school with a criminal record summary as described in Education Code section 44237.
  - 8) The means by which the school will achieve a racial and ethnic balance among its pupils that is reflective of the general population residing within the territorial jurisdiction of the school district to which the charter petition is submitted.
  - 9) The manner in which annual, independent, financial audits shall be conducted, in accordance with regulations established by the State Board of Education, and the manner in which audit exceptions and deficiencies shall be resolved.
  - 10) The procedures by which pupils can be suspended or expelled.
  - 11) The manner by which staff members of the charter schools will be covered by the State Teachers’ Retirement System, the Public Employees’ Retirement System, or federal social security.
  - 12) The procedures to be followed by the charter school and the county board of education to resolve disputes relating to provisions of the charter.
  - 13) A declaration whether or not the charter school shall be deemed the exclusive public school employer for the employees of the charter school for the purposes of the EERA.
3. The county board of education shall also consider whether to approve additional locations subsequently proposed by a charter school following the initial approval of the charter petition as a material revision of the charter at an open, public meeting,

held no sooner than 30 days following notification of the school districts where the sites will be located.<sup>9</sup>

- C. K-12 school districts and county superintendents of schools are eligible for reimbursement for following activities pursuant to Education Code sections 1628 and 42100(a):
1. For school districts, following the approval of a charter petition and as the charter authority, to include the charter school's annual statement of receipts and expenditures with its own annual statement, and file the charter school's statement with the county superintendent of schools.
  2. For county superintendents of schools to receive from a school district (when the school district is the chartering authority) or receive directly from a charter school (when the county board of education is the chartering authority) the charter schools' annual statement of receipts and expenditures.
  3. For county superintendents of schools to verify the mathematical accuracy of the charter schools' annual statements of receipts and expenditures, and transmit the charter schools' statements to the State Superintendent of Schools.

## **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

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<sup>9</sup> Education Code section 47605.6(a)(3).

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. If the contract services are also used for purposes other than the reimbursable activities, only the pro-rata portion of the services used to implement the reimbursable activities can be claimed. Submit contract consultant and attorney invoices with the claim and a description of the contract scope of services.

#### 4. Fixed Assets

Report the purchase price paid for fixed assets (including computers) necessary to implement the reimbursable activities. The purchase price includes taxes, delivery costs, and installation costs. If the fixed asset 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, 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 may 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 California Department of Education approved indirect cost rate for the year that funds are expended.

## **VI. RECORD RETENTION**

Pursuant to Government Code section 17558.5(a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter<sup>10</sup> is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. In any case, an audit shall be completed not later than two years after the date that the audit is commenced. All documents used to support the reimbursable activities, as described in

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<sup>10</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.



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.

Any revenue received pursuant to the “supervisory oversight” fee authority in Education Code section 47613 and applied to the charter authority activities listed above in A.3 (Ed. Code, § 47605(a)(4)), B.3 (Ed. Code, § 47605.6(a)(3)), C.1 (Ed. Code, § 42100(a)), and C.2 (Ed. Code, § 42100(a)), only when the county board of education is the charter authority and receives directly from a charter school its annual statement of receipts and expenditures), shall be identified as an offset and deducted from the costs claimed for these activities.

## **VIII. STATE CONTROLLER’S CLAIMING INSTRUCTIONS**

Pursuant to Government Code section 17558(b), the Controller shall issue claiming instructions for each mandate that requires state reimbursement not later than ~~60~~90 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(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(d), and California Code of Regulations, title 2, section 1183.2.

## **X. LEGAL AND FACTUAL BASIS FOR THE PARAMETERS AND GUIDELINES**

The statements of decision adopted for the test claim and parameters and guidelines ~~is~~are 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.

## Commission on State Mandates

Original List Date: 10/6/2003  
Last Updated: 6/21/2012  
List Print Date: 06/21/2012  
Claim Number: 03-TC-03  
Issue: Charter Schools IV

### Mailing List

#### TO ALL PARTIES AND INTERESTED PARTIES:

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.2.)

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