

**ITEM 10**  
**INCORRECT REDUCTION CLAIM**  
**PROPOSED DECISION**

Former Education Code Section 72246 (Renumbered as §76355)  
Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) and Statutes 1987, Chapter 1118

*Health Fee Elimination*

Fiscal Years 2001-2002 and 2002-2003

05-4206-I-12

Santa Monica Community College District, Claimant

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California Community Colleges, Chancellor’s Office, Fiscal Services Memo 12-01  
Student Health Fee, April 3, 2012.

State Controller’s Office, Community College Mandated Cost Manual General  
Instructions Updated September 29, 2000.

State Controller’s Office, Community College Mandated Cost Manual General  
Instructions Updated September 28, 2001.

State Controller’s Office, Community College Mandated Cost Manual General  
Instructions Updated September 30, 2003.

Office of Management and Budget, Circular A-21, Revised May 10, 2004.

# SixTen and Associates

## Mandate Reimbursement Services

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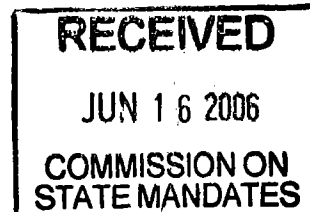
Exhibit A

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

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June 14, 2006

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



RE: Incorrect Reduction Claim of Santa Monica Community College District  
1/84 Health Fee Elimination  
Fiscal Years: 2001-02, and 2002-03

Dear Ms. Higashi:

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

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

Thomas J. Donner, Executive Vice President  
Business and Administration  
Santa Monica Community College District  
1900 Pico Blvd.  
Santa Monica, CA 90405

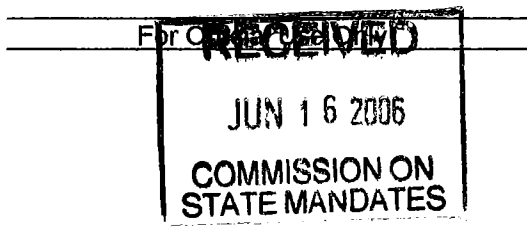
Thank-you.

Sincerely,

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

Keith B. Petersen

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



**INCORRECT REDUCTION CLAIM FORM**

Claim No. 05-4206-E-12

Local Agency or School District Submitting Claim

**SANTA MONICA COMMUNITY COLLEGE DISTRICT**

Contact Person

Telephone Number

Keith B. Petersen, President  
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Address

Thomas J. Donner, Executive Vice President  
Business and Administration  
Santa Monica Community College District  
1900 Pico Blvd.  
Santa Monica, CA 90405

Representative Organization to be Notified

Telephone Number

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

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Fax: 916-446-2011  
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This claim alleges an incorrect reduction of a reimbursement claim filed with the State Controller's Office pursuant to section 17561 of the Government Code. This incorrect reduction claim is filed pursuant to section 17561(b) of the Government Code.

CLAIM IDENTIFICATION: Specify Statute or Executive Order

**HEALTH FEE ELIMINATION** Chapter 1, Statutes of 1984, 2nd E.S. Chapter 1118, Statutes of 1987

<u>Fiscal Year</u>	<u>Amount of the Incorrect Reduction</u>
2001-2002	\$198,795
2002-2003	\$165,612
Total Amount	\$364,407

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

Name and Title of Authorized Representative


Telephone No.

Thomas J. Donner, Executive Vice President

Voice: 310-434-4200  
Fax: 310-434-4386  
E-Mail: DONNER\_THOMAS@smc.edu

Signature of Authorized Representative

Date

X 

June 12, 2006

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

8

9

BEFORE THE

10

COMMISSION ON STATE MANDATES

11

STATE OF CALIFORNIA

12

13 INCORRECT REDUCTION CLAIM OF: )

14 )

No. CSM \_\_\_\_\_

15 )

16 )

Chapter 1, Statutes of 1984, 2nd E.S.  
Chapter 1118, Statutes of 1987

17 )

18 SANTA MONICA )

19 Community College District, )

Education Code Section 76355

20 )

21 )

Health Fee Elimination

22 Claimant. )

23 )

Annual Reimbursement Claims:

24 )

25 )

Fiscal Year 2001-02

26 )

Fiscal Year 2002-03

27 )

28 \_\_\_\_\_ )

29

INCORRECT REDUCTION CLAIM FILING

30

PART I. AUTHORITY FOR THE CLAIM

31

The Commission on State Mandates has the authority pursuant to Government

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Code Section 17551(d) to " . . . to hear and decide upon a claim by a local agency or

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school district, filed on or after January 1, 1985, that the Controller has incorrectly

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reduced payments to the local agency or school district pursuant to paragraph (2) of



Incorrect Reduction Claim of Santa Monica Community College District  
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1 subdivision (d) of Section 17561." Santa Monica Community College District (hereafter  
2 "District") is a school district as defined in Government Code Section 17519. Title 2,  
3 CCR, Section 1185 (a), requires the claimant to file an incorrect reduction claim with  
4 the Commission.

5 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),  
6 requires incorrect reduction claims to be filed no later than three years following the  
7 date of the Controller's remittance advice notifying the claimant of a reduction. A  
8 Controller's audit report dated March 17, 2006 (as revised April 19, 2006), has been  
9 issued. The audit report constitutes a demand for repayment and adjudication of the  
10 claims.

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

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

19 The Controller conducted a field audit of the District's annual reimbursement  
20 claims for the costs of complying with the legislatively mandated Health Fee Elimination  
21 program for the period of July 1, 2001 through June 30, 2003. As a result of the audit,

Incorrect Reduction Claim of Santa Monica Community College District  
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1 the Controller determined that \$364,407 of the claimed costs are unallowable:

2	Fiscal	Amount	Audit	SCO	Amount Due
3	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u>&lt;State&gt; District</u>
4					
5	2001-02	\$198,795	\$198,795	\$31,295	<\$31,295>
6	2002-03	<u>\$165,612</u>	<u>\$165,612</u>	<u>\$ 0</u>	<u>\$ 0</u>
7	Totals	\$364,407	\$364,407	\$31,295	<\$31,295>

8 Since the District has been paid \$31,295 for these claims, the audit report concludes  
9 that the entire amount is payable to the state.

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

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

15 **PART IV. BASIS FOR REIMBURSEMENT**

16 1. Mandate Legislation

17 Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, repealed Education  
18 Code Section 72246 which had authorized community college districts to charge a  
19 student health services fee for the purpose of providing student health supervision and  
20 services, direct and indirect medical and hospitalization services, and operation of  
21 student health centers. This statute also required the scope of student health services  
22 for which a community college district charged a fee during the 1983-84 fiscal year be

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1 maintained at that level thereafter. The provisions of this statute were to automatically  
2 repeal on December 31, 1987.

3 Chapter 1118, Statutes of 1987, amended Education Code Section 72246 to  
4 require any community college district that provided student health services in 1986-87  
5 to maintain student health services at that level each fiscal year thereafter.

6 Chapter 8, Statutes of 1993, Section 29, repealed Education Code Section  
7 72246, effective April 15, 1993. Chapter 8, Statutes of 1993, Section 34, added  
8 Education Code Section 76355<sup>1</sup>, containing substantially the same provisions as former

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<sup>1</sup> Education Code Section 76355, added by Chapter 8, Statutes of 1993, Section 34, effective April 15, 1993, as last amended by Chapter 758, Statutes of 1995, Section 99:

“(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

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

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

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

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

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1 Section 72246, effective April 15, 1993.

2 **2. Test Claim**

3 On December 2, 1985, Rio Hondo Community College District filed a test claim  
4 alleging that Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, by eliminating the  
5 authority to levy a fee and by requiring a maintenance of effort, mandated increased

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

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

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

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

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

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

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

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1 costs by mandating a new program or the higher level of service of an existing program  
2 within the meaning of California Constitution Article XIII B, Section 6.

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

9 At a hearing on April 27, 1989, the Commission of State Mandates determined  
10 that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to  
11 apply to all community college districts which provided student health services in fiscal  
12 year 1986-1987 and required them to maintain that level of student health services in  
13 fiscal year 1987-1988 and each fiscal year thereafter.

14 3. Parameters and Guidelines

15 On August 27, 1987, the original parameters and guidelines were adopted. On  
16 May 25, 1989, those parameters and guidelines were amended. A copy of the  
17 parameters and guidelines, as amended on May 25, 1989, is attached as Exhibit "B."  
18 So far as is relevant to the issues presented below, the parameters and guidelines  
19 state:

20 "V. REIMBURSABLE COSTS

21 A. Scope of Mandate

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

4 VI. CLAIM PREPARATION

5 B... 3. Allowable Overhead Cost

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

9 VII. SUPPORTING DATA

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

13 VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

25 4. Claiming Instructions

26 The Controller has frequently revised claiming instructions for the Health Fee  
27 Elimination mandate. A copy of the September 1997 revision of the claiming  
28 instructions is attached as Exhibit “C.” The September 1997 claiming instructions are  
29 believed to be, for the purposes and scope of this incorrect reduction claim,

1 substantially similar to the version extant at the time the claims which are the subject of  
2 this incorrect reduction claim were filed. However, since the Controller's claim forms  
3 and instructions have not been adopted as regulations, they have no force of law, and,  
4 therefore, have no effect on the outcome of this incorrect reduction claim.

5 **PART V. STATE CONTROLLER CLAIM ADJUDICATION**

6 The Controller conducted an audit of the District's annual reimbursement claims  
7 for Fiscal Years 2001-02, and 2002-03. The audit concluded that 100% of the  
8 District's costs, as claimed, are unallowable. A copy of the March 17, 2006 (as revised  
9 on April 19, 2006) audit report and is attached as Exhibit "D."

10 **VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER**

11 By letter dated December 19, 2005, the Controller transmitted a copy of its draft  
12 audit report. By letter dated January 4, 2006, the District objected to the proposed  
13 adjustments set forth in the draft audit report. A copy of the District's letter of January  
14 4, 2006 is attached as Exhibit "E." The Controller then issued its final audit report  
15 without change to the adjustments as stated in the draft audit report.

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

17 **Finding 1: Overstated indirect cost rates**

18 The Controller asserts that the District overstated its indirect cost rates and  
19 costs in the amount of \$146,966 for the two fiscal years. This finding is based upon the  
20 Controller's statement that "the district did not obtain federal approval for its IRCPs.  
21 We calculated indirect cost rates using the methodology described in the SCO claiming

1 instructions." Contrary to the Controller's ministerial preferences, there is no  
2 requirement in law that the claimant's indirect cost rate must be "federally" approved,  
3 and the Commission has never specified the federal agencies which have the authority  
4 to approve indirect cost rates.

5 CCFS-311

6 In fact, both the District's method and the Controller's method utilized the same  
7 source document, the CCFS-311 annual financial and budget report required by the  
8 state. The difference in the claimed and audited methods is in the determination of  
9 which of those cost elements are direct costs and which are indirect costs. Indeed, the  
10 federally "approved" rates which the Controller will accept without further action, are  
11 "negotiated" rates calculated by a district and then submitted for approval to federal  
12 agencies which are the source of federal programs to which the indirect cost rate is to  
13 be applied, indicating that the process is not an exact science, but a determination of  
14 the relevance and reasonableness of the cost allocation assumptions made for the  
15 method used.

16 Regulatory Requirements

17 No particular indirect cost rate calculation is required by statute. The  
18 parameters and guidelines state that "Indirect costs *may be claimed* in the manner  
19 described by the Controller in his claiming instructions." The District claimed these  
20 indirect costs "in the manner" described by the Controller. The correct forms were used  
21 and the claimed amounts were entered at the correct locations.



1           In the audit report, the Controller asserts that "the specific directions for the  
2 indirect cost rate calculation in the claiming instructions are an extension of *Parameters*  
3 *and Guidelines*." It is not clear what the legal significance of the concept of "extension"  
4 might be, regardless, the reference to the claiming instructions in the parameters and  
5 guidelines does not change "may" into a "shall." Since the Controller's claiming  
6 instructions were never adopted as law, or regulations pursuant to the Administrative  
7 Procedure Act, the claiming instructions are merely a statement of the ministerial  
8 interests of the Controller and not law.

9           Unreasonable or Excessive

10           Government Code Section 17561(d)(2) requires the Controller to pay claims,  
11 provided that the Controller may audit the records of any school district to verify the  
12 actual amount of the mandated costs, and may reduce any claim that the Controller  
13 determines is excessive or unreasonable. The Controller is authorized to reduce a  
14 claim only if the Controller determines the claim to be excessive or unreasonable.  
15 Here, the District has computed its indirect cost rate utilizing cost accounting principles  
16 from the Office of Management and Budget Circular A-21, and the Controller has  
17 disallowed it without a determination of whether the product of the District's calculation  
18 would, or would not, be excessive, unreasonable, or inconsistent with cost accounting  
19 principles.

20           Neither state law nor the parameters and guidelines made compliance with the  
21 Controller's claiming instructions a condition of reimbursement. The District has

Incorrect Reduction Claim of Santa Monica Community College District  
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1 followed the parameters and guidelines. The burden of proof is on the Controller to  
2 prove that the District's calculation is unreasonable, not to recalculate the rate  
3 according to its unenforceable ministerial preferences. Therefore, the Controller made  
4 no determination as to whether the method used by the District was unreasonable, but,  
5 merely substituted its FAM-29C method for the method reported by the District. The  
6 substitution of the FAM-29C method is an arbitrary choice of the Controller, not a  
7 "finding" enforceable either by fact or law. The Controller's adjustment of the District's  
8 indirect cost rate should be withdrawn, since no legal or factual basis has been shown  
9 to disallow the indirect cost rate calculation used by the District.

10 **Finding 2: Understated authorized health revenues claimed**

11 The Controller asserts that the "authorized health fee revenues" were  
12 understated by \$538,244 for the two fiscal years. The District reported the actual  
13 student health fees collected as a reduction of health service costs. The adjustments  
14 for the student health services revenue are based on two reasons. First, the Controller  
15 adjusted the reported number of students subject to payment of the health services fee.  
16 Then, the Controller calculated the student fees collectible based on the highest  
17 student health service fee chargeable, rather than the fee actually charged the student,  
18 resulting in a total adjustment of \$538,244 for the two fiscal years.

19 Education Code Section 76355

20 Education Code Section 76355, subdivision (a), in relevant part, provides: "The  
21 governing board of a district maintaining a community college *may require* community

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

7 Parameters and Guidelines

8 This Controller states that the “*Parameters and Guidelines* states that health  
9 fees authorized by the Education Code must be deducted from costs claimed.” The  
10 parameters and guidelines actually state:

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

16 In order for a district to “experience” these “offsetting savings” a district must actually  
17 have collected these fees. Student health services fees actually collected must be  
18 used to offset costs, but not student fees that could have been collected and were not.  
19 The use of the term “*any offsetting savings*” further illustrates the permissive nature of  
20 the fees.

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<sup>2</sup> Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

Incorrect Reduction Claim of Santa Monica Community College District  
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1 Government Code Section 17514

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

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

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

15 The audit report states that the Controller agrees that community college  
16 districts "may choose not to levy a health service fee" and that Education Code Section  
17 76355 "provides the districts with the authority to levy of such fees." However, it does  
18 not logically follow from that statement to the Controller's conclusion, based on  
19 Government Code Section 17514, that "health service costs recoverable through  
20 authorized fees are not costs that the district is required to incur."

21 Government Code Section 17556

22 The Controller relies upon Government Code Section 17556 for the conclusion  
23 that the "COSM shall not find costs mandated by the State if the district has the

**Incorrect Reduction Claim of Santa Monica Community College District  
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1 authority to levy fees to pay for the mandated program or increased level of services.”

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

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

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

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

16 **Student Health Services Fee Amount**

17 The Controller asserts that the district should have collected a student health  
18 service fee each semester from non-exempt students in the amount of \$12 and \$9 for  
19 FY 2001-02 and FY 2002-03. Districts receive notice of these fee amounts from the  
20 Chancellor of the California Community Colleges. An example of one such notice is the  
21 letter dated March 5, 2001, attached as Exhibit “F.” While Education Code Section  
22 76355 provides for an increase in the student health service fee, it did not grant the  
23 Chancellor the authority to establish mandatory fee amounts or mandatory fee

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1 increases. No state agency was granted that authority by the Education Code, and no  
2 state agency has exercised its rulemaking authority to establish mandatory fees  
3 amounts. It should be noted that the Chancellor's letter properly states that increasing  
4 the amount of the fee is at the option of the district, and that the Chancellor is not  
5 asserting that authority. Therefore, the state cannot rely upon the Chancellor's notice  
6 as a basis to adjust the claim for "collectible" student health services fees.

7 Fees Collected vs. Fees Collectible

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

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

1 The audit finding should be rejected and the annual student health services actually  
2 received used in lieu of a calculated amount potentially collectible either as reported by  
3 the District or the Controller.

4 Enrollment and Exempted Student Statistics

5 The audit report states that the Controller adjusted the reported total student  
6 enrollment based the “enrollment census’ data run” and the reported number of exempt  
7 students based on “the list of ‘BOGG used’ data run.” The Controller has not provided  
8 any factual basis why these different and later data sources, subject to review and  
9 revision after the fact for several years, are preferable to the data reported by the  
10 District which was available at the time the claims were prepared. That is to say, the  
11 Controller does not indicate how and why its determination of the student counts is any  
12 more accurate than the amount reported on the claims.

13 PART VIII. RELIEF REQUESTED

14 The District filed its annual reimbursement claims within the time limits  
15 prescribed by the Government Code. The amounts claimed by the District for  
16 reimbursement of the costs of implementing the program imposed by Chapter 1,  
17 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code  
18 Section 76355 represent the actual costs incurred by the District to carry out this  
19 program. These costs were properly claimed pursuant to the Commission’s parameters  
20 and guidelines. Reimbursement of these costs is required under Article XIII B, Section  
21 6 of the California Constitution. The Controller denied reimbursement without any

**Incorrect Reduction Claim of Santa Monica Community College District  
1/84; 1118/87 Health Fee Elimination**

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1 basis in law or fact. The District has met its burden of going forward on this claim by  
2 complying with the requirements of Section 1185, Title 2, California Code of  
3 Regulations. Because the Controller has enforced and is seeking to enforce these  
4 adjustments without benefit of statute or regulation, the burden of proof is now upon the  
5 Controller to establish a legal basis for its actions.

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

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

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1 PART IX. CERTIFICATION

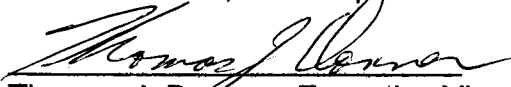
2 By my signature below, I hereby declare, under penalty of perjury under the laws  
3 of the State of California, that the information in this incorrect reduction claim  
4 submission is true and complete to the best of my own knowledge or information or  
5 belief, and that the attached documents are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

7 Executed on June 12, 2006, at Santa Monica, California, by

8   
9 Thomas J. Donner, Executive Vice President  
10 Business and Administration  
11 Santa Monica Community College District  
12 1900 Pico Blvd.  
13 Santa Monica, CA 90405  
14 Voice: 310-434-4200  
15 Fax: 310-434-4386  
16 E-Mail: DONNER\_THOMAS@smc.edu

17 APPOINTMENT OF REPRESENTATIVE

18 Santa Monica Community College District appoints Keith B. Petersen, SixTen  
19 and Associates, as its representative for this incorrect reduction claim.

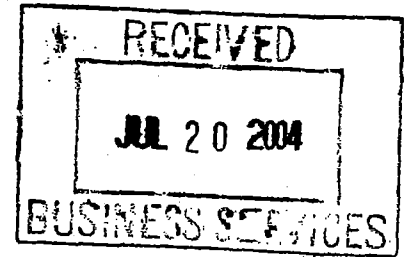
20   
21 Thomas J. Donner, Executive Vice President  
22 Business and Administration  
23 Santa Monica Community College District

6/12/06  
Date

24 Attachments:

25 Exhibit "A" Controller's Legal Counsel's Letter of July 15, 2004  
26 Exhibit "B" Commission Parameters and Guidelines amended May 25, 1989  
27 Exhibit "C" Controller's Claiming Instructions September 1997  
28 Exhibit "D" Controller's Audit Report dated March 17 (April 19), 2006  
29 Exhibit "E" District's Letter dated January 4, 2006  
30 Exhibit "F" Chancellor's Letter dated March 5, 2001





STEVE WESTLY  
California State Controller

July 15, 2004

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

Re: Foothill-De Anza Community College District Audit

Dear Mr. Brandy:

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

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

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

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

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

Very truly yours,

RICHARD J. CHIVARO  
Chief Counsel

RJC/st

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



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

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

I. SUMMARY OF MANDATE

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

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

II. COMMISSION ON STATE MANDATES' DECISION

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

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

III. ELIGIBLE CLAIMANTS

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

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSABLE COSTS

##### A. Scope of Mandate

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

##### B. Reimbursable Activities

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

#### ACCIDENT REPORTS

#### APPOINTMENTS

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

ASSESSMENT, INTERVENTION & COUNSELING

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

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

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

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

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

INSURANCE

On Campus Accident  
Voluntary  
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation  
Pap Smears

PHYSICALS

Employees  
Students  
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

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

PARKING CARDS/ELEVATOR KEYS

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

REFERRALS TO OUTSIDE AGENCIES

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

TESTS

Blood Pressure  
Hearing  
Tuberculosis  
    Reading  
    Information  
Vision  
Glucometer  
Urinalysis



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

MISCELLANEOUS

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

COMMITTEES

Safety  
Environmental  
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety  
Stress Management  
Communication Skills  
Weight Loss  
Assertiveness Skills

## VI. CLAIM PREPARATION

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

### A. Description of Activity

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

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

Claimed costs should be supported by the following information:

#### 1. Employee Salaries and Benefits

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

#### 2. Services and Supplies

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

#### 3. Allowable Overhead Cost

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

## VII. SUPPORTING DATA

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

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

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

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

and

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

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

0350d



## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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

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

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

#### 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

#### 7. Reimbursement Limitations

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

#### 8. Claiming Forms and Instructions

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

**A. Form HFE- 2, Health Services**

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

**B. Form HFE-1.1, Claim Summary**

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

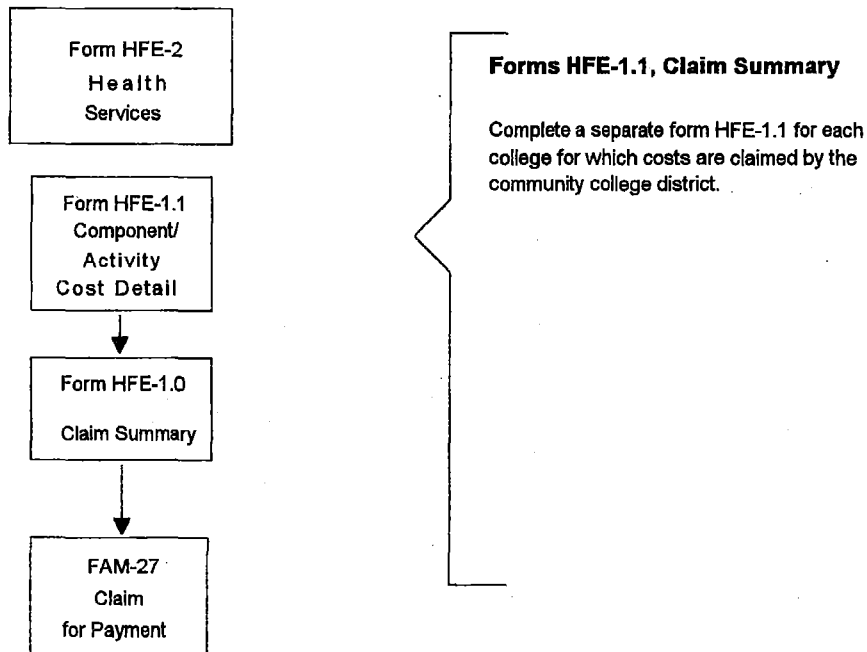
**C. Form HFE-1.0, Claim Summary**

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

**D. Form FAM-27, Claim for Payment**

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

**Illustration of Claim Forms**



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>			For State Controller Use Only (19) Program Number 00029 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b>  <b>029</b>
L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) HFE-1.0,(04)(b)	
	County of Location		(23)	
	Street Address or P.O. Box		(24)	
	Suite		(24)	
	City State Zip Code		(25)	
<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	(26)	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)	
<b>Fiscal Year of Cost</b>	(06) 20 ___/20 ___	(12) 20 ___/20 ___	(30)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due to Claimant</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	
<b>(37) CERTIFICATION OF CLAIM</b>				
<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 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1096, inclusive.</p> <p>I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of services of an existing program mandated by Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987.</p> <p>The amounts for Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs for the mandated program of Chapter 1, Statutes of 1984, and Chapter 1118, Statutes of 1987, set forth on the attached statements.</p>				
Signature of Authorized Officer			Date	
_____			_____	
Type or Print Name			Title	
(38) Name of Contact Person for Claim			Telephone Number ( ) - Ext.	
_____			_____	
E-Mail Address			_____	



<b>Program</b> <b>029</b>	<b>HEALTH FEE ELIMINATION</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

**SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:**

*Address, if delivered by U.S. Postal Service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 P.O. Box 942850  
 Sacramento, CA 94250

*Address, if delivered by other delivery service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 3301 C Street, Suite 500  
 Sacramento, CA 95816

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
--	-------------------------

(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
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**(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)**

(a) Name of College	(b) Claimed Amount
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
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19.	
20.	
21.	

<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]
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<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.0</b>
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

- (03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.
- (04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							FORM HFE-1.1	
(01) Claimant		(02) Type of Claim				Fiscal Year		
		Reimbursement <input type="checkbox"/>				19__/19__		
		Estimated <input type="checkbox"/>						
(03) Name of College								
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.								
LESS <input type="checkbox"/> SAME <input type="checkbox"/> MORE <input type="checkbox"/>								
						Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim								
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87								
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]								
(08) Complete columns (a) through (g) to provide detail data for health fees								
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)	
1. Per fall semester								
2. Per spring semester								
3. Per summer session								
4. Per first quarter								
5. Per second quarter								
6. Per third quarter								
(09) Total health fee that could have been collected				[Line (8.1g) + (8.2g) + .....(8.6g)]				
(10) Sub-total				[Line (07) - line (09)]				
<b>Cost Reduction</b>								
(11) Less: Offsetting Savings, if applicable								
(12) Less: Other Reimbursements, if applicable								
(13) Total Amount Claimed				[Line (10) - {(line (11) + line (12))}]				

<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.1</b>
--	-------------------------

- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.

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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes  First Aid, Major Emergencies  First Aid, Minor Emergencies  First Aid Kits, Filled  Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information  Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration  Laboratory Tests Done Inquiry/Interpretation Pap Smears  Physical Examinations Employees Students Athletes  Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list  Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits			

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b> Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
<b>Tests</b> Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list			
<b>Miscellaneous</b> Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
<b>Committees</b> Safety Environmental Disaster Planning			







REVISED

STEVE WESTLY  
California State Controller

April 19, 2006

Thomas J. Donner, Ed.D.  
Interim Superintendent/President  
Santa Monica Community College District  
1900 Pico Boulevard  
Santa Monica, CA 90405

Dear Dr. Donner:

Enclosed is a revised copy of the State Controller's Office audit of the costs claimed by the Santa Monica Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. Minor corrections have been made to pages 5 and 9, and the pages have been marked as "revised 04/19/06." Please discard your copies of the prior version.

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

Sincerely,

JIM L SPANO, Chief  
Compliance Audits Bureau  
Division of Audits

JLS/wq

RE: C06-MCC-001

Enclosure

cc: Chris Bonvenuto, Accounting Manager  
Santa Monica Community College District  
Cheryl Miller, SixTen and Associates  
Marty Rubio, Specialist, Fiscal Accountability Section  
California Community Colleges Chancellor's Office  
Jeannie Oropeza, Program Budget Manager  
Education Systems Unit, Department of Finance

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250-5874  
SACRAMENTO 300 Capitol Mall, Suite 518, Sacramento, CA 95814 (916) 324-8907  
LOS ANGELES 600 Corporate Pointe, Suite 1000, Culver City, CA 90230 (310) 342-5656

### Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>Summary: July 1, 2001, through June 30, 2003</u>				
Health services costs:				
Salaries and benefits	\$ 927,010	\$ 927,010	\$ —	
Services and supplies	78,819	78,819	—	
Indirect costs	332,097	185,131	(146,966)	Finding 1
Total health services costs	1,337,926	1,190,960	(146,966)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	1,337,926	1,190,960	(146,966)	
Less authorized health fees	(973,519)	(1,511,763)	(538,244)	Finding 2
Subtotal	364,407	(320,803)	(685,210)	
Adjustment to eliminate negative balance	—	320,803	320,803	
Total	\$ 364,407	—	\$ (364,407)	
Less amount paid by the State		(31,295)		
Allowable costs claimed in excess of (less than) amount paid		\$ (31,295)		

<sup>1</sup> See the Findings and Recommendations section.

## District's Response

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather the fee actually charged the student, or the fees actually collected.

### "Authorized" Fee Amount

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

### Education Code Section 76355

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

### Parameters and Guidelines

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

### Government Code Section 17514

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

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

# **SANTA MONICA COMMUNITY COLLEGE DISTRICT**

Audit Report

## **HEALTH FEE ELIMINATION PROGRAM**

Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session,  
and Chapter 1118, Statutes of 1987

*July 1, 2001, through June 30, 2003*



**STEVE WESTLY**  
California State Controller

March 2006



**STEVE WESTLY**  
*California State Controller*

March 17, 2006

Thomas J. Donner, Ed.D.  
Interim Superintendent/President  
Santa Monica Community College District  
1900 Pico Boulevard  
Santa Monica, CA 90405

Dear Dr. Donner:

The State Controller's Office audited the costs claimed by the Santa Monica Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003.

The district claimed \$364,407 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district claimed unallowable costs and understated revenue. The State paid the district \$31,295, which the district should return.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site, at [www.csm.ca.gov](http://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](mailto:csminfo@csm.ca.gov).

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

Sincerely,

A handwritten signature in cursive script that reads "Jeffrey V. Brownfield".

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

JVB/ams

cc: Chris Bonvenuto  
Accounting Manager  
Santa Monica Community College District  
Cheryl Miller  
SixTen and Associates  
Marty Rubio, Specialist  
Fiscal Accountability Section  
California Community Colleges Chancellor's Office  
Jeannie Oropeza, Program Budget Manager  
Education Systems Unit  
Department of Finance

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the Santa Monica Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. The last day of fieldwork was September 22, 2005.

The district claimed \$364,407 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district claimed unallowable costs and understated revenue. The State paid the district \$31,295. The district should return the total amount to the State.

## Background

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

Chapter 1118, Statutes of 1987, amended *Education Code* Section 72246 (subsequently renumbered as Section 76355 by Chapter 8, Statutes of 1993). The law requires any community college district that provided health services in FY 1986-87 to maintain health services at the level provided during that year in FY 1987-88 and each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (COSM) determined that Chapter 1, Statutes of 1984, 2<sup>nd</sup> E.S., imposed a "new program" upon community college districts by requiring specified community college districts that provided health services in FY 1983-84 to maintain health services at the level provided during that year in FY 1984-85 and each fiscal year thereafter. This maintenance-of-effort requirement applied to all community college districts that levied a health service fee in FY 1983-84.

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

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



**Objective,  
Scope, and  
Methodology**

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

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, 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 district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

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

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by *Government Auditing Standards*. However, the district declined our request.

**Conclusion**

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

For the audit period, the Santa Monica Community College District claimed \$364,407 for costs of the Health Fee Elimination Program. Our audit disclosed that the entire amount is unallowable.

For FY 2001-02, the State paid the district \$31,295. Our audit disclosed that all of the costs claimed are unallowable. The district should return the entire amount to the State.

For FY 2002-03, the district received no payment.

**Views of  
Responsible  
Official**

We issued a draft audit report on December 9, 2005. Thomas J. Donner, Ed.D., Interim Superintendent/President, responded by letter dated January 4, 2006 (Attachment), disagreeing with the audit results. This final audit report includes the district's response.

**Restricted Use**

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



JEFFREY V. BROWNFIELD  
Chief, Division of Audits

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

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<u>July 1, 2001, through June 30, 2002</u>				
Health services costs:				
Salaries and benefits	\$ 443,354	\$ 443,354	\$ —	
Services and supplies	67,963	67,963	—	
Indirect costs	166,485	95,872	(70,613)	Finding 1
Total health services costs	677,802	607,189	(70,613)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	677,802	607,189	—	
Less authorized health fees	(479,007)	(750,759)	(271,752)	Finding 2
Subtotal	198,795	(143,570)	(342,365)	
Adjustment to eliminate negative balance	—	143,570	143,570	
Total	<u>\$ 198,795</u>	—	<u>\$ (198,795)</u>	
Less amount paid by the State		(31,295)		
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (31,295)</u>		
<u>July 1, 2002, through June 30, 2003</u>				
Health services costs:				
Salaries and benefits	\$ 483,656	\$ 483,656	\$ —	
Services and supplies	10,856	10,856	—	
Indirect costs	165,612	89,259	(76,353)	Finding 1
Total health services costs	660,124	583,771	(76,353)	
Less cost of services in excess of FY 1986-87 services	—	—	—	
Subtotal	660,124	583,771	(76,353)	
Less authorized health fees	(494,512)	(761,004)	(266,492)	Finding 2
Subtotal	165,612	(177,233)	(342,845)	
Adjustment to eliminate negative balance	—	177,233	177,233	
Total	<u>\$ 165,612</u>	—	<u>\$ (165,612)</u>	
Less amount paid by the State		—		

### Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<b>Summary: July 1, 2001, through June 30, 2003</b>				
<b>Health services costs:</b>				
Salaries and benefits	\$ 927,010	\$ 927,010	\$ —	
Services and supplies	78,819	78,819	—	
Indirect costs	332,097	185,131	(146,966)	Finding 1
<b>Total health services costs</b>	<b>1,337,926</b>	<b>1,190,960</b>	<b>(146,966)</b>	
Less cost of services in excess of FY 1986-87 services	—	—	—	
<b>Subtotal</b>	<b>1,337,926</b>	<b>1,190,960</b>	<b>(146,966)</b>	
Less authorized health fees	(973,519)	(1,511,763)	(538,244)	Finding 2
<b>Subtotal</b>	<b>364,407</b>	<b>(320,803)</b>	<b>(685,210)</b>	
Adjustment to eliminate negative balance	—	320,803	320,803	
<b>Total</b>	<b>\$ 364,407</b>	<b>—</b>	<b>\$ (364,407)</b>	
Less amount paid by the State		(31,295)		
<b>Allowable costs claimed in excess of (less than) amount paid</b>		<b>\$ (31,295)</b>		

<sup>1</sup> See the Findings and Recommendations section.

# Findings and Recommendations

**FINDING 1—  
Overstated indirect  
cost rates**

The district overstated its indirect cost rates, and thus overstated its indirect costs by \$146,966 for the audit period.

The district claimed indirect costs based on indirect cost rate proposals (ICRPs) prepared for each fiscal year by an outside consultant. However, the district did not obtain federal approval for its ICRPs. We calculated indirect cost rates using the methodology described in the SCO claiming instructions. Our calculated indirect cost rates did not support the indirect cost rates claimed. The audited and claimed indirect cost rates are summarized as follows.

	Fiscal Year	
	2001-02	2002-03
Allowable indirect cost rate	18.75%	18.05%
Less claimed indirect cost rate	(32.56)%	(33.49)%
Unsupported indirect cost rate	(13.81)%	(15.44)%

Based on these unsupported indirect cost rates, the audit adjustments are summarized below.

	Fiscal Year		Total
	2001-02	2002-03	
Claimed direct costs	\$ 511,317	\$ 494,512	
Unsupported indirect cost rate	×(13.81)%	× (15.44)%	
Audit adjustment	\$ (70,613)	\$ (76,353)	\$ (146,966)

*Parameters and Guidelines* states that indirect costs may be claimed in the manner described in the SCO claiming instructions. The SCO claiming instructions prescribes the SCO’s methodology (FAM-29C), a federally approved rate prepared in accordance with Office of Management and Budget (OMB) Circular A-21, or a flat rate (the most conservative rate). Form FAM-29C uses total expenditures reported on the California Community College Annual Financial and Budget Report, Expenditures by Activity (CCFS-311).

Recommendation

We recommend that the district implement procedures to ensure that claimed indirect costs are based on indirect cost rates computed in accordance with the SCO claiming instructions, and that it monitors staff adherence to its procedures. The district should obtain federal approval for ICRPs prepared in accordance with OMB Circular A-21. Alternately, the district should use form FAM-29C to prepare ICRPs based on the methodology allowed in the SCO claiming instructions.

District's Response

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government. The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "indirect costs may be claimed in the manner described by the Controller in his claiming instructions." The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller in the draft audit report.

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

Since the Controller has stated no legal basis to disallow the indirect cost rate calculation method used by the District, and has not shown a factual basis to reject the rates as unreasonable or excessive, the adjustments should be withdrawn.

SCO's Comment

The fiscal effect of the finding and recommendation remains unchanged.

*Parameters and Guidelines* states that indirect costs may be claimed in the manner described in the SCO's claiming instructions. Therefore, the specific directions for the indirect cost rate calculation in the claiming instructions are an extension of *Parameters and Guidelines*. The SCO's claiming instructions state that community colleges have the option of using a federally approved rate, prepared in accordance with OMB Circular A-21, the SCO's alternate methodology, using Form FAM-29C, or a flat 7% rate. In this case, the district chose to use indirect cost rates not approved by a federal agency, which is not an option provided by the SCO's claiming instructions.

**FINDING 2—  
Understated authorized  
health fee revenues  
claimed**

The district understated authorized health fee revenue by \$538,244 for the audit period.

The district reduced claimed costs by actual rather than authorized health fee revenues. Therefore, we recalculated the authorized health fee revenues by multiplying student enrollment by term, net of allowable health fee exemption, by the authorized student health fee. We obtained student enrollment information from the "enrollment census" data run, and student waiver information from the list of "BOGG used" data run.

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

	Fall	Winter	Spring	Summer	Total
<u>FY 2001-02</u>					
Student enrollment	29,476	13,164	29,390	15,484	
Less allowable health fee exemptions	<u>(6,374)</u>	<u>(4,288)</u>	<u>(6,137)</u>	<u>(2,749)</u>	
Subtotal	23,102	8,876	23,253	12,735	
Authorized student health fee	<u>×\$12.00</u>	<u>× \$ 9.00</u>	<u>×\$12.00</u>	<u>× \$ 9.00</u>	
Audited authorized health fee revenues	<u>\$277,224</u>	<u>\$ 79,884</u>	<u>\$279,036</u>	<u>\$114,615</u>	\$750,759
Claimed authorized health fee revenues					<u>(479,007)</u>
Audit adjustment, FY 2001-02					<u>271,752</u>
<u>FY 2002-03</u>					
Student enrollment	29,803	13,199	28,219	16,781	
Less allowable health fee exemptions	<u>(6,343)</u>	<u>(3,255)</u>	<u>(6,076)</u>	<u>(2,973)</u>	
Subtotal	23,460	9,944	22,143	13,808	
Authorized student health fee	<u>×\$12.00</u>	<u>× \$ 9.00</u>	<u>×\$12.00</u>	<u>× \$ 9.00</u>	
Audited authorized health fee revenues	<u>\$281,520</u>	<u>\$ 89,496</u>	<u>\$265,716</u>	<u>\$124,272</u>	761,004
Claimed authorized health fee revenues					<u>(494,512)</u>
Audit adjustment, FY 2002-03					<u>266,492</u>
Total					<u>\$538,244</u>

*Parameters and Guidelines* states that health fees authorized by the *Education Code* must be deducted from costs claimed. *Education Code* Section 7635(c) states that health fees are authorized from all students except those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need.

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

Recommendation

We recommend that the district implement procedures to ensure that allowable health services program costs are offset by the amount of health service fee revenue authorized by the *Education Code*, and that it monitors staff adherence to its procedures.

## District's Response

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather the fee actually charged the student, or the fees actually collected.

### "Authorized" Fee Amount

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

### Education Code Section 76355

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

### Parameters and Guidelines

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

### Government Code Section 17514

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

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



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

#### Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that "the COSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service." Government Code Section 17556 as last amended by Chapter 589/89 actually states:

"The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if after a hearing, the commission finds that: . . . (d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service. . . ."

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

#### SCO's Comment

The finding and recommendation remain unchanged.

We agree that community college districts may choose not to levy a health service fee. However, *Education Code* Section 76355 gives districts the authority to levy a health service fee. The authorized fees are specified in *Education Code* Section 76355(c), as identified in the finding. *Government Code* Section 17556 states that the Commission on State Mandates (COSM) shall not find costs mandated by the State as defined in *Government Code* Section 17514 if the district has authority to levy fees to pay for the mandated program or increased level of service. For this mandated program, the COSM concluded that districts have authority to levy a health service fee; thus, the adopted *Parameters and Guidelines* identifies authorized health service fees as offsetting reimbursements. Health services costs recoverable through an authorized fee are not costs the district is required to incur; therefore, the related health services costs are not mandated costs as defined by *Government Code* Section 17514.

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

---



January 4, 2006

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

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

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

Dear Mr. Spano:

This letter is the response of the Santa Monica Community College District to the letter from Jeffrey V. Brownfield, Chief, Division of Audits, dated December 19, 2005, and received by the District on December 23, 2005, which enclosed a draft copy of the State Controller's Office audit report of our Health Fee Elimination claims for the period of July 1, 2001 through June 30, 2003.

**Finding 1 - Overstated indirect cost rates**

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government. The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs may be claimed in the manner described by the Controller in his claiming instructions." The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller in the draft audit report.

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Santa Monica Community College District • 1900 Pico Blvd. • Santa Monica, CA 90405-1628 • (310) 434-4200  
Office of the Superintendent and President  
Fax: (310) 434-4386

Since the Controller has stated no legal basis to disallow the indirect cost rate calculation method used by the District, and has not shown a factual basis to reject the rates as unreasonable or excessive, the adjustments should be withdrawn.

#### Finding 2 - Understated authorized health fees revenues claimed

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather than the fee actually charged the student, or the fees actually collected.

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

Sincerely,



Thomas J. Donner, Interim Superintendent/President  
Santa Monica Community College District

CC: Keith Peterson  
SixTen and Associates

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

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

C06-MCC-001







January 4, 2006

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Sincerely,



Thomas J. Donner, Interim Superintendent/President  
Santa Monica Community College District

CC : Keith Peterson  
SixTen and Associates



**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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



March 5, 2001

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

From: Thomas J. Nussbaum  
Chancellor

Subject: Student Health Fee Increase

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

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

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

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

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

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

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

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

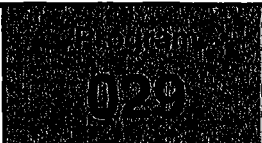
CC: Patrick J. Lenz  
Ralph Black  
Judith R. James  
Frederick E. Harris

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Annual Reimbursement Claims

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

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



<b>(01) Claimant Identification Number:</b> S19385			<b>Reimbursement Claim Data</b>	
<b>(02) Mailing Address:</b>			(22) HFE - 1.0, (04)(b)	\$ 198,795
<b>Claimant Name</b> Santa Monica Community College District			(23)	
<b>County of Location</b> Los Angeles			(24)	
<b>Street Address</b> 1900 Pico Blvd.			(25)	
<b>City</b> Santa Monica	<b>State</b> CA	<b>Zip Code</b> 90405-1628	(26)	
<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	(27)	
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>	(28)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(29)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(30)	
<b>Fiscal Year of Cost</b>	(06) 2002-2003	(12) 2001-2002	(31)	
<b>Total Claimed Amount</b>	(07) \$ 215,000	(13) \$ 198,795	(32)	
<b>Less: 10% Late Penalty, but not to exceed \$1000</b>		(14) \$ -	(33)	
<b>Less: Estimate Claim Payment Received</b>		(15) \$ 31,295	(34)	
<b>Net Claimed Amount</b>		(16) \$ 167,500	(35)	
<b>Due from State</b>	(08) \$ 215,000	(17) \$ 167,500	(36)	
<b>Due to State</b>		(18) \$ -	(37)	

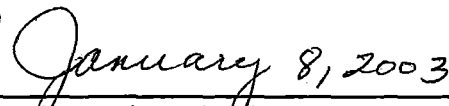
**(38) CERTIFICATION OF CLAIM**

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

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

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

**Signature of Authorized Officer**  
  
 Cheryl Miller  
 Type or Print Name

**Date**  
  
 Assoc. V.P. Business Services  
 Title

**(39) Name of Contact Person or Claim**

**SixTen and Associates**

**Telephone Number** (858) 514-8605

**E-Mail Address** kbpsixten@aol.com

Program 029	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.0</b>
----------------	--	-------------------------------

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

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

(a) Name of College	(b) Claimed Amount
1. Santa Monica College	\$ 198,794.65
2.	\$ -
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
21.	\$ -
<b>(04) Total Amount Claimed</b>	\$ 198,795

[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]



<b>MANDATED COSTS</b>	<b>HEALTH FEE ELIMINATION</b>	<b>FORM HFE-1.1</b>
<b>CLAIM SUMMARY</b>		

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

**(03) Name of College** Santa Monica College

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

LESS       SAME       MORE

	Direct Cost	Indirect Cost of: 32.56%	Total
<b>(05) Cost of Health Services for the Fiscal year of Claim</b>	\$ 511,317	\$ 166,485	\$ 677,802
<b>(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87</b>	\$ -	\$ -	\$ -
<b>(07) Cost of providing current fiscal year health services at the 1986/87 level</b> [Line (05) - line (06)]	\$ 511,317	\$ 166,485	\$ 677,802

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

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

**(09) Total health fees that have been collected** [Line (8.1g) + (8.2g) + .....(8.6g)] \$ 479,007

**(10) Sub-total** [Line (07) - line (09)] \$ 198,795

<b>Cost Reduction</b>	
<b>(11) Less: Offsetting Savings, if applicable</b>	\$ -
<b>(12) Less: Other Reimbursements, if applicable</b>	\$ -
<b>(13) Total Amount Claimed</b> [Line (10) - (line (11) + line (12))]	\$ 198,795

**SANTA MONICA COMMUNITY COLLEGE DISTRICT  
CALCULATION OF INDIRECT COST RATE,  
FISCAL YEAR  
2000-2001**

*For 01-02  
CLAIMS*

REFERENCE (CCFS 311)	DESCRIPTION	2000-2001
<b><u>INSTRUCTIONAL ACTIVITY</u></b>		
	<b>Instructional Costs</b>	
	Instructional Salaries and Benefits	42,309,603
	Instructional Operating Expenses	781,794
	Instructional Support Instructional Salaries and Benefits	661,186
	Auxiliary Operations Instructional Salaries and Benefits	49,970
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>43,802,553</b>
	<b>Non-Instructional Costs</b>	
	Non-Instructional Salaries and Benefits	1,920,542
	Instructional Admin. Salaries and Benefits	3,805,142
	Instructional Admin. Operating Expenses	498,420
	Auxiliary Classes Non-Inst. Salaries and Benefits	2,307,496
	Auxiliary Classes Operating Expenses	3,052,226
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>11,583,826</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>55,386,379</b>
<b><u>DIRECT SUPPORT ACTIVITY</u></b>		
	<b>Direct Support Costs</b>	
	Instructional Support Services Non Inst. Salaries and Benefits	3,554,179
	Instructional Support Services Operating Expenses	666,017
	Admissions and Records	3,111,760
	Counseling and Guidance	7,016,197
	Other Student Services	5,152,448
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>19,480,601</b>
<b><u>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</u></b>		
		<b>74,866,980</b>
	<b>Indirect Support Costs</b>	
	Operation and Maintenance of Plant	7,773,644
	Planning and Policy Making	4,011,766
	General Instructional Support Services	12,589,079
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>24,374,489</b>
<b><u>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS, AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</u></b>		
		<b>99,241,469</b>
<b><u>SUPPORT COSTS ALLOCATION RATES</u></b>		
<b>Indirect Support Costs Allocation Rate =</b>		
	Total Indirect Supports Costs (6)	32.56%
	Total Instructional Activity Costs and Direct Support Costs (5)	
<b>Direct Support Costs Allocation Rate =</b>		
	Total Direct Support Costs (4)	35.17%
	Total Instructional Activity Costs (3)	
<b>Total Support Cost Allocation</b>		<b>67.73%</b>

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

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

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

HEALTH COSTS

R-2 AS OF 06/89/02  
SANTA MONICA COMMUNITY COLLEGE

P.B.A.S. ACCOUNT LIST IN L.O.P. SEQUENCE  
FY 01-02

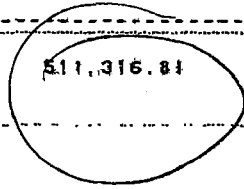
PROCESSED 06/29/02 PAGE 1  
03 - GENERAL FUND-RESTRICTED

INT NUMBER	PROG	EOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
00644000-0032			PHYSICAL & MENTAL/HEALTH SERVICES	91,967	123,850.80	.00	.00	31,883.80-	0
00644000-0032			OTH EXTRA DUTY/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			NON TEACH SABBATICAL/HEALTH SERVIC	0	.00	.00	.00	.00	0
SUB-TOTAL				91,967	123,850.80	.00	.00	31,883.80-	0
OBJECT 12000									
00644000-0032			COUNSELOR/HR/RY/SUM/HEALTHM SERVICES	0	.00	.00	.00	.00	0
00644000-0032			PHYS & MENTAL/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			PHYS & MENTAL/REG/HEALTH SERVICES	6,404	.00	.00	.00	6,404.00	100
00644000-0032			PHYS & MENTAL/HR/RY/SUM/HEALTH SERV	9,123	2,730.16	.00	.00	6,392.84	70
00644000-0032			PHYS & MENTAL/HR/RY/WIN/HEALTH SERV	0	.00	.00	.00	.00	0
SUB-TOTAL				15,527	2,730.16	.00	.00	12,796.84	82
OBJECT 14000									
AJDR TOTAL				107,494	126,580.96	.00	.00	19,086.96-	0
OBJECT 10000									
-----									
00644000-0032			CLERICAL/HEALTH SERVICES	228,532	61,078.37	.00	.00	167,453.63	73
00644000-0032			OTH CLAS/HEALTH SERVICES	0	177,565.65	.00	.00	177,565.65-	0
SUB-TOTAL				228,532	238,644.02	.00	.00	10,112.02-	0
OBJECT 21000									
00644000-0032			STUDENT HELP/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			CLERICAL/HR/RY/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			CLERICAL OVERTIME/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			OTH CLAS HR/RY/HEALTH SERVICE	0	.00	.00	.00	.00	0
00644000-0032			OTH CLAS HR/RY OT/HEALTH SERVICE	0	2,048.56	.00	.00	2,048.56-	0
SUB-TOTAL				0	2,048.56	.00	.00	2,048.56-	0
OBJECT 23000									
AJDR TOTAL				228,532	240,692.58	.00	.00	12,160.58-	0
OBJECT 20000									
-----									
00644000-0032			STRS/OTH-HEALTH SERVICES	0	4,987.60	.00	.00	4,987.60-	0
00644000-0032			STRS/OTH CERT-HEALTH SERVICES	12,419	8,480.36	.00	.00	3,938.64	32
SUB-TOTAL				12,419	13,467.96	.00	.00	1,048.96-	0
OBJECT 31000									
00644000-0032			PERS/CLAS-HEALTH SERVICE	0	.00	.00	.00	.00	0
SUB-TOTAL				0	.00	.00	.00	.00	0
OBJECT 32000									
00644000-0032			DASDI/OTH-HEALTH SERVICES	0	11,158.78	.00	.00	11,158.78-	0
00644000-0032			MEDICARE/OTH-HEALTH SERVICES	9,337	2,609.74	.00	.00	6,727.26	72
00644000-0032			MEDICARE/OTH CERT-HEALTH SERVICES	0	1,619.02	.00	.00	1,619.02-	0
SUB-TOTAL				9,337	15,387.54	.00	.00	6,050.54-	0
OBJECT 33000									
00644000-0032			H/W-OTH CLASS-HEALTH SERVICES	43,502	38,796.24	.00	.00	4,705.76	11
00644000-0032			H/W-OTH CERT-HEALTH SERVICES	0	3,628.56	.00	.00	3,628.56-	0
SUB-TOTAL				43,502	42,424.80	.00	.00	1,077.20	2
OBJECT 34000									
00644000-0032			SUJ/OTH CLAS-HEALTH SERVICES	482	310.19	.00	.00	171.81	36

UNIT NUMBER	PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
-00644000-0032			SUI/OTH CERT-HEALTH SERVICES	0	168.39	.00	.00	168.39-	0
SUB-TOTAL OBJECT 35000				482	478.58	.00	.00	3.42	1
-00644000-0032			W/C-CLASSIFIED-HEALTH SERVICES	4,065	2,820.29	.00	.00	1,244.71	31
-00644000-0032			W/C-CLAS-HEALTH SERVICES	0	1,498.15	.00	.00	1,498.15-	0
SUB-TOTAL OBJECT 36000				4,065	4,318.44	.00	.00	253.44-	0
-00644000-0032			W/C CERT-HEALTH SERVICES	410	.00	.00	.00	410.00	100
-00644000-0032			DISTR RETIRE/HEALTH SERVICES	0	3.03	.00	.00	3.03-	0
SUB-TOTAL OBJECT 38000				410	3.03	.00	.00	406.97	99
MAJOR TOTAL OBJECT 30000				70,215	76,080.35	.00	.00	5,855.35-	0
-----									
-00644000-0032			REFER BOOKS/HEALTH SERVICES	0	.00	.00	.00	.00	0
SUB-TOTAL OBJECT 42000				0	.00	.00	.00	.00	0
-00644000-0032			SUBSCRIPTIONS/HEALTH SERVICES	0	28.00	.00	.00	28.00-	0
SUB-TOTAL OBJECT 43000				0	28.00	.00	.00	28.00-	0
-00644000-0032			SUBSCRIPTIONS/HEALTH SERVICES	0	.00	.00	.00	.00	0
-00644000-0032			SUPPLIES/HEALTH SERVICES	7,233	6,757.38	.00	.00	475.62	7
-00644000-0032			SOFTWARE LICENSE/HEALTH SERVICES	0	13,608.00	.00	.00	13,608.00-	0
-00644000-0032			PC UP GRADES/HEALTH SERVICES	0	.00	.00	.00	.00	0
SUB-TOTAL OBJECT 40000				7,233	20,393.38	.00	.00	13,160.38-	0
-----									
-00644000-0032			MILEAGE/HEALTH SERVICES	0	255.38	.00	.00	255.38-	0
-00644000-0032			CONFERENCE/HEALTH SERVICES	4,361	.00	.00	.00	4,361.00	100
SUB-TOTAL OBJECT 52000				4,361	255.38	.00	.00	4,105.62	94
-00644000-0032			MEMBERSHIPS/HEALTH SERVICES	0	75.00	.00	.00	75.00-	0
SUB-TOTAL OBJECT 53000				0	75.00	.00	.00	75.00-	0
-00644000-0032			INSURANCE/HEALTH SERVICES	0	.00	.00	.00	.00	0
-00644000-0032			STUDENT INSURANCE/HEALTH SERVICES	0	37,304.00	.00	.00	37,304.00-	0
SUB-TOTAL OBJECT 54000				0	37,304.00	.00	.00	37,304.00-	0
-00644000-0032			RENTS/LEASES-HEALTH SERVICES	0	466.56	.00	.00	466.56-	0
-00644000-0032			REPAIR/HEALTH SERVICES	0	878.15	.00	.00	878.15-	0
-75632000-0032			EQUIPMENT/REPAIR-MATRICATION	0	.00	.00	.00	.00	0
SUB-TOTAL OBJECT 56000				0	1,344.71	.00	.00	1,344.71-	0
-00644000-0032			OTH CONTR SRVCS/HEALTH SERVICES	0	.00	.00	.00	.00	0

*Health Int*  
*oh*

NT NUMBER PROG LDC ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
SUB-TOTAL OBJECT 50000	0	.00	.00	.00	.00	0
AJOR TOTAL OBJECT 50000	4,351	38,979.09	.00	.00	34,618.09-	0
00644000-0032 EQUIPMENT/HEALTH SERVICES	7,224	5,008.72	.00	.00	2,215.28	31
SUB-TOTAL OBJECT 64000	7,224	5,008.72	.00	.00	2,215.28	31
00644000-0032 LEASE/PURCHASE-HEALTH SCIENCE	0	3,581.73	.00	.00	3,581.73-	0
SUB-TOTAL OBJECT 65000	0	3,581.73	.00	.00	3,581.73-	0
AJOR TOTAL OBJECT 60000	7,224	8,590.45	.00	.00	1,366.45-	0
LOCATION TOTALS NUMBER OF ACCOUNTS 46	425,059	511,316.81	.00	.00	86,257.81-	0





HEALTH INCOME

TOTAL P. 06

OUNT NUMBER	PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	ADJUSTMENTS	INCOME	CASH DEPOSITS	BALANCE	PCHT LEFT
0-98490000-0029			ARTHRITIS FOUNDATION PROJECT	0	.00	.00	.00	.00	0
0-94709000-0019			INCOME/PUBLIC TELE ENT/KCRW	0	.00	.00	.00	.00	0
0-13701080-0071			INCOME/BASIC SKILLS TRN FED EX	0	.00	.00	.00	.00	0
0-13701110-0071			INCOME/MICRO OFF 2000 TRNG	0	.00	25,140.00	.00	25,140.00	0
0-34647000-0040			LOCAL REV/SALES & COMM-JOBTRAK-JDB	7,302	.00	12,978.25	.00	5,676.25	0
0-90649900-0021			INCOME/FI INS/INTERN'L STUDENT CTR	0	.00	92,418.00	.00	92,418.00	0
0-00642000-0032			STUDENT HEALTH FEES	0	.00	.00	.00	.00	0
0-00644000-0032			INCOME/HEALTH SERVICES	425,059	.00	479,006.91	.00	53,947.91	0
0-00644000-0084			INCOME/PSYCH SERVICES	193,773	.00	212,609.09	.00	18,836.09	0
0-33695000-0012			STUDENT PARKING FEES	948,191	.00	962,126.86	.00	13,935.86	0
1-33695000-0012			STAFF PARKING FEES	0	.00	.00	.00	.00	0
0-00000000-0000			LOCAL REVENUE-HOLDING	0	.00	.00	.00	.00	0
0-13647000-0071			INCOME/JOB PLACEMENT	9,865	.00	.00	.00	9,865.00	100
0-13649900-0071			VENDOR PROG. INCOME	0	.00	.00	.00	.00	0
0-13701100-0071			INCOME/TELECOMM VOC TRAIN	0	.00	28,066.25	.00	28,066.25	0
0-33695000-0012			PARKING LOT INCOME	151,864	.00	238,699.96	.00	86,835.96	0
0-33695000-0031			INCOME/PSD OFFSET	0	.00	.00	.00	.00	0
0-62055000-0058			INCOME/MOORPARK PARTNERSHIP	0	.00	.00	.00	.00	0
0-64709000-0019			INCOME/OTHER LOCAL GRANTS-KCRW	0	.00	.00	.00	.00	0
0-64709000-0019			INTERNET ROYALTIES-KCRW	0	.00	.00	.00	.00	0
0-00000000-0000			DISTRICT MATCH HOLDING	0	.00	.00	.00	.00	0
0-00000000-0000			TRANSFER IN HOLDING ACCOUNT	0	.00	.00	.00	.00	0
0-00644000-0032			TRANSFER IN-HEALTH SERVICES	0	.00	.00	.00	.00	0
0-24601000-0022			DISTRICT MATCH/BLOCK GRANT-SB160	0	.00	.00	.00	.00	0
0-24601000-0045			DISTRICT MATCH/BLOCK GRANT-SB160	0	.00	.00	.00	.00	0
0-58709000-0033			DISTRICT MATCH/FEDERAL WORK STUDY	193,627	.00	173,986.63	.00	19,640.37	10
0-66642000-0029			DISTR MATCH/DISABLED STUDENT	0	.00	.00	.00	.00	0
0-66642100-0029			DISTRICT MATCH/HEARING IMPAIRED	0	.00	.00	.00	.00	0
0-66642200-0029			DISTRICT MATCH/LEARNING DISABLED	0	.00	.00	.00	.00	0
0-78630000-0025			DISTR MATCH/MATRICULATION	0	.00	.00	.00	.00	0
0-78630001-0025			DISTR MATCH INCOME/MATRIC THK TANK	0	.00	.00	.00	.00	0
0-77660000-0035			DISTRICT MATCH/STAFF DIVERSITY	0	.00	.00	.00	.00	0
0-83643000-0030			MATCH-INTERFUND TRAN/CAT. 8-EOPS	0	.00	.00	.00	.00	0
0-00000000-0000			ERRDR ACCOUNT FOR OBJECT 8000	0	.00	.00	.00	.00	0
OBJECT TOTALS			NUMBER OF ACCDUNTS 61	5,732,197	.00	6,204,411.26	.00	472,214.26	0

LE LEDGER TOTALS	NUMBER OF ACCDUNTS 267	17,185,959	.00	16,445,424.85	150,003.02	590,531.13	3
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16,595,427.87

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

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

029

(01) Claimant Identification Number:

S19385

**Reimbursement Claim Data**

(02) Mailing Address:

(22) HFE - 1.0, (04)(b)

\$ 165,612

Claimant Name

(23)

Santa Monica Community College District

County of Location

(24)

Los Angeles

Street Address

(25)

1900 Pico Blvd.

City

State

Zip Code

(26)

Santa Monica

CA

90405-1628

Type of Claim

Estimated Claim

Reimbursement Claim

(27)

(03) Estimated

(09) Reimbursement

(28)

(04) Combined

(10) Combined

(29)

(05) Amended

(11) Amended

(30)

Fiscal Year of Cost

(06) 2003-2004

(12) 2002-2003

(31)

Total Claimed Amount

(07) \$ 170,000

(13) \$ 165,612

(32)

Less: 10% Late Penalty, but not to exceed \$1000

(14) \$ -

(33)

Less: Estimate Claim Payment Received

(15) \$ -

(34)

Net Claimed Amount

(16) \$ 165,612

(35)

Due from State

(08) \$ 170,000

(17) \$ 165,612

(36)

Due to State

(18) \$ -

(37)

**(38) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer

*Cheryl Miller*

Date

1/5/04

Cheryl Miller

Assoc. V.P. Business Services

Type or Print Name

Title

(39) Name of Contact Person or Claim

Telephone Number (858) 514-8605

SixTen and Associates

E-Mail Address kbpsixten@aol.com

029	<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
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<b>(01) Claimant:</b> Claimant Name Santa Monica Community College District	<b>(02) Type of Claim:</b> Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 2002-2003
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**(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)**

	(a) Name of College		(b) Claimed Amount
1.	Santa Monica City College	\$	165,612.07
2.		\$	-
3.		\$	-
4.		\$	-
5.		\$	-
6.		\$	-
7.		\$	-
8.		\$	-
9.		\$	-
10.		\$	-
11.		\$	-
12.		\$	-
13.		\$	-
14.		\$	-
15.		\$	-
16.		\$	-
17.		\$	-
18.		\$	-
19.		\$	-
20.		\$	-
21.		\$	-
<b>(04) Total Amount Claimed</b>		[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	\$ 165,612

<b>028</b>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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<b>(01) Claimant:</b>  Santa Monica Community College District	<b>(02) Type of Claim:</b> Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2002-2003
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**(03) Name of College** Santa Monica City College

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

LESS       SAME       MORE

	Direct Cost	Indirect Cost of: 33.49%	Total
<b>(05) Cost of Health Services for the Fiscal year of Claim</b>	\$ 494,512	\$ 165,612	\$ 660,124
<b>(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87</b>	\$ -	\$ -	\$ -
<b>(07) Cost of providing current fiscal year health services at the 1986/87 level</b> [Line (05) - line (06)]	\$ 494,512	\$ 165,612	\$ 660,124

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

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

**(09) Total health fee that could have been collected** [Line (8.1g) + (8.2g) + .....(8.6g)] \$ 494,512

**(10) Sub-total** [Line (07) - line (09)] \$ 165,612

**Cost Reduction**

**(11) Less: Offsetting Savings, if applicable** \$ -

**(12) Less: Other Reimbursements, if applicable** \$ -

**(13) Total Amount Claimed** [Line (10) - (line (11) + line (12))] \$ 165,612

**SANTA MONICA COMMUNITY COLLEGE DISTRICT  
CALCULATION OF INDIRECT COST RATE,  
FISCAL YEAR  
2001-2002**

*For 02-03 claims*

REFERENCE (CCFS 311)	DESCRIPTION	2001-2002
<b>INSTRUCTIONAL ACTIVITY</b>		
	Instructional Costs	
	Instructional Salaries and Benefits	48,137,488
	Instructional Operating Expenses	637,771
	Instructional Support Instructional Salaries and Benefits	699,832
	Auxiliary Operations Instructional Salaries and Benefits	466,220
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>49,941,311</b>
	Non-Instructional Costs	
	Non-Instructional Salaries and Benefits	1,569,620
	Instructional Admn. Salaries and Benefits	4,398,515
	Instructional Admn. Operating Expenses	343,815
	Auxiliary Classes Non-Inst. Salaries and Benefits	1,979,893
	Auxiliary Classes Operating Expenses	2,979,852
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>11,271,695</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>61,213,006</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	Direct Support Costs	
	Instructional Support Services Non Inst. Salaries and Benefits	4,094,910
	Instructional Support Services Operating Expenses	1,060,473
	Admissions and Records	3,213,768
	Counseling and Guidance	7,876,313
	Other Student Services	5,557,855
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>21,803,319</b>
<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>		<b>83,016,325</b>
	Indirect Support Costs	
	Operation and Maintenance of Plant	8,476,505
	Planning and Policy Making	4,295,609
	General Instructional Support Services	15,032,300
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>27,804,414</b>
<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>		<b>110,820,739</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
Indirect Support Costs Allocation Rate =	Total Indirect Support Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	33.49%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	35.62%
Total Support Cost Allocation		69.11%

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
HFE-2.1**

(01) Claimant Santa Monica Community College District	Fiscal Year 2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Accident Reports	X	X
Appointments		
College Physician, surgeon	X	X
Dermatology, Family practice	X	X
Internal Medicine		
Outside Physician		X
Dental Services		
Outside Labs, (X-ray, etc.,)	X	X
Psychologist, full services	X	X
Cancel/Change Appointments	X	X
Registered Nurse	X	X
Check Appointments		
Assessment, Intervention and Counseling		
Birth Control	X	X
Lab Reports	X	X
Nutrition	X	X
Test Results, office	X	X
Venereal Disease	X	X
Communicable Disease	X	X
Upper Respiratory Infection	X	X
Eyes, Nose and Throat	X	X
Eye/Vision	X	X
Dermatology/Allergy	X	X
Gynecology/Pregnancy Service	X	X
Neuralgic	X	X
Orthopedic	X	X
Genito/Urinary	X	X
Dental	X	X
Gastro-Intestinal	X	X
Stress Counseling	X	X
Crisis Intervention	X	X
Child Abuse Reporting and Counseling	X	
Substance Abuse Identification and Counseling	X	X
Eating Disorders	X	X
Weight Control	X	X
Personal Hygiene	X	X
Burnout	X	X
Other Medical Problems, list		
Examinations, minor illnesses		
Recheck Minor Injury		
Health Talks or Fairs, Information		
Sexually Transmitted Disease	X	X
Drugs	X	X
Acquired Immune Deficiency Syndrome	X	X
Child Abuse		

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
HFE-2.1**

(01) Claimant  Santa Monica Community College District	Fiscal Year  2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes	X X X	X X X
First Aid, Major Emergencies First Aid, Minor Emergencies First Aid Kits, Filled	X X X	X X X
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information	X X X X	X X X X
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration		X X X
Laboratory Tests Done Inquiry/Interpretation Pap Smears	X	X
Physical Examinations Employees Students Athletes		X X X
Medications Antacids Antidiarrheal Aspirin, Tylenol, etc., Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list	X X X X X   X	X X X X X   X X
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits	X X	X X X X

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
HFE-2.1**

(01) Claimant

Fiscal Year

Santa Monica Community College District

2002-2003

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.

(a) FY 1986/87	(b) FY of Claim
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**Referrals to Outside Agencies**

- Private Medical Doctor
- Health Department
- Clinic
- Dental
- Counseling Centers
- Crisis Centers
- Transitional Living Facilities, battered/homeless women
- Family Planning Facilities
- Other Health Agencies

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X

**Tests**

- Blood Pressure
- Hearing
- Tuberculosis Reading Information
- Vision
- Glucometer
- Urinalysis
- Hemoglobin
- EKG
- Strep A Testing
- PG Testing
- Monospot
- Hemacult
- Others, list

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
	X

**Miscellaneous**

- Absence Excuses/PE Waiver
- Allergy Injections
- Band-aids
- Booklets/Pamphlets
- Dressing Change
- Rest
- Suture Removal
- Temperature
- Weigh
- Information
- Report/Form
- Wart Removal
- Others, list...condoms for sale

X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
X	X
	X

**Committees**

- Safety
- Environmental
- Disaster Planning
- Skin Rash Preparations
- Eye Drops

X	X
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1-HEALTH COST

ACCOUNT NUMBER	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
0600-00644000-0032 PHYSICAL & MENTAL/HEALTH SERVICES	105,940	109,778.00	.00	.00	3,838.00-	0
0700-00644000-0032 OTH EXTRA DUTY/HEALTH SERVICES	0	.00	.00	.00	.00	0
0800-00644000-0032 NON TEACH SABBATICAL/HEALTH SERVIC	0	.00	.00	.00	.00	0
* SUB-TOTAL OBJECT 12000	105,940	109,778.00	.00	.00	3,838.00-	0
1550-00644000-0032 COUNSELOR/HRLY/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
1600-00644000-0032 PHYS & MENTAL/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
1630-00644000-0032 PHYS & MENTAL/REG/HEALTH SERVICES	0	.00	.00	.00	.00	0
1650-00644000-0032 PHYS & MENTAL/HRLY/SUM/HEALTH SERV	0	9,977.00	.00	.00	9,977.00-	0
1670-00644000-0032 PHYS & MENTAL/HRLY/WIN/HEALTH SERV	0	6,784.80	.00	.00	6,784.80-	0
* SUB-TOTAL OBJECT 14000	0	16,761.80	.00	.00	16,761.80-	0
** MAJOR TOTAL OBJECT 10000	105,940	126,539.80	.00	.00	20,599.80-	0
200-00644000-0032 CLERICAL/HEALTH SERVICES	60,211	63,222.88	.00	.00	3,011.88-	0
900-00644000-0032 OTH CLAS/HEALTH SERVICES	182,869	190,498.45	.00	.00	7,629.45-	0
* SUB-TOTAL OBJECT 21000	243,080	253,721.33	.00	.00	10,641.33-	0
1100-00644000-0032 STUDENT HELP/HEALTH SERVICES	0	.00	.00	.00	.00	0
1230-00644000-0032 CLERICAL/HRLY/HEALTH SERVICES	0	.00	.00	.00	.00	0
1240-00644000-0032 CLERICAL OVERTIME/HEALTH SERVICES	0	297.87	.00	.00	297.87-	0
1940-00644000-0032 OTH CLAS/OT-HEALTH SERVICES	0	7,022.41	.00	.00	7,022.41-	0
* SUB-TOTAL OBJECT 23000	0	7,320.28	.00	.00	7,320.28-	0
** MAJOR TOTAL OBJECT 20000	243,080	261,041.61	.00	.00	17,961.61-	0
200-00644000-0032 STRS/OTH-HEALTH SERVICES	9,728	5,589.08	.00	.00	4,139.92	43
300-00644000-0032 STRS/OTH CERT-HEALTH SERVICES	6,455	10,439.62	.00	.00	3,984.62-	0
* SUB-TOTAL OBJECT 31000	16,183	16,027.70	.00	.00	155.30	1
200-00644000-0032 PERS/CLAS-HEALTH SERVICES	5,676	5,282.92	.00	.00	393.08	7
* SUB-TOTAL OBJECT 32000	5,676	5,282.92	.00	.00	393.08	7
1200-00644000-0032 OASDI/OTH-HEALTH SERVICES	13,220	11,684.73	.00	.00	1,535.27	12
1600-00644000-0032 MEDICARE/OTH-HEALTH SERVICES	3,894	2,732.70	.00	.00	1,161.30	30
1700-00644000-0032 MEDICARE/OTH CERT-HEALTH SERVICES	1,041	1,834.84	.00	.00	793.84-	0
* SUB-TOTAL OBJECT 33000	18,155	16,252.27	.00	.00	1,902.73	10
1200-00644000-0032 H/W-OTH CLASS-HEALTH SERVICES	40,841	49,407.83	.00	.00	8,566.83-	0
1300-00644000-0032 H/W-OTH CERT-HEALTH SERVICES	3,573	4,140.18	.00	.00	567.18-	0
* SUB-TOTAL OBJECT 34000	44,414	53,548.01	.00	.00	9,134.01-	0
1200-00644000-0032 SUI/OTH CLAS-HEALTH SERVICES	412	308.76	.00	.00	103.24	25
1310-00644000-0032 SUI/OTH CERT-HEALTH SERVICES	79	151.83	.00	.00	72.83-	0

ACCOUNT NUMBER	DBJ	PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
* SUB-TOTAL				OBJECT 35000	491	460.59	.00	.00	30.41	6
6200-00644000-0032				W/C-CLASSIFIED-HEALTH SERVICES	4,038	3,018.81	.00	.00	1,019.19	25
6300-00644000-0032				W/C-CLAS-HEALTH SERVICES	769	1,484.34	.00	.00	715.34-	0
* SUB-TOTAL				OBJECT 36000	4,807	4,503.15	.00	.00	303.85	6
8200-00644000-0032				W/C CERT-HEALTH SERVICES	0	.00	.00	.00	.00	0
8300-00644000-0032				DISTR RETIRE/HEALTH SERVICES	0	.00	.00	.00	.00	0
* SUB-TOTAL				OBJECT 38000	0	.00	.00	.00	.00	0
*** MAJOR TOTAL				OBJECT 30000	89,726	96,074.64	.00	.00	6,348.64-	0
2300-00644000-0032				REFER BOOKS/HEALTH SERVICES	100	.00	.00	.00	100.00	100
* SUB-TOTAL				OBJECT 42000	100	.00	.00	.00	100.00	100
3300-00644000-0032				SUBSCRIPTIONS/HEALTH SERVICES	100	.00	.00	.00	100.00	100
* SUB-TOTAL				OBJECT 43000	100	.00	.00	.00	100.00	100
5300-00644000-0032				SUBSCRIPTIONS/HEALTH SERVICES	0	.00	.00	.00	.00	0
5500-00644000-0032				SUPPLIES/HEALTH SERVICES	7,000	9,057.12	.00	.00	2,057.12-	0
5501-00644000-0032				SOFTWARE LICENSE/HEALTH SERVICES	3,200	.00	.00	.00	3,200.00	100
5503-00644000-0032				PC UP GRADES/HEALTH SERVICES	0	.00	.00	.00	.00	0
* SUB-TOTAL				OBJECT 45000	10,200	9,057.12	.00	.00	1,142.88	11
*** MAJOR TOTAL				OBJECT 40000	10,400	9,057.12	.00	.00	1,342.88	13
2100-00644000-0032				MILEAGE/HEALTH SERVICES	400	.00	.00	.00	400.00	100
2200-00644000-0032				CONFERENCE/HEALTH SERVICES	1,500	.00	.00	.00	1,500.00	100
* SUB-TOTAL				OBJECT 52000	1,900	.00	.00	.00	1,900.00	100
3000-00644000-0032				MEMBERSHIPS/HEALTH SERVICES	200	90.00	.00	.00	110.00	55
* SUB-TOTAL				OBJECT 53000	200	90.00	.00	.00	110.00	55
4100-00644000-0032				INSURANCE/HEALTH SERVICES	0	.00	.00	.00	.00	0
* SUB-TOTAL				OBJECT 54000	0	.00	.00	.00	.00	0
6300-00644000-0032				RENTS/LEASES-HEALTH SERVICES	727	655.23	.00	.00	71.77	10
6500-00644000-0032				REPAIR/HEALTH SERVICES	700	666.80	.00	.00	33.20	5
6500-75632000-0032				EQUIPMENT/REPAIR-MATRICATION	0	.00	.00	.00	.00	0
* SUB-TOTAL				OBJECT 56000	1,427	1,322.03	.00	.00	104.97	7
8900-00644000-0032				OTH CONTR SRVCS/HEALTH SERVICES	100	.00	.00	.00	100.00	100
* SUB-TOTAL				OBJECT 58000	100	.00	.00	.00	100.00	100

ACCOUNT NUMBER OBJ PROG LDC ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
** MAJOR TOTAL OBJECT 50000	3,627	1,412.03	.00	.00	2,214.97	61
4100-00644000-0032 EQUIPMENT/HEALTH SERVICES	2,600	386.50	.00	.00	2,213.50	85
* SUB-TOTAL OBJECT 64000	2,600	386.50	.00	.00	2,213.50	85
5200-00644000-0032 LEASE/PURCHASE-HEALTH SCIENCE	1,600	.00	.00	.00	1,600.00	100
* SUB-TOTAL OBJECT 65000	1,600	.00	.00	.00	1,600.00	100
** MAJOR TOTAL OBJECT 60000	4,200	386.50	.00	.00	3,813.50	91
** LOCATION TOTALS NUMBER OF ACCOUNTS 44	456,973	494,511.70	.00	.00	37,538.70-	0

ACCOUNT NUMBER	DBJ	PRG	LDC	ACCOUNT NAME	CURRENT BUDGET	ADJUSTMENTS	INCOME	CASH DEPOSITS	BALANCE	PCNT LEFT
6900-62689000-0071				STATE/OTH FUNDS-ETP	496,664	.00	50,280.00	.00	446,384.00	90
6900-64709500-0019				INCOME/STATE/CAC GRANT/KCRW	0	.00	29,149.55	.00	29,149.55	0
6900-64709503-0019				INCOME/KCRW-CAS-02/03	0	.00	.00	.00	.00	0
6900-97689000-0071				OTH STATE REVENUE/UA11	10,000	.00	.00	.00	10,000.00	100
* DBJECT TOTALS				NUMBER OF ACCOUNTS 82	8,563,520	.00	6,097,245.08	10,750.00	2,455,524.92	29
8000-00000000-0000				LOCAL REVENUE HOLDING	665,531-	.00	.00	.00	665,531.00	100
8000-00790000-0002				REVENUE RESERVE	0	.00	.00	.00	.00	0
8200-00677000-0031				INCOME/SMPD GRANT	0	.00	.00	.00	.00	0
8200-19701000-0071				INCOME/VESL GOODWILL	0	.00	12,500.00	.00	12,500.00	0
8200-20677000-0031				INCOME/SMPD GRANT	5,393	.00	.00	.00	5,393.00	100
8200-23649994-0028				INCOME/PICO PART CITY	0	.00	.00	.00	.00	0
8200-23649995-0028				INCOME/PICD PART CITY 02/03	199,875	.00	168,177.00	.00	31,698.00	16
8200-30501000-0027				INCOME/CALWRKS COUNTY 02/03	107,791	.00	97,011.69	10,779.10	.21	0
8200-34647000-0040				INCOME/JOBTRACK-JOB CENTER	4,770	.00	.00	.00	4,770.00	100
8200-34701000-0071				INCOME/BROADBAND-TELECOMM TRAIN	34,800	.00	1,740.00	.00	33,060.00	95
8200-38671000-0091				INCOME/MADISON THEATER PROJECT	0	.00	14,032.00	.00	14,032.00	0
8200-43060000-0059				INCOME/ECOLLEGE	0	.00	.00	.00	.00	0
8200-49602002-0064				INCOME/APA/BIDMED - 01-02	11,413	.00	11,413.00	.00	.00	0
8200-49602003-0064				INCOME/APA-BIDMED 02/03	20,000	.00	9,025.00	.00	10,975.00	55
8200-50602000-0071				INCOME SPL/A+VESL	0	.00	8,360.50	.00	8,360.50	0
8200-52602000-0045				INCOME/TITLE6 INT'L TRADE	0	.00	.00	.00	.00	0
8200-60649001-0064				TUITION AID/CHILD DEVELOP TRAINING	0	.00	111.00	.00	111.00	0
8200-60649002-0064				INCOME/CHILD DEV TRAIN '03	10,000	.00	5,625.00	2,925.00	1,450.00	15
8200-64709000-0019				DONATIONS/LOCAL-KCRW	3,548,255	.00	2,166,757.27	.00	1,381,497.73	39
8200-64709050-0019				INCOME TECH SUPPLIES KCRW	0	.00	72,465.00	.00	72,465.00	0
8200-72647000-0040				INCOME/JOB SVC CTR-JOB FAIR	0	.00	.00	.00	.00	0
8200-79602004-0109				INCOME/SCH TO CAREER	20,763	.00	26,372.00	.00	5,609.00	0
8200-80709100-0019				ST MONICA CITY COUNCIL/KCRW GRANT	0	.00	.00	.00	.00	0
8200-84649901-0109				INCOME/COMM BRIDGE-SIMON GRANT	0	.00	.00	.00	.00	0
8200-84649902-0109				INCOME/SIMON GRANT 02/03	100,000	.00	19,902.25	.00	80,097.75	80
8200-92130510-0071				INCOME/PROP 10	208,909	.00	110,036.00	.00	98,873.00	47
8220-64709400-0019				INCOME/PUBLIC TELE ENT-KCRW	4,588	.00	4,825.55	.00	238.55	0
8200-94709000-0019				INCOME/PUBLIC TELE ENT/KCRW	0	.00	.00	.00	.00	0
8200-13701110-0071				INCOME/MICRO OFF 2000 TRNG	0	.00	31,835.00	.00	31,835.00	0
8760-90649900-0021				INCOME/FI INSURANCE-INT STU CTR	834,740	.00	1,525,282.00	.00	690,542.00	0
8760-00642000-0032				OO NOT USE	0	.00	.00	.00	.00	0
8760-00644000-0032				INCOME/HEALTH SERVICES	456,973	.00	494,512.20	.00	37,539.20	0
8760-00644000-0084				INCOME/PSYCH SERVICES	212,609	.00	178,979.00	.00	33,639.00	16
8810-33695000-0012				STUDENT PARKING FEES	1,022,395	.00	1,009,147.50	.00	13,247.50	1
8811-33695000-0012				STAFF PARKING FEES	0	.00	96,296.28	.00	96,296.28	0
8900-33695000-0012				PARKING LOT INCOME	151,864	.00	242,309.74	.00	90,445.74	0
9000-00000000-0000				DISTRICT MATCH HOLDING	76,388-	.00	.00	.00	76,388.00	100
9800-33695000-0012				TRANSFER IN-PARKING	0	.00	.00	.00	.00	0
9800-58709000-0033				DISTRICT MATCH/FEDERAL WORK STUDY	216,301	.00	172,420.00	.00	43,881.00	20
9800-64709503-0019				INCOME/MATCH-KCRW-02/03	0	.00	.00	.00	.00	0
9999-00000000-0000				ERROR ACCOUNT FOR OBJECT 8000	0	.00	.00	.00	.00	0
* OBJECT TOTALS				NUMBER OF ACCOUNTS 41	6,429,520	.00	6,479,126.98	13,704.10	53,311.08	0



JOHN CHIANG  
California State Controller

RECEIVED  
DEC 23 2008  
COMMISSION ON  
STATE MANDATES

December 17, 2008

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

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

Re: **Incorrect Reduction Claim**

*Health Fee Elimination*, 05-4206-I-12

Santa Monica Community College District, Claimant

Education Code Section 76355

Statutes 1984, Chapter 1, 2<sup>nd</sup> E.S.; Statutes 1987, Chapter 1118

Fiscal Years 2001-02 and 2002-03

Dear Ms. Higashi and Mr. Petersen:

This letter is in response to the above-entitled Incorrect Reduction Claim. The subject claims were reduced primarily because the Claimant claimed excessive indirect costs, based upon an invalid ICRP, and understated authorized health service fees. The reductions were appropriate and in accordance with law.

The Controller's Office is empowered to audit claims for mandated costs and to reduce those that are "excessive or unreasonable."<sup>1</sup> This power has been affirmed in recent cases, such as the Incorrect Reductions Claims (IRCs) for the *Graduation Requirements* mandate.<sup>2</sup> If the claimant disputes the adjustments made by the Controller pursuant to that power, the burden is upon them to demonstrate that they are entitled to the full amount of the claim. This principle likewise has been upheld in the *Graduation Requirements* line of IRCs.<sup>3</sup> See also Evidence Code section 500.<sup>4</sup> In this case, the audit

<sup>1</sup> See Government Code section 17561, subdivisions (d)(1)(C) and (d)(2), and section 17564.

<sup>2</sup> See for example, the Statement of Decision in the Incorrect Reduction Claim of San Diego Unified School District [No. CSM 4435-I-01 and 4435-I-37], adopted September 28, 2000, at page 9.

<sup>3</sup> See for example, the Statement of Decision in the Incorrect Reduction Claim of San Diego Unified School District [No. CSM 4435-I-01 and 4435-I-37], adopted September 28, 2000, at page 16.

<sup>4</sup> "Except as otherwise provided by law, a party has the burden of proof as to each fact the existence or nonexistence of which is essential to the claim for relief or defense that he is asserting."

December 17, 2008

Page 2

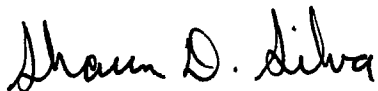
determined that the claimant was claiming indirect costs based on an unapproved ICRP, as required by the Parameters and Guidelines. Therefore, these claimed costs are unsupported and thus, disallowed.

In its claim, the Claimant utilizes an unapproved indirect cost rate proposal. The Parameters and Guidelines provide for the use of an ICRP determined using the OMB Circular A-21 method, or the SCO's FAM-29C. Since the Claimant did not have a current approved ICRP (via the OMB Circular A-21 method), the auditors utilized the FAM-29C and determined that the allowable rate was much less than claimed. The claim was thus reduced to reflect the allowable rate.

In addition, the audit determined that the Claimant understated authorized health services fees, confusing collected with authorized. The Parameters and Guidelines provide that offsetting savings shall include the amount authorized for student fees. The relevant amount is not the amount charged, nor the amount collected, rather, it is the amount authorized. This is consistent with mandates law in general, and specific case law on point.<sup>5</sup> Therefore, these claimed costs are unsupported and thus, disallowed.

Enclosed please find a complete detailed analysis from our Division of Audits, exhibits, and supporting documentation with declaration.

Sincerely,



SHAWN D. SILVA  
Staff Counsel

SDS/ac

Enclosure

cc: Robert Miyashiro, Education Mandated Cost Network  
Ginny Brummels, Div. of Acctg. & Rptg., State Controller's Office (w/o encl.)  
Jim Spano, Division of Audits, State Controller's Office (w/o encl.)

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<sup>5</sup> See *Connell v. Santa Margarita Water District* (1997) 59 Cal.App.4th 382, 400-03.

1 **PROOF OF SERVICE**

2 I am employed in the County of Sacramento, State of California. At the time of service, I was at least 18  
3 years of age, a United States citizen employed in the county where the mailing occurred, and not a party to the  
4 within action. My business address is 300 Capitol Mall, Suite 1850, Sacramento, CA 95814.

4 On December 17, 2008, I served the foregoing document entitled:

5 **SCO'S RESPONSE TO THE INCORRECT REDUCTION CLAIM FOR**  
6 **SANTA MONICA COMMUNITY COLLEGE DISTRICT, CSM 05-4206-I-12**

7 on all interested parties in this action by placing a true and correct copy thereof enclosed in a sealed envelope,  
8 addressed as follows:

8 Paula Higashi (*original*)  
9 Executive Director  
10 Commission on State Mandates  
11 980 Ninth Street, Suite 300  
12 Sacramento, CA 95814

8 Robert Miyashiro, Consultant  
9 Education Mandated Cost Network  
10 c/o School Services of California  
11 1121 L Street, Suite 1060  
12 Sacramento, CA 95814

11 Keith B. Petersen, President  
12 SixTen and Associates  
13 5252 Balboa Avenue, Suite 807  
14 San Diego, CA 92117

13  **BY MAIL**

14 I placed the envelope for collection and processing for mailing following this business's ordinary practice with  
15 which I am readily familiar. On the same day correspondence is placed for collection and mailing, it is deposited  
16 in the ordinary course of business with the United States Postal Service.

16  **BY PERSONAL SERVICE**

17 I caused to be delivered by hand to the above-listed addressees.

18  **BY OVERNIGHT MAIL/COURIER**


19 To expedite the delivery of the above-named document, said document was sent via overnight courier for next day  
20 delivery to the above-listed party.

21  **BY FACSIMILE TRANSMISSION**

22 In addition to the manner of service indicated above, a copy was sent by facsimile transmission to the above-listed  
23 party.

24 I declare that I am employed in the office of a member of the bar of this court at whose direction the  
25 service was made. I declare under penalty of perjury under the laws of California that the foregoing is true and  
correct.

Executed on December 17, 2008, at Sacramento, California.

  
Amber A. Camarena

**RESPONSE BY THE STATE CONTROLLER'S OFFICE  
TO THE INCORRECT REDUCTION CLAIM BY  
SANTA MONICA COMMUNITY COLLEGE DISTRICT  
Health Fee Elimination Program**

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District's Reimbursement Claims—FY 2001-02 and FY 2002-03 .....	Exhibit G



# Tab 1

1 **OFFICE OF THE STATE CONTROLLER**  
300 Capitol Mall, Suite 1850  
2 Sacramento, CA 94250  
3 Telephone No.: (916) 445-6854

4 **BEFORE THE**  
5 **COMMISSION ON STATE MANDATES**  
6 **STATE OF CALIFORNIA**

9  
10 **INCORRECT REDUCTION CLAIM ON:**

11 *Health Fee Elimination Program*

12 Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary  
13 Session, and Chapter 1118, Statutes of 1987

14 **SANTA MONICA COMMUNITY COLLEGE**  
15 **DISTRICT, Claimant**

No.: CSM 05-4206-I-12

**AFFIDAVIT OF BUREAU CHIEF**

16 I, Jim L. Spano, make the following declarations:

- 17 1) I am an employee of the State Controller's Office (SCO) and am over the age of 18  
18 years.
- 19 2) I am currently employed as a bureau chief, and have been so since April 21, 2000.  
20 Before that, I was employed as an audit manager for two years and three months.
- 21 3) I am a California Certified Public Accountant.
- 22 4) I reviewed the work performed by the SCO auditor.
- 23 5) Any attached copies of records are true copies of records, as provided by the Santa  
24 Monica Community College District or retained at our place of business.
- 25 6) The records include claims for reimbursement, along with any attached supporting  
documentation, explanatory letters, or other documents relating to the above-entitled  
Incorrect Reduction Claim.

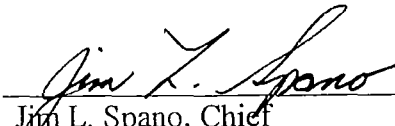
1 7) A field audit of the claims for fiscal year (FY) 2001-02 and FY 2002-03 commenced on  
2 July 14, 2005, and ended on September 22, 2005.

3 I do declare that the above declarations are made under penalty of perjury and are true and  
4 correct to the best of my knowledge, and that such knowledge is based on personal  
5 observation, information, or belief.

6 Date: October 9, 2007

OFFICE OF THE STATE CONTROLLER

8  
9 By: \_\_\_\_\_

  
10 Jim L. Spano, Chief  
11 Mandate Cost Audits Bureau  
12 Division of Audits  
13 State Controller's Office  
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# Tab 2

**STATE CONTROLLER'S OFFICE ANALYSIS AND RESPONSE  
TO THE INCORRECT REDUCTION CLAIM BY  
SANTA MONICA COMMUNITY COLLEGE DISTRICT  
For Fiscal Year (FY) 2001-02, and FY 2002-03**

**Health Fee Elimination Program  
Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session,  
and Chapter 1118, Statutes of 1987**

**SUMMARY**

The following is the State Controller's Office's (SCO) response to the Incorrect Reduction Claim that the Santa Monica Community College District submitted on June 16, 2006. The SCO audited the district's claims for costs of the legislatively mandated Health Fee Elimination Program for the period of July 1, 2001, through June 30, 2003. The SCO issued its final report on March 17, 2006 (**Exhibit D**).

The district submitted reimbursement claims totaling \$364,407 as follows.

- FY 2001-02—\$198,795 (**Exhibit G**)
- FY 2002-03—\$165,612 (**Exhibit G**)

The SCO audit disclosed that the entire amount is unallowable. The unallowable costs occurred primarily because the district overstated indirect costs and understated health fees. The State paid the district \$31,295. The amount paid exceeded allowable costs by \$31,295. The following table summarizes the audit results.

<u>Cost Element</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2001, through June 2002</u>			
Health services costs:			
Salaries and benefits	\$ 443,354	\$ 443,354	\$ —
Services and supplies	67,963	67,963	—
Indirect costs	166,485	95,872	(70,613)
Total health expenditures	677,802	607,189	(70,613)
Less authorized health fees	(479,007)	(750,759)	(271,752)
Adjustment to eliminate negative balance	-	143,570	143,570
Total program costs	<u>\$ 198,795</u>	—	<u>\$ (198,795)</u>
Less amount paid by State		(31,295) <sup>1</sup>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (31,295)</u>	

<u>Cost Element</u>	<u>Actual Costs Claimed</u>	<u>Allowable per Audit</u>	<u>Audit Adjustments</u>
<u>July 1, 2002, through June 2003</u>			
Health services costs:			
Salaries and benefits	\$ 483,656	\$ 483,656	\$ —
Services and supplies	10,856	10,856	—
Indirect costs	165,612	89,259	(76,353)
Total health expenditures	660,124	583,771	(76,353)
Less authorized health fees	(494,512)	(761,004)	(266,492)
Adjustment to eliminate negative balance	—	177,233	177,233
Total program costs	<u>\$ 165,612</u>	—	<u>\$ (165,612)</u>
Less amount paid by State		— <sup>1</sup>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ —</u>	

Summary: July 1, 2001, through June 2003

Health services costs:			
Salaries and benefits	\$ 927,010	\$ 927,010	\$ —
Services and supplies	78,819	78,819	—
Indirect costs	332,097	185,131	146,966
Total health expenditures	1,337,926	1,190,960	(146,966)
Less authorized health fees	(973,519)	(1,511,763)	(538,244)
Adjustment to eliminate negative balance	-	320,803	320,803
Total program costs	<u>\$ 364,407</u>	—	<u>\$ (364,407)</u>
Less amount paid by State		(31,295) <sup>1</sup>	
Allowable costs claimed in excess of (less than) amount paid		<u>\$ (31,295)</u>	

<sup>1</sup> Payment information is based on amount paid when the final report was issued.

The district's IRC contests all audit adjustments, totaling \$364,407. The district believes that its indirect cost rates claimed are appropriate and that it reported the correct amount of health service fee revenues.

**I. SCO REBUTTAL TO STATEMENT OF DISPUTE—  
CLARIFICATION OF REIMBURSABLE ACTIVITIES, CLAIM CRITERIA, AND  
DOCUMENTATION REQUIREMENTS**

**Parameters and Guidelines**

On August 27, 1987, the Commission on State Mandates (CSM) adopted parameters and guidelines for Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session. The CSM amended the parameters and guidelines on May 25, 1989 (**Exhibit B**), because of Chapter 1118, Statutes of 1987.

The parameters and guidelines (amended May 25, 1989) state:

V. REIMBURSABLE COSTS

A. Scope of Mandate

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

B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year 1986-87 . . . . [see Exhibit B for a list of reimbursable items.]

VI. CLAIM PREPARATION

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

Claimed costs should be supported by the following information:

1. Employee Salaries and Benefits

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

2. Services and Supplies

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

3. Allowable Overhead Cost

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

VII. SUPPORTING DATA

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

## VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

Any offsetting savings the claimant experiences as a direct result of this statute must be deducted from the costs claimed. In addition, reimbursement for this mandate received from any source, e.g., federal, state, etc., shall be identified and deducted from this claim. This shall include the amount . . . authorized by Education Code section 72246 for health services [now Education Code section 76355].

### SCO Claiming Instructions and Filing Instructions

The SCO annually issues claiming instructions, which contain filing instructions for mandated cost programs. The September 2002 claiming instructions provide instructions for indirect cost claims. Section 5B(2) of the instructions (**Tab 3**) states, "A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21, "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs [FAM-29C]. . ." The instructions are consistent with the Health Fee Elimination Claim Summary Instructions, Item (05) (**Tab 4**).

The September 2002 indirect cost claiming instructions are believed to be, for the purposes and scope of the audit period, substantially similar to the version extant at the time the district filed its FY 2001-02 and FY 2002-03 reimbursement claims.

## II. **THE DISTRICT OVERSTATED INDIRECT COST RATES**

### Issue

The district overstated its cost rates, thereby overstating its indirect costs by \$146,966 for the audit period. The district believes its indirect cost rates are appropriate.

### SCO Analysis:

The district claimed indirect costs based on indirect cost rate proposals (ICRP) prepared for each fiscal year by an outside consultant using OMB Circular A-21 simplified indirect cost rate methodology. However, the district did not receive federal approval of its ICRPs.

The parameters and guidelines allow community college districts to claim indirect costs according to the SCO's claiming instructions (**Tab 3**). The claiming instructions require that districts obtain federal approval of ICRPs prepared using OMB Circular A-21 methodology. Alternatively, districts may use the SCO's Form FAM-29C to compute indirect cost rates. Form FAM-29C calculates indirect cost rates using total expenditures reported on the *California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)*. Form FAM-29C eliminates unallowable expenses and segregates the adjusted expenses between those incurred for direct and indirect activities relative to the mandated cost program.

For FY 2001-02 and FY 2002-03, the SCO auditor calculated indirect costs using the methodology described in the SCO claiming instructions using Form FAM-29C. The alternative methodology did not support the rates that the district claimed.



Consistent with this methodology, the SCO auditor calculated the indirect cost rates of 18.75% for 2001-02 and 18.05% for FY 2002-03. The district claimed the indirect cost rates of 32.56% for FY 2001-02 and 33.49% for FY 2002-03. The differences between rates claimed and rates computed by the SCO were applied to total direct costs for each corresponding year, resulting in overstated claimed costs of \$70,613 for FY 2001-2002 and \$76,353 for FY 2002-03, totaling \$146,966.

#### District's Response

The Controller asserts that the District overstated its indirect cost rates and costs in the amount of \$146,966 for the two fiscal years. This finding is based upon the Controller's statement that "the district did not obtain federal approval for its IRCs. We calculated indirect cost rates using the methodology described in the SCO claiming instructions." Contrary to the Controller's ministerial preferences, there is no requirement in law that the claimant's indirect cost rate must be "federally" approved, and the Commission has never specified the federal agencies which have the authority to approve indirect cost rate.

#### CCFS-311

In fact, both the District's method and the Controller's method utilize the same source document, the CCFS-311 annual financial and budget report required by the state. The difference in the claimed and audited methods is in the determination of which of those cost elements are direct costs and which are indirect costs. . . .

#### Regulatory Requirements

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

#### Unreasonable or Excessive

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

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

### SCO's Comment

The parameters and guidelines, section VI, state, "Indirect costs may be claimed in the manner described by the State Controller in his claiming instructions." The district misinterprets "may be claimed" by implying that compliance with the claiming instructions is voluntary. Instead, "may be claimed" simply permits the district to claim indirect costs. However, if the district chooses to claim indirect costs, then the district must comply with the SCO's claiming instructions. The district's implication that it claimed costs in the manner described by the SCO simply by completing what it interprets to be the correct forms is without merit.

The SCO's claiming instructions (Tab 3) state, "A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21, "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs [FAM-29C]. . . ." This instruction is consistent with the parameters and guidelines for other community college district mandated programs, including the following.

- Absentee Ballots
- Collective Bargaining
- Health Benefits for Survivors of Peace Officers and Firefighters
- Law Enforcement College Jurisdiction Agreements
- Mandate Reimbursement Process
- Open Meetings Act
- Photographic Record of Evidence
- Sex Offenders Disclosure by Law Enforcement Officers
- Sexual Assault Response Procedure

(Note: These parameters and guidelines provide a third option, a 7% flat rate.) Therefore, the SCO did not act arbitrarily by using the FAM-29C methodology to calculate allowable indirect cost rates.

The SCO developed Form FAM-29C to (1) equitably allocate administrative support costs to personnel that perform community college district mandated cost activities; and (2) provide a consistent indirect cost rate methodology for all community college districts' mandated cost program.

Form FAM-29C is consistent with OMB Circular A-21 cost accounting principles as they apply to mandated cost programs. The circular states that a cost is allocable to a particular cost objective in accordance with the relative benefits received. It also describes a simplified method for indirect cost rate calculations; many California community college districts currently use the simplified method. However, the circular states that the simplified method should not be used in instances where it produces results that appear inequitable.

The OMB Circular A-21 simplified indirect cost rate methodology (Tab 5) does not equitably allocate administrative support costs for personnel who perform mandated cost activities. For example, the circular classifies library costs and a portion of department administration expenses as indirect costs. However, these costs are instructional-related and do not benefit mandated cost activities.

In addition, neither this district nor any other district requested that the Commission review the SCO's claiming instructions pursuant to Title 2, California Code of Regulations (CCR), section 1186. Furthermore, the district's deadline has elapsed to request a review of the claiming instructions applicable to the audit period. Title 2 CCR section 1186, subdivision (j)(2), states, "A request for review filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year."

The CSM is not responsible for identifying the district's responsible federal agency. OMB Circular A-21 states:

[Cognizant agency responsibility] is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years . . . In cases where neither HHS nor DOD provides Federal funding to an educational institution, the cognizant agency assignment shall default to HHS.

Government Code section 17558.5 requires the district to file a reimbursement claim for actual mandate-related costs. Government Code section 17561(d)(2) allows the SCO to audit the district's records to verify actual mandate-related costs and reduce any claim that the SCO determines is excessive or unreasonable. In addition, Government Code section 12410 states, "The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provisions of law for payment." Therefore, the district's contention that the SCO "is authorized to reduce a claim only if it determines the claim to be excessive or unreasonable" is without merit.

Nevertheless, the SCO did report that the district's claimed indirect costs were excessive. "Excessive" is defined as "exceeding what is usual, proper, necessary, or normal. . . . Excessive implies an amount or degree too great to be reasonable or acceptable. . . ." <sup>2</sup> The district did not obtain federal approvals of its ICRPs for FY 2001-02 and FY 2002-03; therefore, the SCO auditor calculated indirect costs using the methodology described in the SCO claiming instructions using Form FAM-29C. The alternative methodology indirect cost rates did not support the rates that the district claimed; thus, the rates claimed were excessive. In conclusion, the indirect costs claimed were not computed in accordance with the SCO

claiming instructions as promulgated by the Parameters and Guidelines. Therefore, the finding stands.

<sup>2</sup> Merriam-Webster's Collegiate Dictionary, Tenth Edition, © 2001.

### III. THE DISTRICT UNDERSTATED AUTHORIZED HEALTH FEE REVENUES CLAIMED

#### Issue

The district understated authorized health fees by \$538,244 for the audit period because it reported actual revenues received rather than the health service fees it was authorized to collect. The SCO calculated the authorized health fee revenues by multiplying student enrollment by term, net of allowable health fee exemption, by the authorized student health fee. The district believes that it reported the correct amount of health service fee revenues.

#### SCO Analysis:

The parameters and guidelines require a district to deduct authorized health services fees from costs claimed. Education Code section 76355, subdivisions (a) and (c), authorize health fees from all students except those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; (3) demonstrate financial need.

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

#### District's Response

The Controller asserts that the "authorized health fee revenues" were understated by \$538,244 for the two fiscal years. The District reported the actual student health fees collected as a reduction of health services costs. The adjustments for the student health services revenue are based on two reasons. First, the Controller adjusted the reported number of students subject to payment of the health services fee. Then, the Controller calculated the student fees collectible based on the highest student health service fee chargeable, rather than the fee actually charged the student, resulting in a total adjustment of \$538,244 for the two fiscal years.

#### Education Code Section 76355

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

### Parameters and Guidelines

This Controller states that the "*Parameters and Guidelines* states that health fees authorized by the Education Code must be deducted from costs claimed." The parameters and guidelines actually state:

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

In order for a district to "experience" these "offsetting savings" the district must actually have collected these fees. Student health fees actually collected must be used to offset costs, but not student health fees that could have been collected and were not. The use of the term "*any* offsetting savings" further illustrates the permissive nature of the fees.

### Government Code Section 17514

The Controller relies upon Government Code section 17514 for the conclusion that "To the extent community college districts can charge a fee, they are not required to incur a cost." . . . There is nothing in the language of the statute regarding the authority to charge a fee, any nexus of fee revenue to increased cost, nor any language which describes the legal effect of fees collected

### Government Code Section 17556

The Controller relies upon Government Code section 17556 for the conclusion that the "CSM shall not find costs mandated by the State if the district has the authority to levy fees to pay for the mandated program or increased level of services." . . . The Controller misrepresents the law. Government Code section 17556 prohibits the Commission on State Mandates from finding costs subject to reimbursement, that is, approving a test claim activity for reimbursement, where there is authority to levy fees in an amount sufficient to offset the entire mandated costs. Here, the Commission has already approved the test claim and made a finding of a new program or higher level of service for which the claimants do not have the ability to levy a fee in an amount sufficient to offset the entire mandated costs.

### Student Health Service Fee Amount

The Controller asserts that the district should have collected a student health service fee each semester from non-exempt students in the amount of \$12 or \$9 for FY 2001-02 and FY 2002-03. Districts receive notice of these fee amounts from the Chancellor of the California Community Colleges. An example of one such notice is the letter dated March 5, 2001, attached as Exhibit "F." While Education Code section 76355 provides for an increase in the student health service fee, it did not grant the Chancellor the authority to establish mandatory fee amounts or mandatory fee increases. . . . Therefore, the Controller cannot rely upon the Chancellor's notice to adjust the claim for "collectible" student health services fees.

### Fees Collected vs. Fees Collectible

This issue is one of student health fees revenue actually received, rather than student health fees which might be collected. The Commission determined, as stated in the parameters and guidelines, that the student health services fees "experienced" would reduce the amount subject to reimbursement. Student fees not collected are student fees not "experienced" and

as such should not reduce reimbursement. Further, the amount “collectible” will never equal actual revenues collected due to changes in a student’s BOGG eligibility, bad debt accounts, and refunds.

Because districts are not required to collect a fee from students for student health services, and if such a fee is collected, the amount is to be determined by the District and not the Controller, the Controller’s adjustment is without legal basis. What claimants are required by the parameters and guidelines to do is to reduce the amount of their claimed costs by the amount of student health services fee revenue actually received, which the District has done for this incorrect reduction claim. Therefore, student health fees are merely collectible, they are not mandatory, and it is inappropriate to reduce claim amounts by revenues not received . . . .

#### Enrollment and Exempted Student Statistics

The audit report states that the Controller adjusted the reported total student enrollment based the “the enrollment census’ data run” and the reported number of exempt students based on the “list of ‘BOGG used’ data run.” The Controller has not provided any factual basis why these different and later data sources, subject to review and revision after the fact for several years, are preferable to the data reported by the District which was available at the time the claims were prepared . . . .

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

#### SCO’s Comment

We agree that community college districts may choose not to levy a health service fee. However, Education Code section 76355, subdivision (a), provides districts the authority to levy a health service fee. The parameters and guidelines state that health fees authorized by the Education Code must be deducted from costs claimed. Education Code section 76355, subdivision (a), states that a governing board of a community college district may require students to pay a health supervision and service fee. Education Code section 76355, subdivision (c), exempts collection of health fees from those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; (3) demonstrate financial need.

We also agree that the California Community Colleges Chancellor’s Office (CCCCO) does not have the authority to establish mandatory fee amounts or mandatory fee increases. The CCCCCO merely notifies districts of changes to the authorized fee amount, pursuant to Education Code section 76355, subdivision (a).

Effective beginning the summer of 1987, authorized health service fees, pursuant to Education Code section 76355, were \$8 per student for summer and \$11 per student for the fall and spring semesters. Effective beginning the summer 2001 session, Education Code section 76355(a) authorized a \$1 increase to health service fees, resulting in authorized health service fees of \$9 per student for summer semester and \$12 per student for the fall and spring semesters (Tab 8).

Regardless of the district’s decision to levy or not levy a health service fee, the district does have the authority to levy the fees. In addition, contrary to the district’s response, the SCO made no distinction between full-time or part-time students regarding the authorized health

service fee. Districts are authorized to levy the full fee amount to both part-time and full time students. Government Code section 17514 states that "costs mandated by the state" means any increased costs that a school district is required to incur. Furthermore, Government Code section 17556, subdivision (d), states that the CSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service. For the Health Fee Elimination mandated program, the CSM clearly recognized the availability of another funding source by including the fees as offsetting savings in the parameters and guidelines, section VIII (amended May 25, 1989). To the extent districts have authority to charge a fee, they are not required to incur a cost.

The district misrepresents the CSM's determination regarding authorized health service fees. The CSM's staff analysis of May 25, 1989, regarding the proposed parameters and guidelines amendments (**Tab 6**), states:

Staff amended Item "VIII. Offsetting Savings and Other Reimbursements" to reflect the reinstatement of [the] fee authority.

In response to that amendment, the [Department of Finance (DOF)] has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants' reimbursable costs:

"If a claimant does not levy the fee authorized by Education Code section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied."

Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII.

Thus, it is clear that the CSM's intent was that claimants deduct authorized health service fees from mandate-reimbursable costs claimed. Furthermore, the staff analysis included an attached letter from the CCCCCO, dated April 3, 1989. In that letter, the CCCCCO concurred with the DOF and the CSM regarding authorized health service fees.

Since the CSM's staff concluded that DOF's proposed language did not substantively change the scope of staff's proposed language, CSM staff did not further revise the proposed parameters and guidelines. The CSM's meeting minutes of May 25, 1989 (**Tab 7**) show that the CSM adopted the proposed parameters and guidelines on consent, with no additional discussion. Therefore, there was no change to the CSM's interpretation regarding authorized health service fees.

Two court cases addressed the issue of fee authority.<sup>4</sup> Both cases concluded that "costs" as used in the constitutional provision, exclude "expenses that are recoverable from sources other than taxes." In both cases, the source other than taxes was fee authority.

The district also states, "the amount 'collectible' will never equal actual revenues collected due to changes in a student's BOGG eligibility, bad debt accounts, and refunds." The district is responsible for providing accurate enrollment and BOGG grant data, including any changes that result from BOGG grant eligibility or students who disenroll. Consistent with OMB Circular A-21, Section J, the district is responsible for any bad debt accounts.

The SCO calculated authorized health fee revenues from records provided by Chris Bonvenuto, Santa Monica Community College District's Accounting Manager (Tab 9). The SCO multiplied student enrollment by term, net of allowable health fee exemption, by the authorized student health fee. The SCO obtained student enrollment information from the "enrollment census" data run and student waiver information from the list of BOGG used" data run. The SCO was not provided any other records in support of authorized health fee revenues.

<sup>4</sup> *County of Fresno v. California* (1991) 53 Cal. 3d 482; *Connell v. Santa Margarita* (1997) 59 Cal. App. 4<sup>th</sup> 382.

#### IV. CONCLUSION

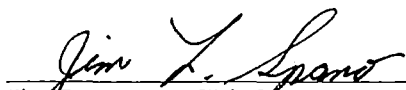
The State Controller's Office audited the Santa Monica Community College District's claims for costs of the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. The district claimed \$364,407 for the mandated program. Our audit disclosed that the entire claimed costs are unallowable. The unallowable costs occurred primarily because the district overstated indirect costs and understated health fees.

In conclusion, the Commission on State Mandates should find that: (1) the SCO correctly reduced the district's FY 2001-02 claim by \$198,795; and (2) the SCO correctly reduced the district's FY 2002-03 claim by \$165,612.

#### V. CERTIFICATION

I hereby certify by my signature below that the statements made in this document are true and correct of my own knowledge, or, as to all other matters, I believe them to be true and correct based upon information and belief.

Executed on October 9, 2007, at Sacramento, California, by:

  
\_\_\_\_\_  
Jim L. Spano, Chief  
Mandated Cost Audits Bureau  
Division of Audits  
State Controller's Office



**TAB 3**

**B. Indirect Cost**

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

**(1) Indirect Costs for Schools**

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580, respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No. 422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

**(2) Indirect Cost Rate for Community Colleges**

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.
- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employee performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$91,423
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0
Staff Services	345	0	0	0	0	0
Noninstr. Staff Benefit & Incent.	346	10,937	0	10,937	0	10,937
Community Services	6800					
Community Recreation	351	703,858	20,509	683,349	0	683,349
Community Service Classes	352	423,188	24,826	398,362	0	398,362
Community Use of Facilities	353	89,877	10,096	79,781	0	79,781
Ancillary Services	6900					
Bookstores	361	0	0	0	0	0
Child Development Center	362	89,051	1,206	87,845	0	87,845
Farm Operations	363	0	0	0	0	0
Food Services	364	0	0	0	0	0
Parking	365	420,274	6,857	413,417	0	413,417
Student Activities	3663	0	0	0	0	0
Student Housing	67	0	0	0	0	0
Other	379	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	381	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	382	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(07) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

**TAB 4**

## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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

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

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

#### 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter.

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

#### 7. Reimbursement Limitations

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

#### 8. Claiming Forms and Instructions

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



**A. Form HFE-2, Health Services**

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

**B. Form HFE-1.1, Claim Summary**

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

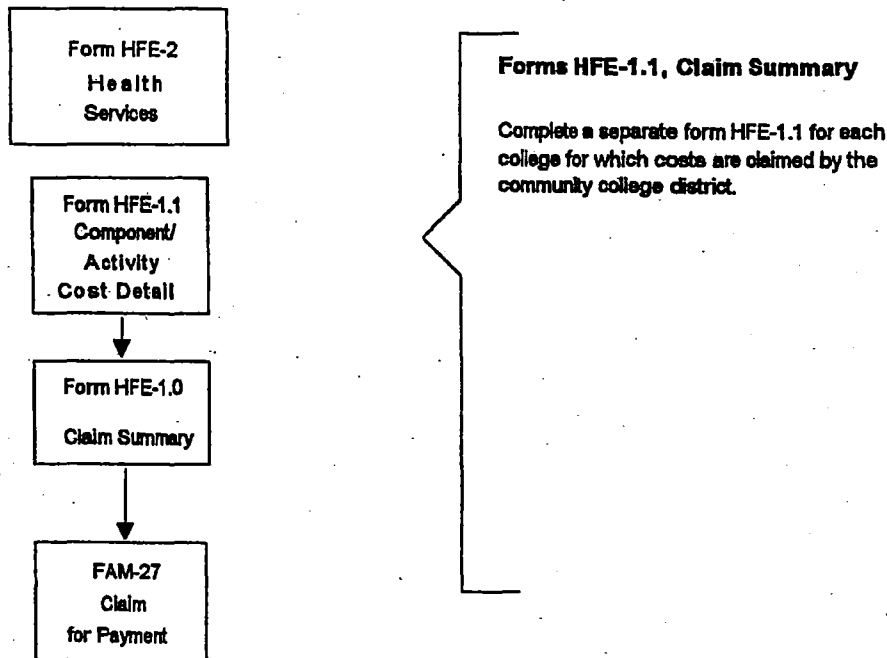
**C. Form HFE-1.0, Claim Summary**

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

**D. Form FAM-27, Claim for Payment**

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

**Illustration of Claim Forms**



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561  <b>HEALTH FEE ELIMINATION</b>	For State Controller Use Only (19) Program Number 00029 (20) Date Filed ____/____/____ (21) LRS Input ____/____/____	<b>Program</b>  <span style="font-size: 2em; font-weight: bold;">029</span>
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(01) Claimant Identification Number	
(02) Claimant Name	
County of Location	
Street Address or P.O. Box	Suite
City	State Zip Code

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

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
Fiscal Year of Cost	(06) 20__/20__	(12) 20__/20__	(30)
Total Claimed Amount	(07)	(13)	(31)
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(32)
Less: Prior Claim Payment Received		(15)	(33)
Net Claimed Amount		(16)	(34)
Due from State	(08)	(17)	(35)
Due to State		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer	Date
Type or Print Name	Title

(38) Name of Contact Person for Claim	Telephone Number ( ) -	Ext.	
	E-Mail Address		

<b>Program</b> <b>029</b>	<b>HEALTH FEE ELIMINATION</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. Completion of this data block will expedite the payment process.
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

**SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:**

*Address, if delivered by U.S. Postal Service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 P.O. Box 942850  
 Sacramento, CA 94250

*Address, if delivered by other delivery service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 3301 C Street, Suite 500  
 Sacramento, CA 95816

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>		<b>FORM HFE-1.0</b>
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
<b>(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)</b>		
(a) Name of College	(b) Claimed Amount	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	

<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.0</b>
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

- (03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.
- (04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							FORM HFE-1.1
(01) Claimant		(02) Type of Claim			Fiscal Year		
		Reimbursement <input type="checkbox"/>			19__/19__		
		Estimated <input type="checkbox"/>					
(03) Name of College							
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.							
LESS <input type="checkbox"/>		SAME <input type="checkbox"/>		MORE <input type="checkbox"/>			
					Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim							
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87							
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]							
(08) Complete columns (a) through (g) to provide detail data for health fees							
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester							
2. Per spring semester							
3. Per summer session							
4. Per first quarter							
5. Per second quarter							
6. Per third quarter							
(09) Total health fee that could have been collected					[Line (8.1g) + (8.2g) + .....(8.6g)]		
(10) Sub-total					[Line (07) - line (09)]		
<b>Cost Reduction</b>							
(11) Less: Offsetting Savings, if applicable							
(12) Less: Other Reimbursements, if applicable							
(13) Total Amount Claimed					[Line (10) - (line (11) + line (12))]		

<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.1</b>
--	-------------------------

- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
 Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.

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



<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes  First Aid, Major Emergencies  First Aid, Minor Emergencies  First Aid Kits, Filled  Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information  Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration  Laboratory Tests Done Inquiry/Interpretation Pap Smears  Physical Examinations Employees Students Athletes  Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list  Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits			

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b> Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
<b>Tests</b> Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep-A testing PG Testing Monospot Hemacult Others, list			
<b>Miscellaneous</b> Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
<b>Committees</b> Safety Environmental Disaster Planning			

**TAB 5**



# Office of Management and Budget

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## **CIRCULAR A-21** **(Revised 05/10/04)**

### **CIRCULAR NO. A-21** **Revised**

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Cost Principles for Educational Institutions

1. *Purpose.* This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles deal with the subject of cost determination, and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. Agencies are not expected to place additional restrictions on individual items of cost. Provision for profit or other increment above cost is outside the scope of this Circular.

2. *Supersession.* The Circular supersedes Federal Management Circular 73 8, dated December 19, 1973. FMC 73 8 is revised and reissued under its original designation of OMB Circular No. A 21.

3. *Applicability.*

- a. All Federal agencies that sponsor research and development, training, and other work at educational institutions shall apply the provisions of this Circular in determining the costs incurred for such work. The principles shall also be used as a guide in the pricing of fixed price or lump sum agreements.
- b. In addition, Federally Funded Research and Development Centers associated with educational institutions shall be required to comply with the Cost Accounting Standards, rules and regulations issued by the Cost Accounting Standards Board, and set forth in 48 CFR part 99; provided that they are subject thereto under defense related contracts.

4. *Responsibilities.* The successful application of cost accounting principles requires development of mutual understanding between representatives of educational institutions and of the Federal Government as to their scope, implementation, and interpretation.

5. *Attachment.* The principles and related policy guides are set forth in the Attachment, "Principles for determining costs applicable to grants, contracts, and other agreements with educational institutions."

6. *Effective date.* The provisions of this Circular shall be effective October 1, 1979, except for subsequent amendments incorporated herein for which the effective dates were specified in these revisions (47 FR 33658, 51 FR 20908, 51 FR 43487, 56 FR 50224, 58 FR 39996, 61 FR 20880, 63 FR 29786, 63 FR 57332, 65 FR 48566 and 69 FR 25970). Institutions as of the start of their first fiscal year beginning after that date shall implement the provisions. Earlier implementation, or a delay in implementation of individual provisions, is permitted by mutual agreement between an institution and the cognizant Federal agency.

7. *Inquiries.* Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Office of Management and Budget, Washington, DC 20503, telephone (202) 395 3993.

Attachment

**PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS,  
CONTRACTS, AND OTHER AGREEMENTS WITH  
EDUCATIONAL INSTITUTIONS**

**TABLE OF CONTENTS**

A. Purpose and scope

1. Objectives
2. Policy guides
3. Application
4. Inquiries

B. Definition of terms

1. Major functions of an institution
2. Sponsored agreement
3. Allocation
4. Facilities and administrative (F&A) costs

C. Basic considerations

1. Composition of total costs
2. Factors affecting allowability of costs
3. Reasonable costs
4. Allocable costs
5. Applicable credits
6. Costs incurred by State and local governments
7. Limitations on allowance of costs
8. Collection of unallowable costs
9. Adjustment of previously negotiated F&A cost rates containing unallowable costs
10. Consistency in estimating, accumulating and reporting costs
11. Consistency in allocating costs incurred for the same purpose
12. Accounting for unallowable costs
13. Cost accounting period
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D. Direct costs

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2. Application to sponsored agreements

E. F&A costs

1. General
2. Criteria for distribution

F. Identification and assignment of F&A costs

1. Definition of Facilities and Administration.
2. Depreciation and use allowances
3. Interest
4. Operation and maintenance expenses
5. General administration and general expenses
6. Departmental administration expenses
7. Sponsored projects administration
8. Library expenses
9. Student administration and services
10. Offset for F&A expenses otherwise provided for by the Federal Government

G. Determination and application of F&A cost rate or rates

1. F&A cost pools
2. The distribution basis
3. Negotiated lump sum for F&A costs
4. Predetermined rates for F&A costs
5. Negotiated fixed rates and carry forward provisions
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7. Fixed rates for the life of the sponsored agreement
8. Limitation on reimbursement of administrative costs
9. Alternative method for administrative costs
10. Individual rate components
11. Negotiation and approval of F&A rate
12. Standard format for submission

H. Simplified method for small institutions

1. General
2. Simplified procedure

I. Reserved

J. General provisions for selected items of cost

1. Advertising and public relations costs
2. Advisory councils
3. Alcoholic beverages
4. Alumni/ae activities

(2) Other than formal negotiation. The cognizant agency and educational institution may reach an agreement on rates without a formal negotiation conference; for example, through correspondence or use of the simplified method described in this Circular.

- g. Formalizing determinations and agreements. The cognizant agency shall formalize all determinations or agreements reached with an educational institution and provide copies to other agencies having an interest.
- h. Disputes and disagreements. Where the cognizant agency is unable to reach agreement with an educational institution with regard to rates or audit resolution, the appeal system of the cognizant agency shall be followed for resolution of the disagreement.

12. Standard Format for Submission. For facilities and administrative (F&A) rate proposals submitted on or after July 1, 2001, educational institutions shall use the standard format, shown in Appendix C, to submit their F&A rate proposal to the cognizant agency. The cognizant agency may, on an institution by institution basis, grant exceptions from all or portions of Part II of the standard format requirement. This requirement does not apply to educational institutions that use the simplified method for calculating F&A rates, as described in Section H.

#### H. Simplified method for small institutions.

##### 1. General.

- a. Where the total direct cost of work covered by Circular A 21 at an institution does not exceed \$10 million in a fiscal year, the use of the simplified procedure described in subsections 2 or 3, may be used in determining allowable F&A costs. Under this simplified procedure, the institution's most recent annual financial report and immediately available supporting information shall be utilized as basis for determining the F&A cost rate applicable to all sponsored agreements. The institution may use either the salaries and wages (see subsection 2) or modified total direct costs (see subsection 3) as distribution basis.
- b. The simplified procedure should not be used where it produces results that appear inequitable to the Federal Government or the institution. In any such case, F&A costs should be determined through use of the regular procedure.

##### 2. Simplified procedure Salaries and wages base.

- a. Establish the total amount of salaries and wages paid to all employees of the institution.
- b. Establish an F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:
  - (1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and

scholarships).

(2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under subsection (1) have previously been allocated to other institutional activities, they may be included in the F&A cost pool. The total amount of salaries and wages included in the F&A cost pool must be separately identified.

- c. Establish a salary and wage distribution base, determined by deducting from the total of salaries and wages as established in subsection a the amount of salaries and wages included under subsection b.
  - d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.
  - e. Apply the F&A cost rate to direct salaries and wages for individual agreements to determine the amount of F&A costs allocable to such agreements.
3. Simplified procedure Modified total direct cost base.

- a. Establish the total costs incurred by the institution for the base period.
- b. Establish a F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:

(1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and scholarships).

(2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under subsection (1) have previously been allocated to other institutional activities, they may be included in the F&A cost pool. The modified total direct costs amount



included in the F&A cost pool must be separately identified.

- c. Establish a modified total direct cost distribution base, as defined in Section G.2, that consists of all institution's direct functions.
- d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.
- e. Apply the F&A cost rate to the modified total direct costs for individual agreements to determine the amount of F&A costs allocable to such agreements.

#### J. General provisions for selected items of cost.

Sections 1 through 54 provide principles to be applied in establishing the allowability of certain items involved in determining cost. These principles should apply irrespective of whether a particular item of cost is properly treated as direct cost or F&A cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case should be based on the treatment provided for similar or related items of cost. In case of a discrepancy between the provisions of a specific sponsored agreement and the provisions below, the agreement should govern.

##### 1. *Advertising and public relations costs.*

- a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.
- b. The term public relations includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.
- c. The only allowable advertising costs are those that are solely for:
  - (1) The recruitment of personnel required for the performance by the institution of obligations arising under a sponsored agreement (See also subsection b. of section J.42, Recruiting);
  - (2) The procurement of goods and services for the performance of a sponsored agreement;
  - (3) The disposal of scrap or surplus materials acquired in the performance of a sponsored agreement except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; or
  - (4) Other specific purposes necessary to meet the requirements of the sponsored agreement.

**TAB 6**

Hearing: 5/25/89  
File Number: CSM-4206  
Staff: Deborah Fraga-Decker  
WP 0366d

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

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Executive Summary

At its hearing of November 20, 1986, the Commission on State Mandates found that Chapter 1, Statutes of 1984, 2nd E.S., imposed state mandated costs upon local community college districts by (1) requiring those community college districts which provided health services for which it was authorized to and did charge a fee to maintain such health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter and (2) repealing the district's authority to charge a health fee. The requirements of this statute would repeal on December 31, 1987, unless subsequent legislation was enacted.

Chapter 1118, Statutes of 1987, was enacted September 24, 1987, and became effective January 1, 1988. Chapter 1118/87 modified the requirements contained in Chapter 1/84, 2nd E.S., to require those community college districts which provided health services in fiscal year 1986-87 to maintain such health services in the 1987-88 fiscal year and each fiscal year thereafter. Additionally, the language contained in Chapter 1/84, 2nd E.S., which repealed the districts' authority to charge a health fee to cover the costs of the health services program was allowed to sunset, thereby reinstating the districts' authority to charge a fee as specified. Parameters and guidelines amendments are appropriate to address the changes contained in Chapter 1118/87 because this statute amended the same Education Code sections previously enacted by Chapter 1/84, 2nd E.S., and found to contain a mandate.

Commission staff included the Department of Finance suggested non-substantive amendment to the staff's proposed parameters and guidelines amendments. The Chancellor's Office, the State Controller's Office, and the claimant are in agreement with these amendments. Therefore, staff recommends that the Commission adopt the parameters and guidelines amendments as requested by the Chancellor's Office and as developed by staff.

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Claimant

Rio Hondo Community College District

Requesting Party

California Community Colleges Chancellor's Office

### Chronology

12/2/85 Test Claim filed with Commission on State Mandates.  
7/24/86 Test Claim continued at claimant's request.  
11/20/86 Commission approved mandate.  
1/22/87 Commission adopted Statement of Decision.  
4/9/87 Claimant submitted proposed parameters and guidelines.  
8/27/87 Commission adopted parameters and guidelines  
10/22/87 Commission adopted cost estimate  
9/28/88 Mandate funded in Commission's Claims Bill, Chapter 1425/88.

### Summary of Mandate

Chapter 1/84, 2nd E.S., effective July 1, 1984, repealed Education Code (EC) Section 72246 which had authorized community college districts to charge a health fee for the purpose of providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers. The statute also required that any community college district which provided health services for which it was authorized to charge a fee shall maintain health services at the level provided during the 1983-84 fiscal year in the 1984-85 fiscal year and each fiscal year thereafter.

Prior to the passage of Chapter 1/84, 2nd E.S., the implementation of a health services program was at the local community college district's option. If implemented, the respective community college district had the authority to charge a health fee up to \$7.50 per semester for day and evening students, and \$5 per summer session.

### Proposed Amendments

The Community Colleges Chancellor's Office (Chancellor's Office) has requested parameters and guidelines amendments be made to address the changes in mandated activities effectuated by Chapter 1118/87. (Attachment G) In order to expedite the process, staff has developed language to accomplish the following: (1) change the eligible claimants to those community college districts which provided a health services program in fiscal year 1986-87; and (2) change the offsetting savings and other reimbursements to include the reinstated authority to charge a health fee. (Attachment B)

### Recommendations

The Department of Finance (DOF) proposed one non-substantive amendment to clarify the effect of the fee authority language on the scope of the reimbursable costs. With this amendment, the DOF believes the amendments to the parameters and guidelines are appropriate for this mandate and recommends the Commission adopt them. (Attachment C)

The Chancellor's Office recommends that the Commission approve the amended parameters and guidelines developed by staff with the additional language suggested by the DOF. (Attachment D).

The State Controller's Office (SCO), upon review of the proposed amendments, finds the proposals proper and acceptable. (Attachment E)

The claimant, in its recommendation, states its belief that the revisions are appropriate and concurs with the proposed changes. (Attachment F)

### Staff Analysis

#### Issue 1: Eligible Claimants

The mandate found in Chapter 1/84, 2nd E.S., was for a new program with a required maintenance of effort at the fiscal year 1983-84 level. Chapter 1118/87 superseded that level of service by requiring that community college districts which provided a health services program in fiscal year 1986-87 maintain that level of effort in fiscal year 1987-88 and each subsequent year thereafter. Additionally, this expanded the group of eligible claimants because the requirement is no longer imposed on only those community college districts which had charged a health fee for the program. At the time of enactment of Chapter 1118/87, there were 11 community college districts which provided the health services program but had never charged a health fee for the service.

Therefore, staff has amended the language in Item III. "Eligible Claimants" to reflect this change in the scope of the mandate.

#### Issue 2: Reimbursement Alternatives

In response to Chapter 1/84, 2nd E.S., Item VI.B. contained two alternatives for claiming reimbursement costs. This gave claimants a choice between claiming actual costs for providing the health services program, or funding the program as was done prior to the mandate when a health fee could be charged.

The first alternative was in Item VI.B.1. and provided for the use of the formula which the eligible claimants were authorized to utilize prior to the implementation of Chapter 1/84, 2nd E.S.--total eligible enrollment multiplied by the health fee charged per student in fiscal year 1983-84. With the sunset of the repeal of the health fee authority as contained in Chapter 1/84, 2nd E.S., claimants can now charge the health fee as was allowed prior to fiscal year 1983-84, thereby funding the program as was done prior to the mandate. Therefore, this alternative is no longer applicable to this mandate and has been deleted by staff.

The second alternative was in Item VI.B.2. and provided for the claiming of actual costs involved in maintaining a health services program at the fiscal year 1983-84 level. This alternative is now the sole method of reimbursement for this mandate. However, it has been amended to reflect that Chapter 1118/87 requires a maintenance of effort at the fiscal year 1986-87 level.

Issue 3: Offsetting Savings and Other Reimbursements

With the sunset of the repeal of the fee authority contained in Chapter 1/84, 2nd E.S., Education Code (EC) section 72246(a) again provides community college districts with the authority to charge a health fee as follows:

"72246.(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than seven dollars and fifty cents (\$7.50) for each semester, and five dollars (\$5) for summer school, or five dollars (\$5) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, authorized by Section 72244, or both."

Staff amended Item "VIII. Offsetting Savings and Other Reimbursements" to reflect the reinstatement of this fee authority.

In response to that amendment, the DOF has proposed the addition of the following language to Item VIII. to clarify the impact of the fee authority on claimants' reimbursable costs:

"If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied."

Staff concurs with the DOF proposed language which does not substantively change the scope of Item VIII.

Issue 4: Editorial Changes

In preparing the proposed parameters and guidelines amendments, it was not necessary for staff to make any of the normal editorial changes as the original parameters and guidelines contained the language usually adopted by the commission.

Staff, the DOF, the Chancellor's Office, the SCO, and the claimant are in agreement with the recommended amendments which are shown in Attachment A with additions indicated by underlining and deletions by strikeout.

Staff Recommendation

Staff recommends the adoption of the staff's proposed parameters and guidelines amendments, which are based on the original parameters and guidelines adopted in response to Chapter 1/84, 2nd E.S., and amended in response to Chapter 1118/87, as well as incorporating the amendment recommended by the DOF. All parties concur with these amendments.

Adopted: 8/27/87

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

I. SUMMARY OF MANDATE

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

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

II. COMMISSION ON STATE MANDATES' DECISION

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

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

III. ELIGIBLE CLAIMANTS

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

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSEMENTABLE COSTS

##### A. Scope of Mandate

Eligible community college districts shall be reimbursed for the costs of providing a health services program ~~without the authority of the state~~. Only services provided ~~for the~~ in 1986-87 fiscal year may be claimed.

##### B. Reimbursable Activities

For each eligible claimant, the following cost items are reimbursable to the extent they were provided by the community college district in fiscal year ~~1987-88~~ 1986-87:

##### ACCIDENT REPORTS

##### APPOINTMENTS

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



ASSESSMENT, INTERVENTION & COUNSELING

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

EXAMINATIONS (Minor Illnesses)

- Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

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

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

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

INSURANCE

- On Campus Accident
- Voluntary
- Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE  
Inquiry/Interpretation  
Pap Smears

PHYSICALS

Employees  
Students  
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

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

PARKING CARDS/ELEVATOR KEYS

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

REFERRALS TO OUTSIDE AGENCIES

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

TESTS

Blood Pressure  
Hearing  
Tuberculosis  
    Reading  
    Information  
Vision  
Glucometer  
Urinalysis  
Hemoglobin  
E.K.G.  
Strep A testing  
P.G. testing  
Monospot  
Hemacult  
Misc.

MISCELLANEOUS

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

COMMITTEES

Safety  
Environmental  
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety  
Stress Management  
Communication Skills  
Weight Loss  
Assertiveness Skills

VI. CLAIM PREPARATION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a list of each item for which reimbursement is claimed under this mandate. // *Each claim must be filed within 90 days of the date of the service provided. // The claim must be filed on a claim form provided by the program. // The claim must be filed by the student and employment center. // The claim must be filed by the program.*

A. Description of Activity

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

B. Claiming/Alternative

Claimed costs should be supported by the following information:

Alternative/1 // Costs/Provided/By/Collected/In/1983-84/Fiscal/Year/

1/ Costs/Collected/In/The/1983-84/Fiscal/Year/To/Support/The/Health/Services/Program/

2/ Total/Number/Of/Students/Under/Item/1/1/1/Which/4/Above///Listing/This/Alternative/The/Total/Amount/Claimed/Under/Item/1/1/1/Which/By/Item/1/1/1/Which/The/Total/Amount/Incurred/Increased/By/The/Approved/Impact/Price/Deflator/

Alternative/2 // Actual Costs of Claim Year for Providing 1986-87 Fiscal Year Program Level of Service.

1. Employee Salaries and Benefits

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

2. Services and Supplies

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

3. Allowable Overhead Cost

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

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of the validity of such costs. This would include documentation for the fiscal year 19836-847 program to substantiate a maintenance of effort. These documents must be kept on file by the agency submitting the claim for a period of no less than three years from the date of the final payment of the claim pursuant to this mandate, and made available on the request of the State Controller or his agent.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

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

and

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

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

0350d

## CALIFORNIA COMMUNITY COLLEGES

NINTH STREET  
 SACRAMENTO, CALIFORNIA 95814  
 (916) 445-8752 445-1163



February 22, 1989



Mr. Robert W. Eich  
 Executive Director  
 Commission on State Mandates  
 1130 "K" Street, Suite LL50  
 Sacramento, CA 95814-3927

Dear Mr. Eich:

As you know, the Commission on August 27, 1987 adopted Parameters and Guidelines for claiming reimbursements of mandated costs related to community college health services. Fees formerly collected by community colleges had been eliminated by Chapter 1, Statutes of 1984, Second Extraordinary Session. Last year's mandate claims bill (AB 2763) included funding to pay all these claims through 1988-89.

The Governor's partial approval of AB 2763 last September included a stipulation that claims for the current year would be paid this fiscal year, but prior-year claims will be paid in equal installments from the next three budget acts. The Governor did not address the fact that the ongoing costs of providing the mandated level of service will continue to exceed the maximum permissible fee of \$7.50 per student per semester.

On behalf of all eligible community college districts, the Chancellor's Office proposes the following changes in the Parameters and Guidelines:

- o Payment of 1988-89 mandated costs in excess of maximum permissible fees. (This amount is payable from AB 2763.)
- o Payment of all prior-year claims in installments over the next three years. (Funds for these payments will be included in the next 3 budget acts.)
- o Payment of future-years mandated costs in excess of the maximum permissible fees. (No funding has yet been provided for these costs.)

Mr. Eich

2

February 22, 1989

If you have any questions regarding this proposal, please contact Patrick Ryan at (916) 445-1163.

Sincerely,

*David Mertes*

DAVID MERDES  
Chancellor

DM:PR:mh

cc: / Deborah Fraga-Decker, CSM  
Douglas Burris  
Joseph Newmyer  
Gary Cook

State of California

## Memorandum

March 22, 1989

Deborah Fraga-Decker  
 Program Analyst  
 Commission on State Mandates

From : Department of Finance

Proposed Amendments to Parameters and Guidelines for Claim No. CSM-4206 -- Chapter 1, Statutes of 1984, 2nd E.S. and Chapter 1118, Statutes of 1987 -- Health Fee Elimination

Pursuant to your request, the Department of Finance has reviewed the proposed amendments to the parameters and guidelines related to community college health services. These amendments, which are requested by the Chancellor's Office, reflect the impact that Chapter 1118/87 has on the original parameters adopted by the Commission for Chapter 1/84 on August 27, 1987. Specifically, Chapter 1118/87:

- (1) requires districts which were providing health services in 1986-87, rather than 1983-84, to continue to provide such services, irrespective of whether or not a fee was charged for the services; and
- (2) allows all districts to again charge a fee of up to \$7.50 per student for the services. In this regard, we would point out that the proposed amendment to "VIII. Offsetting Savings, and Other Reimbursements" could be interpreted to require that, if a district elected not to charge fees it would not have to deduct anything from its claim. We believe that, pursuant to Section 17556 (d) of the Government Code, an amount equal to \$7.50 per student must be deducted whether or not it is actually charged since the district has the authority to levy the fee. We suggest that the following language be added as a second paragraph under "VIII": "If a claimant does not levy the fee authorized by Education Code Section 72246 (a), it shall deduct an amount equal to what it would have received had the fee been levied."

With the amendment described above, we believe the amendments to the parameters and guidelines are appropriate for this mandate and recommend the Commission adopt them at its April 27, 1989, meeting.

Any questions regarding this recommendation should be directed to James M. Apps or Kim Clement of my staff at 324-0043.

  
 Fred Klass  
 Assistant Program Budget Manager

cc: see second page



cc: Glen Beatie, State Controller's Office  
Pat Ryan, Chancellor's Office, Community College  
Juliet Musso, Legislative Analyst's Office  
Richard Frank, Attorney General

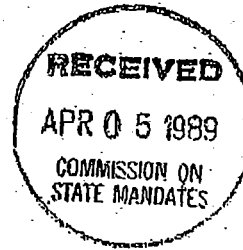
LR:1988-2

CHANCELLOR'S OFFICE

GEORGE DEUKMEJIAN, Governor

## CALIFORNIA COMMUNITY COLLEGES

1500 NINTH STREET  
 SACRAMENTO, CALIFORNIA 95814  
 916/445-8752 445-1163



April 3, 1989

Mr. Robert W. Eich  
 Executive Director  
 Commission on State Mandates  
 100 K Street, Suite LL50  
 Sacramento, CA 95814

Attention: Ms. Deborah Fraga-Decker

Subject: CSM 4206  
 Amendments to Parameters and Guidelines  
 Chapter 1, Statutes of 1984, 2nd E.S.  
 Chapter 118, Statutes of 1987  
Health Fee Elimination

Dear Mr. Eich:

In response to your request of March 8, we have reviewed the proposed language changes necessary to amend the existing parameters and guidelines to meet the requirements of Chapter 1118, Statutes of 1987.

The Department of Finance has also provided us a copy of their suggestion to add the following language in part VIII: "If a claimant does not levy the fee authorized by Education Code Section 72246(a), it shall deduct an amount equal to what it would have received had the fee been levied." This office concurs with their suggestion which is consistent with the law and with our request of February 22.

With the additional language suggested by the Department of Finance, the Chancellor's Office recommends approval of the amended parameters and guidelines as drafted for presentation to the Commission on April 27, 1989.

Sincerely,

DAVID MERTES  
 Chancellor

DM:PR:mh

cc: Jim Apps, Department of Finance  
 Glen Beatie, State Controller's Office  
 Richard Frank, Attorney General's Office  
 Juliet Muso, Legislative Analyst's Office  
 Douglas Burris  
 Joseph Newmyer  
 Gary Cook



GRAY DAVIS  
Comptroller of the State of California  
P.O. BOX 942850  
SACRAMENTO, CA 94250-0001

April 3, 1989



Ms. Deborah Fraga-Decker  
Program Analyst  
Commission on State Mandates  
1130 K Street, Suite LL50  
Sacramento, CA 95814

Dear Ms. Fraga-Decker:

RE: Proposed Amendments to Parameters and Guidelines: Chapter 1/84, 2nd  
E.S., and Chapter 1118/87 - Health Fee Elimination

We have reviewed the amendments proposed on the above subject and find the  
proposals proper and acceptable.

However, the Commission may wish to clarify section "VIII. OFFSETTING SAVINGS  
AND OTHER REIMBURSEMENTS" that the required offset is the amount received or  
would have received per student in the claim year.

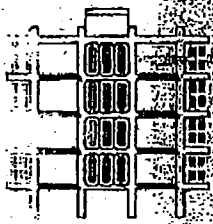
If you have any questions, please call Glen Beatie at 3-8137.

Sincerely,

Glenn Haas, Assistant Chief  
Division of Accounting

GH/GB:dvl

SC81822



HRS/BO

**RIO HONDO COMMUNITY COLLEGE DISTRICT**  
3600 Workman Mill Road • Whittier, CA 90808 • Phone (213) 692-0921



March 16, 1989

Ms. Deborah Fraga-Decker  
Program Analyst  
Commission on State Mandates  
1130 K Street, Suite LL50  
Sacramento, CA 95814

REFERENCE: CSM-4206  
AMENDMENTS TO PARAMETERS AND GUIDELINES  
CHAPTER 1, STATUTES OF 1984, 2ND E.S.  
CHAPTER 1118, STATUTES OF 1987  
HEALTH FEE ELIMINATION

Dear Deborah:

We have reviewed your letter of March 7 to Chancellor David Montes and the attached amendments to the health fee parameters and guidelines. We believe these revisions to be most appropriate and concur totally with the changes you have proposed.

I would like to thank you again for your expertise and helpfulness throughout this entire process.

Yours very truly,

Timothy M. Wood  
Vice President  
Administrative Affairs

TMW:hh

**TAB 7**

MINUTES

COMMISSION ON STATE MANDATES

May 25, 1989

10:00 a.m.

State Capitol, Room 437  
Sacramento, California

Present were: Chairperson Russell Gould, Chief Deputy Director, Department of Finance; Fred R. Buenrostro, Representative of the State Treasurer; D. Robert Shuman, Representative of the State Controller; Robert Martinez, Director, Office of Planning and Research; and Robert C. Creighton, Public Member.

There being a quorum present, Chairperson Gould called the meeting to order at 10:02 a.m.

Item 1 Minutes

Chairperson Gould asked if there were any corrections or additions to the minutes of the Commission's hearing of April 27, 1989. There were no corrections or additions.

The minutes were adopted without objection.

Consent Calendar

The following items were on the Commission's consent agenda:

- Item 2 Proposed Statement of Decision  
Chapter 406, Statutes of 1988  
Special Election - Bridges
- Item 3 Proposed Statement of Decision  
Chapter 583, Statutes of 1985  
Infectious Waste Enforcement
- Item 4 Proposed Statement of Decision  
Chapter 980, Statutes of 1984  
Court Audits
- Item 5 Proposed Statement of Decision  
Chapter 1286, Statutes of 1985  
Homeless Mentally Ill

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- Item 6 Proposed Parameters and Guidelines Amendment  
Chapter 1, Statutes of 1984, 2nd E.S.  
Chapter 1118, Statutes of 1987  
Health Fee Elimination
- Item 7 Proposed Parameters and Guidelines Amendment  
Chapter 8, Statutes of 1988  
Democratic Presidential Delegates
- Item 10 Proposed Statewide Cost Estimate  
Chapter 498, Statutes of 1983  
Education Code Section 48260.5  
Notification of Truancy
- Item 12 Proposed Statewide Cost Estimate  
Chapter 1226, Statutes of 1984  
Chapter 1526, Statutes of 1985  
Investment Reports

There being no discussion or appearances on Items 2, 3, 4, 5, 6, 7, 10, and 12, Member Buenrostro moved adoption of the staff recommendation on these items on the consent calendar. Member Martinez seconded the motion. The vote on the motion was unanimous. The motion carried.

The following items were continued:

- Item 13 Proposed Statewide Cost Estimate  
Chapter 1335, Statutes of 1986  
Trial Court Delay Reduction Act
- Item 16 Test Claim  
Chapter 841, Statutes of 1982  
Patients' Rights Advocates
- Item 17 Test Claim  
Chapter 921, Statutes of 1987  
Countywide Tax Rates

The next item to be heard by the Commission was:

- Item 8 Proposed Parameters and Guidelines Amendment  
Chapter 961, Statutes of 1975  
Collective Bargaining

The party requesting the proposed amendment, Fountain Valley School District, did not appear at the hearing. Carol Miller, appearing on behalf of the Education Mandated Cost Network, stated that the Network was interested in the issue of reimbursing a school district for the time the district Superintendent spent in, or preparing for, collective bargaining issues.

The Commission then discussed the issue of reimbursing the Superintendent's time as a direct cost to the mandated program or as an indirect cost as required by the federal publications OASC-10, and Federal Management Circular 74-4. Upon conclusion of this discussion, the Commission, staff, and Ms. Miller, agreed that the Commission could deny this proposed amendment by the Fountain Valley School District, and Ms. Miller could assist another district in an attempt to amend the parameters and guidelines to allow reimbursement of the Superintendent's cost relative to collective bargaining matters.

Member Creighton then inquired on the issue of holding collective bargaining sessions outside of normal working hours and the number of teachers the parameters and guidelines reimburse for participating in collective bargaining sessions. Ms. Miller stated that because of the classroom disruption that can result from the use of a substitute teacher, bargaining sessions are sometimes held outside of normal work hours for practical reasons. Ms. Miller also stated that the parameters and guidelines permit reimbursement for five substitute teachers.

Member Martinez moved and Member Buenrostro seconded a motion to adopt the staff recommendation to deny the proposed amendments to the parameters and guidelines. The roll call vote on the motion was unanimous. The motion carried.

Item 9 Proposed Statewide Cost Estimate  
Chapter 498, Statutes of 1983  
Education Code Section 51225.3  
Graduation Requirements

Carol Miller appeared on behalf of the claimant, Santa Barbara Unified School District, Jim Apps and Don Enderton appeared on behalf of the Department of Finance, and Rick Knott appeared on behalf of the San Diego Unified School District.

Carol Miller began the discussion on this matter by stating her objection to the Department of Finance raising issues that were already argued in the parameters and guidelines hearings for this mandate. Based on this objection, Ms. Miller requested that the Commission adopt staff's recommendation and allow the Controller's Office to handle any audit exceptions.

Jim Apps stated that because school districts did not report funds that have been received by them, then the data reported in the survey is suspect. Therefore, the Department of Finance is not convinced that the cost estimate based on the data received by the schools is legitimate.

Discussion continued on the validity of the cost estimate and on the figures presented to the Commission for its consideration.

Member Creighton then made a motion to adopt staff's recommendation. Member Shuman seconded the motion. The vote on the motion was: Member Buenrostro, no; Member Creighton, aye; Member Martinez, no; Member Shuman, aye; and Chairperson Gould, no. The motion failed.



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 Hearing of May 25, 1989  
 Page 4

Chairperson Gould made an alternative motion that staff, the Department of Finance, and the school districts, conduct a pre-hearing conference and agree on an estimate to be presented to the Commission at a future hearing. Member Buenrostro seconded the motion. The roll call vote on the motion was unanimous. The motion carried.

Item 11 Statewide Cost Estimate  
 Chapter 815, Statutes of 1979  
 Chapter 1327, Statutes of 1984  
 Chapter 757, Statutes of 1985  
Short-Doyle Case Management

Pamela Stone, representing the County of Fresno, stated that the county was in agreement with the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years, and was opposed to the reduction of the costs estimate being proposed by the Department of Mental Health's late filing.

Lynn Whetstone, representing the Department of Mental Health, stated that the Department agrees with the methodology used by Commission staff to develop the cost estimate, however, the Department questioned the manner in which Commission staff extrapolated its survey figures into a statewide estimate. Ms. Whetstone stated that due to the reasons stated in its late filing, the Department believes that the cost estimate be reduced to \$17,280,000.

Member Shuman moved, and Member Martinez seconded a motion to adopt the staff proposed statewide cost estimate of \$20,000,000 for the 1985-86 through 1989-90 fiscal years. The roll call vote on the motion was unanimous. The motion carried.

Item 14 State Mandates Apportionment System  
 Request for Review of Base Year Entitlement  
 Chapter 1242, Statutes of 1977  
Senior Citizens' Property Tax Postponement

Leslie Hobson appeared on behalf of the claimant, County of Placer, and stated agreement with the staff analysis.

There were no other appearances and no further discussion.

Member Creighton moved approval of the staff recommendation. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 15 Test Claim  
 Chapter 670, Statutes of 1987  
Assigned Judges

Vicki Wajdak and Pamela Stone appeared on behalf of the claimant, County of Fresno. Beth Mullen appeared on behalf of the Administrative Office of

the Courts. Jim Apps appeared on behalf of the Department of Finance. Allan Burdick appeared on behalf of the County Supervisors Association of California. Pamela Stone restated the claimant's position that the revenue losses due to this statute were actually increased costs because Fresno is now required to compensate its part-time justice court judges for work performed on another county while on assignment. Beth Mullen stated her opposition to this interpretation because Fresno's part-time justice court judge cannot be assigned elsewhere until all work required to be performed for Fresno has been completed; therefore, Fresno is only required to compensate the judge for its own work.

There followed discussion by the parties and the Commission regarding the applicability of the Supreme Court's decisions in County of Los Angeles and Lucia Mar. Chairperson Gould asked Commission Counsel Gary Hori whether this statute imposed a new program and higher level of service as contemplated by these two decisions. Mr. Hori stated that it did meet the definition of new program and higher level of service as contemplated by the Supreme Court.

Member Creighton moved to adopt the staff recommendation to find a mandate on counties whose part-time justice court judge is assigned within the home county. Member Shuman seconded the motion. The roll call vote was unanimous. The motion carried.

Item 18 Test Claim  
Chapter 1247, Statutes of 1977  
Chapter 797, Statutes of 1980  
Chapter 1373, Statutes of 1980  
Public Law 99-372  
Attorney's Fees - Special Education

Chairperson Gould recused himself from the hearing on this item.

Clayton Parker, representing the Newport-Mesa Unified School District, submitted a late filing on the test claim rebutting the staff analysis. Member Creighton stated that he had not had an opportunity to review the late filing and inquired on whether the claim should be heard at this hearing. Staff informed Member Creighton and Member Buenrostro that in reviewing the filing before this item was called, the filing appeared to be summary of the claimant's position on the staff analysis, and that there appeared to be no reason to continue the item.

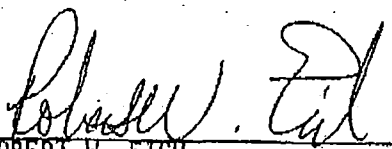
Mr. Parker stated that Commission staff had misstated the events that resulted in the claimant having to pay attorneys' fees to a pupil's guardians, and because of case law, courts do not have any discretion in awarding attorney's fees. Mr. Parker stated that because state legislation has codified the federal Education of the Handicapped Act, school districts are subject to the provisions of Public Law 94-142 and Public Law 99-372. Member Buenrostro then inquired whether staff was comfortable with discussing the issue of a state executive order incorporating federal law.

Minutes  
Hearing of May 25, 1989  
Page 6

Staff informed the Commission that it was not comfortable discussing this issue, and further noted that it appeared that Mr. Parker was basing his reasoning for finding P.L. 99-372 to be a state mandated program, on the Board of Control's finding that Chapter 1247, Statutes of 1977, and Chapter 797, Statutes of 1980, were a state mandated program. Staff noted that Board of Control's finding is currently the subject of the litigation in Huff v. Commission on State Mandates (Sacramento County Superior Court Case No. 352295).

Member Creighton moved and Member Martinez seconded a motion to continue this item and have legal counsel and staff review the arguments presented by Mr. Parker. The vote on the motion was unanimous. The motion carried.

With no further items on the agenda, Chairperson Gould adjourned the hearing at 11:45 a.m.



ROBERT W. EICH  
Executive Director

RWE:GLH:cm:0224g

**TAB 8**

**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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



March 5, 2001

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

From: Thomas J. Nussbaum  
Chancellor

Subject: Student Health Fee Increase

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

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

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

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

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

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

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

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

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

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

**TAB 9**

3/1/03

**SANTA MONICA COMMUNITY COLLEGE DISTRICT**  
**Health Fee Elimination Program**  
**Review of Student Count/Health Fees**  
**July 1, 2001 through June 30, 2003**  
**C06-MCC-0001**

Audit review:

Based on the following documents provided by Chris Bonvenuto, we computed the student health fees that could have been collected.

1. Enrollment Census *3I/6-21*
2. List of BOGG used *3I/20-37*

	Fall	Winter	Spring	Summer	Total
FY 2001-02					
Student enrollment	29,476	13,164	29,390	15,484	
Less allowable health fee exceptions	<u>(6,374)</u>	<u>(4,288)</u>	<u>(6,137)</u>	<u>(2,749)</u>	
Subtotals	23,102	8,876	23,253	12,735	
Authorized student health fee	\$ 12.00	\$ 9.00	\$ 12.00	\$ 9.00	
Audited authorized health fee revenues	\$ 277,224	\$ 79,884	\$ 279,036	\$ 114,615	\$ 750,759
Claimed authorized health fee revenues					<u>(479,007)</u>
Audit adjustment, FY 2001-02					<u>\$ 271,752</u>
FY 2002-03					
Student enrollment	29,803	13,199	28,219	16,781	
Less allowable health fee exceptions	<u>(6,343)</u>	<u>(3,255)</u>	<u>(6,076)</u>	<u>(2,973)</u>	
Subtotals	23,460	9,944	22,143	13,808	
Authorized student health fee	\$ 12.00	\$ 9.00	\$ 12.00	\$ 9.00	
Audited authorized health fee revenues	281,520	89,496	265,716	124,272	\$ 761,004
Claimed authorized health fee revenues					<u>(494,512)</u>
Audit adjustment, FY 2002-03					<u>\$ 266,492</u>
Total					<u>\$ 538,244</u>

124  
013

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



03/29/03

SANTA MONICA COMMUNITY COLLEGE DISTRICT  
Health Fee Elimination Program  
Review of Student Count/Health Fees  
July 1, 2001 through June 30, 2003  
C06-MCC-0001

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

CONCLUSION

The district understated authorized health fee revenue by \$538,244 for the audit period.

The district did not use the actual number of student counts and Boards of Governors Grants (BOGG) waiver counts in its reporting of the health fee revenue. We recalculated the authorized health fees the district was authorized to collect, using the enrollment by head count and the annual fee summary-BOGG only.

Audit adjustment

Understated authorized health fee revenues claimed

10  
30

SANTA MONICA COMMUNITY COLLEGE DISTRICT  
 Health Fee Elimination Program  
 Analysis of Health fees collected  
 July 1, 2001 through June 30, 2003

Semester	PER		CLAIM				PER AUDIT					VARIANCE	
	Form HFE 1.1	Unit Cost	Total	Part-time	Unit Cost	Total	Total fees collected	Headcount	BOGG waiver	No. of students	Unit Cost		Audited fees collected
Fiscal Year 2001/02	Full-time												
Fall 2001							\$ -	29,476	(6,374)	23,102	\$ 12.00	\$ 277,224	
Winter 2002							-	13,164	(4,288)	8,876	9.00	79,884	
Spring 2002								29,390	(6,137)	23,253	12.00	279,036	
Summer 2001								15,484	(2,749)	12,735	9.00	114,615	
Total							\$ 479,007	87,514				\$ 750,759	\$ 271,752
Fiscal Year 2002/03													
Fall 2002							\$ -	29,803	(6,343)	23,460	\$ 12.00	\$ 281,520	
Winter 2003								13,199	(3,255)	9,944	9.00	89,496	
Spring 2003								28,219	(6,076)	22,143	12.00	265,716	
Summer 2002								16,781	(2,973)	13,808	9.00	124,272	
Total							\$ 494,512	88,002				\$ 761,004	266,492
Total							\$ 973,519					\$ 1,511,763	\$ 538,244

Purpose To determine the number of student counts and the health fees could have been collected

Source Enrollment Census - data run received August 24, 2005  
 List of BOGG used - data run received August 24, 2005  
 Approved claims for FYS 2001/02 and 2002/03  
 Chris Bonvenuto, accounting Manager

Per district's enrollment census data run

Summer 01	Fall 01	Winter 02	Spring 02	Summer 02	Fall 02	Winter 03	Spring 03
15484	29476	13164	29390	16781	29803	13199	28219

Scope Scheduled the health fees reported on the claim  
 Summarized the headcount and BOGG waiver from the district's data run (CD provided by Chris Bonvenuto)  
 Recalculated the health fees by using the actual headcount and BOGG waiver count  
 Compared the audited numbers with claimed number  
 Summarized the headcount and BOGG waiver from the district's data run (CD provided by Chris Bonvenuto)  
 Summarized the variance

Per district's List of BOGG used

	Summer 01	Fall 01	Winter 02	Spring 02	Summer 02	Fall 02	Winter 03	Spring 03
BOGG-AFDC	243	452	251	406	202	348	183	345
BOGG-B	2082	4338	3388	4178	2164	4450	2291	4235
BOGG-C	237	1184	455	1166	420	1158	610	1130
GR	20	34	31	56	20	42	17	40
Social sec.	167	366	163	331	167	345	154	326
Subtotal	2749	6374	4288	6137	2973	6343	3255	6076
*Veterans are not allowable* Veterans	8	25	12	27	16	29	19	26
Total	2757	6399	4300	6164	2989	6372	3274	6102

Conclusion The district understated health fees credited against the costs of health service by \$538,244 for the audit period

\*Veterans are not allowable\*  
 BOGG fee waivers for  
 this mandate

Santa Monica Community College District  
 Health Fee Elimination program  
 Summary of BOGG fee waiver student count  
 July 1, 2001 through June 30, 2003  
 C06-MCC-0001

Term	Data		Run		AFCD Count	Data		Run		BOGG B Count	Data		Run		BOGG C Count	Data		Run		GR Count	Data		Run		Soc. Sec. Count	Data		Run		Veterans Count	BOGG Total Count
	start	end	Lines	end		start	end	Lines	end		start	end	Lines	end		start	end	Lines	end		start	end	Lines	end		start	end	Lines	end		
Summer 01	2	244	244	243	245	2326	2082	2327	2563	237	2564	2583	20	2584	2750	167	2751	2758	8												2757
Fall 01	2	453	452	452	454	4791	4338	4792	5975	1184	5976	6009	34	6010	6375	366	6376	6400	25											6399	
Winter 02	2	252	251	253	2540	2288	2541	2995	455	2996	3026	31	3027	3189	163	3190	3201	12												3200	
Spring 02	2	407	406	408	4585	4178	4586	5751	1166	5752	5807	56	5808	6138	331	6139	6165	27												6164	
Summer 02	2	203	202	204	2367	2164	2368	2787	420	2788	2807	20	2808	2974	167	2975	2990	16												2989	
Fall 02	2	349	348	350	4799	4450	4800	5957	1158	5958	5999	42	6000	6344	345	6345	6373	29												6372	
Winter 03	2	184	183	185	2475	2291	2476	3085	610	3086	3102	17	3103	3256	154	3257	3275	19												3274	
Spring 03	2	346	345	347	4581	4235	4582	5711	1130	5712	5751	40	5752	6077	326	6078	6103	26												6102	

Purpose To detail summarize the number of BOGG fee waiver for the audit period

Source Data run -List of BOGG-from Chris Bonvenuto, accounting manager

Scope Detailed schedule the BOGG fee waiver identified by type of BOGG

Conclusion BOGG count will be used when we computed the fee revenues that the district should have been collected

*[Handwritten signature]*

# Census - Summer 2001

Last Page

OK 9/23/08

BENFORD	JEANISE	787157	11
CADY	KENT	720144	11
DEVON	SCHWARTZ	792931	11
HOKE	KAMAL	793112	11
KAM	KATHY	812800	11
KIL	MISUN	828050	11
KIM	HYEON-SOOK	772961	11
KLINE	CORINNE	828695	11
KLINGENSMITH	THEODOR	823724	11
LEE	ALICE	767431	11
LEE	MICHELLE	729233	11
MAY	LYNETTE	675269	11
NINH	THIEN	812512	11
OMAR	OMAR	765657	11
PHILLIPS	MARCUS	823968	11
RIHA	KLARA	725832	11
TEHRANI	SHAHRAM	826703	11
THOMAS	VERONICA	810352	11
XIONG	SHIYUE	791623	11
YU	EUN	754426	11
ACOSTA	CRISTINA	674643	12
ALANIZ	DANIELA	791564	12
BEAS	RICHARD	757625	12
CHERNOVSKY	STEVEN	628111	12
CONLIN	SEAN	810285	12
FEARON	MARK	742616	12
KAHEN	SAMI	748881	12
KIM	SOO	826128	12
KWON	CHUL-GEUN	677103	12
LAU	ATHENA	819355	12
MAZARIEGO	GLADYS	823317	12
OTA	JENNIFER	717178	12
THOMAS	LUIS	781805	12
YAZDI	REX	760158	12
PENUELA	CARLOS	782399	12.5
HALL	JASON	774080	13
LI	GRACE	823385	13
SHIRLEY	ANDREA	806198	13
CHUNG	CHI	831301	14
KASHANI	FARAZ	727478	14
PACHECO	MONICA	757081	14

inc  
5485

Total 18984

SANTA MONICA COMMUNITY COLLEGE DISTRICT  
Health Fee Elimination Program  
Review of Student Count/Health Fees  
July 1, 2001 through June 30, 2003  
C06-MCC-0001

**PURPOSE**

1. To determine if the correct number of student count is applied
2. To determine if the health fees are properly computed

**SOURCE**

1. Health Fee Elimination claims for FY 2001/02 and FY 2002/03.
2. Enrollment Census - data run
3. List of BOGG used - data run
4. Chris Bonvenuto, Accounting manager, Fiscal Services

**SCOPE**

1. Summarized the health fee reported in the claim
2. Scheduled the actual student count, by term
3. Scheduled the actual BOGG waiver, by term
4. Computed the student count (actual head count minus BOGG fee waiver).
5. Multiplied the net student count with the authorized student health fee  
(Letter dated March 5, 2001 California community colleges chancellor's office to the superintendents - effective with the summer session of 2001, districts may begin charging a maximum fee of \$12 per semester, \$9 for summer session.)
6. Compared the audited health fee that should have collected, with the district's reported fee in the claim.
7. Audit adjustment = audited authorized health fee revenues less claimed authorized health fee revenues.

Bobb

Summer 2001

at  
9/25/01

Soc Sec	719104	SAFAVINI/DONYA	33
Soc Sec	719102	SAFAVINI/LENA	33
Soc Sec	104575	SALAZAR JESSE	11
Soc Sec	782742	SALCEDO ALEXANDRA	66
Soc Sec	608563	SANDFOR DEMETRIUS	66
Soc Sec	688597	SAREBAN FIROOZEH	66
Soc Sec	810976	SEEGER MARGARET	11
Soc Sec	806240	SHAKIBAI DAMON	33
Soc Sec	453507	SHAMSIAN PARVIN	44
Soc Sec	712412	SHAPIRO TRAVIS	33
Soc Sec	724630	SHEPTOV Y	88
Soc Sec	811571	SHULTZ ROY	66
Soc Sec	806334	SILLAH KEMELLA	33
Soc Sec	665156	SILVA NINNETH	55
Soc Sec	763628	SIMANIAN PEJMAN	33
Soc Sec	652554	SINA MOSHE	22
Soc Sec	776318	SOLAREZ SARAH	33
Soc Sec	107928	SPUNGEN JANET	33
Soc Sec	340071	STRICKLA MERCEDES	11
Soc Sec	90865	SWIRE LEWIS	11
Soc Sec	722277	TABRIKIAN HELENA	33
Soc Sec	707281	TAGOE DOMINIC	11
Soc Sec	606601	TAN RAKSMEY	77
Soc Sec	776931	TANG JOSEPHINE	33
Soc Sec	527629	TAORMIN/VIRGINIA	11
Soc Sec	749209	TERMECH GISOO	44
Soc Sec	828442	THOMAS JEROME	44
Soc Sec	689344	THOMPSON JEANETTE	33
Soc Sec	636369	TOOMARI SHAHDOKHT	55
Soc Sec	783363	VALADEZ IBETH	77
Soc Sec	782280	VILLA ADRIANA	44
Soc Sec	157519	VILLARRE RAUL	11
Soc Sec	787819	VOSOUGI GISSEL	66
Soc Sec	830013	WALLACE MELVILLE	55
Soc Sec	824796	WILLIAMS NICHOLAS	33
Soc Sec	790734	WILLIAMS K	55
Soc Sec	403776	WILSON ROBIN	33
Soc Sec	828207	WINTERBI SCOTT	44
Soc Sec	804072	YEHDEGO SELAMAWIT	33
Soc Sec	780721	ZABOLIAN ALAN	66
Soc Sec	760714	ZARRABIZIDA	66
Soc Sec	752192	ZIESMER JILLIAN	44
Veteran	764464	BARLAHAIRAYMOND	33
Veteran	794387	FARRALE ANNAMARIE	33
Veteran	769908	GARCIA JESSE	55
Veteran	822842	JULIO KRISTINE	66
Veteran	781888	MARULAN ZANDRA	33
Veteran	736697	NUNEZ MICHAEL	33
Veteran	823453	PASOS KARLA	33
Veteran	786697	WARD DANIEL	55

inc 2/89

Total 2959

32/8

Last Page

**DISTRICT'S**  
**INCORRECT REDUCTION CLAIM**  
**FILED WITH THE**  
**COMMISSION ON STATE MANDATES**  
**ON JUNE 16, 2006**

**COMMISSION ON STATE MANDATES**

NINTH STREET, SUITE 300  
 AMENTO, CA 95814  
 NE: (916) 323-3562  
 X: (916) 445-0278  
 E-mail: csminfo@csm.ca.gov



Rec'd  
 6/28/06  
 Audits  
 J

June 20, 2006

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

Ms. Ginny Brummels  
 Division of Accounting and Reporting  
 State Controller's Office  
 3301 C Street, Suite 501  
 Sacramento, CA 95816

Re: **Incorrect Reduction Claim**  
*Health Fee Elimination, 05-4206-I-12*  
 Santa Monica Community College District, Claimant  
 Education Code Section 76355  
 Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118  
 Fiscal Years 2001-2002 and 2002-2003

Dear Mr. Petersen and Ms. Brummels:

On June 16, 2006, the Santa Monica Community College District filed an incorrect reduction claim (IRC) with the Commission on State Mandates (Commission) based on the *Health Fee Elimination* program for fiscal years 2001-2002 and 2002-2003. Commission staff determined that the IRC filing is complete.

Government Code section 17551, subdivision (b), requires the Commission to hear and decide upon claims filed by local agencies and school districts that the State Controller's Office (SCO) has incorrectly reduced payments to the local agencies or school districts.

**SCO Review and Response.** Please file the SCO response and supporting documentation regarding this claim within 90 days of the date of this letter. Please include an explanation of the reason(s) for the reductions and the computation of reimbursements. All documentary evidence must be authenticated by declarations under penalty of perjury signed by persons who are authorized and competent to do so and be based on the declarant's personal knowledge, information or belief. The Commission's regulations also require that the responses (opposition or recommendation) filed with the Commission be simultaneously served on the claimants and their designated representatives, and accompanied by a proof of service (Cal. Code Regs., tit. 2, § 1185.01).

The failure of the SCO to respond within this 90-day timeline shall not cause the Commission to delay consideration of this IRC.

**Claimant's Rebuttal.** Upon receipt of the SCO response, the claimant and interested parties may file rebuttals. The rebuttals are due 30 days from the service date of the response.

**Prehearing Conference.** A prehearing conference will be scheduled if requested.



**Public Hearing and Staff Analysis.** The public hearing on this claim will be scheduled after the record closes. A staff analysis will be issued on the IRC at least eight weeks prior to the public hearing.

**Dismissal of Incorrect Reduction Claims.** Under section 1188.31 of the Commission's regulations, IRCs may be dismissed if postponed or placed on inactive status by the claimant for more than one year. Prior to dismissing a claim, the Commission will provide 60 days notice and opportunity for the claimant to be heard on the proposed dismissal.

Please contact Tina Poole at (916) 323-8220 if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Nancy Patton", written in a cursive style.

NANCY PATTON  
Assistant Executive Director

Enclosure: Incorrect Reduction Claim Filing - (SCO only)

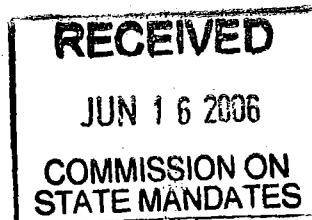
# SixTen and Associates

## Mandate Reimbursement Services

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

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

June 14, 2006



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

RE: Incorrect Reduction Claim of Santa Monica Community College District  
1/84 Health Fee Elimination  
Fiscal Years: 2001-02, and 2002-03

Dear Ms. Higashi:

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

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

Thomas J. Donner, Executive Vice President  
Business and Administration  
Santa Monica Community College District  
1900 Pico Blvd.  
Santa Monica, CA 90405

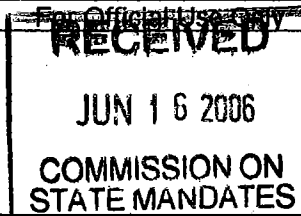
Thank-you.

Sincerely,

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

Keith B. Petersen

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



**INCORRECT REDUCTION CLAIM FORM**

Claim No. 05-4206-112

Local Agency or School District Submitting Claim

**SANTA MONICA COMMUNITY COLLEGE DISTRICT**

Contact Person

Telephone Number

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

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

Address

Thomas J. Donner, Executive Vice President  
Business and Administration  
Santa Monica Community College District  
1900 Pico Blvd.  
Santa Monica, CA 90405

Representative Organization to be Notified

Telephone Number

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

Voice: 916-446-7517  
Fax: 916-446-2011  
E-mail: robertm@SSCal.com

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

CLAIM IDENTIFICATION: Specify Statute or Executive Order

**HEALTH FEE ELIMINATION** Chapter 1, Statutes of 1984, 2nd E.S. Chapter 1118, Statutes of 1987

<u>Fiscal Year</u>	<u>Amount of the Incorrect Reduction</u>
2001-2002	\$198,795
2002-2003	\$165,612
Total Amount	\$364,407

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

Name and Title of Authorized Representative

Telephone No.

Thomas J. Donner, Executive Vice President

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Signature of Authorized Representative

Date

X

June 12, 2006

Claim Prepared by:

Keith B. Petersen  
SixTen and Associates  
5252 Balboa Avenue, Suite 807  
San Diego, California 92117  
Voice: (858) 514-8605  
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BEFORE THE

COMMISSION ON STATE MANDATES

STATE OF CALIFORNIA

INCORRECT REDUCTION CLAIM OF: )

No. CSM \_\_\_\_\_

Chapter 1, Statutes of 1984, 2nd E.S.  
Chapter 1118, Statutes of 1987

SANTA MONICA  
Community College District,

Education Code Section 76355

Claimant.

Health Fee Elimination

Annual Reimbursement Claims:

Fiscal Year 2001-02  
Fiscal Year 2002-03

INCORRECT REDUCTION CLAIM FILING

PART I. AUTHORITY FOR THE CLAIM

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

Incorrect Reduction Claim of Santa Monica Community College District  
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1 subdivision (d) of Section 17561." Santa Monica Community College District (hereafter  
2 "District") is a school district as defined in Government Code Section 17519. Title 2,  
3 CCR, Section 1185 (a), requires the claimant to file an incorrect reduction claim with  
4 the Commission.

5 This incorrect reduction claim is timely filed. Title 2, CCR, Section 1185 (b),  
6 requires incorrect reduction claims to be filed no later than three years following the  
7 date of the Controller's remittance advice notifying the claimant of a reduction. A  
8 Controller's audit report dated March 17, 2006 (as revised April 19, 2006), has been  
9 issued. The audit report constitutes a demand for repayment and adjudication of the  
10 claims.

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

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

19 The Controller conducted a field audit of the District's annual reimbursement  
20 claims for the costs of complying with the legislatively mandated Health Fee Elimination  
21 program for the period of July 1, 2001 through June 30, 2003. As a result of the audit,

Incorrect Reduction Claim of Santa Monica Community College District  
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1 the Controller determined that \$364,407 of the claimed costs are unallowable:

2	Fiscal	Amount	Audit	SCO	Amount Due
3	<u>Year</u>	<u>Claimed</u>	<u>Adjustment</u>	<u>Payments</u>	<u>&lt;State&gt; District</u>
4					
5	2001-02	\$198,795	\$198,795	\$31,295	<\$31,295>
6	2002-03	<u>\$165,612</u>	<u>\$165,612</u>	<u>\$ 0</u>	<u>\$ 0</u>
7	Totals	\$364,407	\$364,407	\$31,295	<\$31,295>

8 Since the District has been paid \$31,295 for these claims, the audit report concludes  
9 that the entire amount is payable to the state.

10 PART III. PREVIOUS INCORRECT REDUCTION CLAIMS

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

15 PART IV. BASIS FOR REIMBURSEMENT

16 1. Mandate Legislation

17 Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, repealed Education  
18 Code Section 72246 which had authorized community college districts to charge a  
19 student health services fee for the purpose of providing student health supervision and  
20 services, direct and indirect medical and hospitalization services, and operation of  
21 student health centers. This statute also required the scope of student health services  
22 for which a community college district charged a fee during the 1983-84 fiscal year be

**Incorrect Reduction Claim of Santa Monica Community College District  
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1 maintained at that level thereafter. The provisions of this statute were to automatically  
2 repeal on December 31, 1987.

3 Chapter 1118, Statutes of 1987, amended Education Code Section 72246 to  
4 require any community college district that provided student health services in 1986-87  
5 to maintain student health services at that level each fiscal year thereafter.

6 Chapter 8, Statutes of 1993, Section 29, repealed Education Code Section  
7 72246, effective April 15, 1993. Chapter 8, Statutes of 1993, Section 34, added  
8 Education Code Section 76355<sup>1</sup>, containing substantially the same provisions as former

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<sup>1</sup> Education Code Section 76355, added by Chapter 8, Statutes of 1993, Section 34, effective April 15, 1993, as last amended by Chapter 758, Statutes of 1995, Section 99:

“(a) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

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

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

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

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

**Incorrect Reduction Claim of Santa Monica Community College District  
1/84; 1118/87 Health Fee Elimination**

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1 Section 72246, effective April 15, 1993.

2 2. Test Claim

3 On December 2, 1985, Rio Hondo Community College District filed a test claim  
4 alleging that Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, by eliminating the  
5 authority to levy a fee and by requiring a maintenance of effort, mandated increased

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

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

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

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

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

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

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



Incorrect Reduction Claim of Santa Monica Community College District  
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1 costs by mandating a new program or the higher level of service of an existing program  
2 within the meaning of California Constitution Article XIII B, Section 6.

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

9 At a hearing on April 27, 1989, the Commission of State Mandates determined  
10 that Chapter 1118, Statutes of 1987, amended this maintenance of effort requirement to  
11 apply to all community college districts which provided student health services in fiscal  
12 year 1986-1987 and required them to maintain that level of student health services in  
13 fiscal year 1987-1988 and each fiscal year thereafter.

14 3. Parameters and Guidelines

15 On August 27, 1987, the original parameters and guidelines were adopted. On  
16 May 25, 1989, those parameters and guidelines were amended. A copy of the  
17 parameters and guidelines, as amended on May 25, 1989, is attached as Exhibit "B."  
18 So far as is relevant to the issues presented below, the parameters and guidelines  
19 state:

20 "V. REIMBURSABLE COSTS

21 A. Scope of Mandate

**Incorrect Reduction Claim of Santa Monica Community College District  
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1 Eligible community college districts shall be reimbursed for  
2 the costs of providing a health services program. Only  
3 services provided in 1986-87 fiscal year may be claimed. ...

4 **VI. CLAIM PREPARATION**

5 B... 3. Allowable Overhead Cost

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

9 **VII. SUPPORTING DATA**

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

13 **VIII OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS**

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

25 4. **Claiming Instructions**

26 The Controller has frequently revised claiming instructions for the Health Fee  
27 Elimination mandate. A copy of the September 1997 revision of the claiming  
28 instructions is attached as Exhibit "C." The September 1997 claiming instructions are  
29 believed to be, for the purposes and scope of this incorrect reduction claim,

1 substantially similar to the version extant at the time the claims which are the subject of  
2 this incorrect reduction claim were filed. However, since the Controller's claim forms  
3 and instructions have not been adopted as regulations, they have no force of law, and,  
4 therefore, have no effect on the outcome of this incorrect reduction claim.

5 **PART V. STATE CONTROLLER CLAIM ADJUDICATION**

6 The Controller conducted an audit of the District's annual reimbursement claims  
7 for Fiscal Years 2001-02, and 2002-03. The audit concluded that 100% of the  
8 District's costs, as claimed, are unallowable. A copy of the March 17, 2006 (as revised  
9 on April 19, 2006) audit report and is attached as Exhibit "D."

10 **VI. CLAIMANT'S RESPONSE TO THE STATE CONTROLLER**

11 By letter dated December 19, 2005, the Controller transmitted a copy of its draft  
12 audit report. By letter dated January 4, 2006, the District objected to the proposed  
13 adjustments set forth in the draft audit report. A copy of the District's letter of January  
14 4, 2006 is attached as Exhibit "E." The Controller then issued its final audit report  
15 without change to the adjustments as stated in the draft audit report.

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

17 **Finding 1: Overstated indirect cost rates**

18 The Controller asserts that the District overstated its indirect cost rates and  
19 costs in the amount of \$146,966 for the two fiscal years. This finding is based upon the  
20 Controller's statement that "the district did not obtain federal approval for its IRCPs.  
21 We calculated indirect cost rates using the methodology described in the SCO claiming

Incorrect Reduction Claim of Santa Monica Community College District  
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1 instructions." Contrary to the Controller's ministerial preferences, there is no  
2 requirement in law that the claimant's indirect cost rate must be "federally" approved,  
3 and the Commission has never specified the federal agencies which have the authority  
4 to approve indirect cost rates.

5 CCFS-311

6 In fact, both the District's method and the Controller's method utilized the same  
7 source document, the CCFS-311 annual financial and budget report required by the  
8 state. The difference in the claimed and audited methods is in the determination of  
9 which of those cost elements are direct costs and which are indirect costs. Indeed, the  
10 federally "approved" rates which the Controller will accept without further action, are  
11 "negotiated" rates calculated by a district and then submitted for approval to federal  
12 agencies which are the source of federal programs to which the indirect cost rate is to  
13 be applied, indicating that the process is not an exact science, but a determination of  
14 the relevance and reasonableness of the cost allocation assumptions made for the  
15 method used.

16 Regulatory Requirements

17 No particular indirect cost rate calculation is required by statute. The  
18 parameters and guidelines state that "Indirect costs *may be claimed* in the manner  
19 described by the Controller in his claiming instructions." The District claimed these  
20 indirect costs "in the manner" described by the Controller. The correct forms were used  
21 and the claimed amounts were entered at the correct locations.

Incorrect Reduction Claim of Santa Monica Community College District  
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1 In the audit report, the Controller asserts that "the specific directions for the  
2 indirect cost rate calculation in the claiming instructions are an extension of *Parameters*  
3 *and Guidelines*." It is not clear what the legal significance of the concept of "extension"  
4 might be, regardless, the reference to the claiming instructions in the parameters and  
5 guidelines does not change "may" into a "shall." Since the Controller's claiming  
6 instructions were never adopted as law, or regulations pursuant to the Administrative  
7 Procedure Act, the claiming instructions are merely a statement of the ministerial  
8 interests of the Controller and not law.

9 Unreasonable or Excessive

10 Government Code Section 17561(d)(2) requires the Controller to pay claims,  
11 provided that the Controller may audit the records of any school district to verify the  
12 actual amount of the mandated costs, and may reduce any claim that the Controller  
13 determines is excessive or unreasonable. The Controller is authorized to reduce a  
14 claim only if the Controller determines the claim to be excessive or unreasonable.  
15 Here, the District has computed its indirect cost rate utilizing cost accounting principles  
16 from the Office of Management and Budget Circular A-21, and the Controller has  
17 disallowed it without a determination of whether the product of the District's calculation  
18 would, or would not, be excessive, unreasonable, or inconsistent with cost accounting  
19 principles.

20 Neither state law nor the parameters and guidelines made compliance with the  
21 Controller's claiming instructions a condition of reimbursement. The District has

Incorrect Reduction Claim of Santa Monica Community College District  
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1 followed the parameters and guidelines. The burden of proof is on the Controller to  
2 prove that the District's calculation is unreasonable, not to recalculate the rate  
3 according to its unenforceable ministerial preferences. Therefore, the Controller made  
4 no determination as to whether the method used by the District was unreasonable, but,  
5 merely substituted its FAM-29C method for the method reported by the District. The  
6 substitution of the FAM-29C method is an arbitrary choice of the Controller, not a  
7 "finding" enforceable either by fact or law. The Controller's adjustment of the District's  
8 indirect cost rate should be withdrawn, since no legal or factual basis has been shown  
9 to disallow the indirect cost rate calculation used by the District.

10 **Finding 2: Understated authorized health revenues claimed**

11 The Controller asserts that the "authorized health fee revenues" were  
12 understated by \$538,244 for the two fiscal years. The District reported the actual  
13 student health fees collected as a reduction of health service costs. The adjustments  
14 for the student health services revenue are based on two reasons. First, the Controller  
15 adjusted the reported number of students subject to payment of the health services fee.  
16 Then, the Controller calculated the student fees collectible based on the highest  
17 student health service fee chargeable, rather than the fee actually charged the student,  
18 resulting in a total adjustment of \$538,244 for the two fiscal years.

19 Education Code Section 76355

20 Education Code Section 76355, subdivision (a), in relevant part, provides: "The  
21 governing board of a district maintaining a community college *may require* community

Incorrect Reduction Claim of Santa Monica Community College District  
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1 college students to pay a fee . . . for health supervision and services . . . ” There is no  
2 requirement that community colleges levy these fees. The permissive nature of the  
3 provision is further illustrated in subdivision (b) which states “*If, pursuant to this*  
4 *Section, a fee is required, the governing board of the district shall decide the amount of*  
5 *the fee, if any, that a part-time student is required to pay. The governing board may*  
6 *decide whether the fee shall be mandatory or optional.*”

7 Parameters and Guidelines

8 This Controller states that the “*Parameters and Guidelines* states that health  
9 fees authorized by the Education Code must be deducted from costs claimed.” The  
10 parameters and guidelines actually state:

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

16 In order for a district to “experience” these “offsetting savings” a district must actually  
17 have collected these fees. Student health services fees actually collected must be  
18 used to offset costs, but not student fees that could have been collected and were not.  
19 The use of the term “any offsetting savings” further illustrates the permissive nature of  
20 the fees.

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<sup>2</sup> Former Education Code Section 72246 was repealed by Chapter 8, Statutes of 1993, Section 29, and was replaced by Education Code Section 76355.

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

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1 Government Code Section 17514

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

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

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

15 The audit report states that the Controller agrees that community college  
16 districts “may choose not to levy a health service fee” and that Education Code Section  
17 76355 “provides the districts with the authority to levy of such fees.” However, it does  
18 not logically follow from that statement to the Controller’s conclusion, based on  
19 Government Code Section 17514, that “health service costs recoverable through  
20 authorized fees are not costs that the district is required to incur.”

21 Government Code Section 17556

22 The Controller relies upon Government Code Section 17556 for the conclusion  
23 that the “COSM shall not find costs mandated by the State if the district has the



Incorrect Reduction Claim of Santa Monica Community College District  
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1 authority to levy fees to pay for the mandated program or increased level of services.”

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

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

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

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

16 Student Health Services Fee Amount

17 The Controller asserts that the district should have collected a student health  
18 service fee each semester from non-exempt students in the amount of \$12 and \$9 for  
19 FY 2001-02 and FY 2002-03. Districts receive notice of these fee amounts from the  
20 Chancellor of the California Community Colleges. An example of one such notice is the  
21 letter dated March 5, 2001, attached as Exhibit “F.” While Education Code Section  
22 76355 provides for an increase in the student health service fee, it did not grant the  
23 Chancellor the authority to establish mandatory fee amounts or mandatory fee

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1 increases. No state agency was granted that authority by the Education Code, and no  
2 state agency has exercised its rulemaking authority to establish mandatory fees  
3 amounts. It should be noted that the Chancellor's letter properly states that increasing  
4 the amount of the fee is at the option of the district, and that the Chancellor is not  
5 asserting that authority. Therefore, the state cannot rely upon the Chancellor's notice  
6 as a basis to adjust the claim for "collectible" student health services fees.

7 Fees Collected vs. Fees Collectible

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

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

Incorrect Reduction Claim of Santa Monica Community College District  
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1 The audit finding should be rejected and the annual student health services actually  
2 received used in lieu of a calculated amount potentially collectible either as reported by  
3 the District or the Controller.

4 Enrollment and Exempted Student Statistics

5 The audit report states that the Controller adjusted the reported total student  
6 enrollment based the "enrollment census' data run" and the reported number of exempt  
7 students based on "the list of 'BOGG used' data run." The Controller has not provided  
8 any factual basis why these different and later data sources, subject to review and  
9 revision after the fact for several years, are preferable to the data reported by the  
10 District which was available at the time the claims were prepared. That is to say, the  
11 Controller does not indicate how and why its determination of the student counts is any  
12 more accurate than the amount reported on the claims.

13 PART VIII. RELIEF REQUESTED

14 The District filed its annual reimbursement claims within the time limits  
15 prescribed by the Government Code. The amounts claimed by the District for  
16 reimbursement of the costs of implementing the program imposed by Chapter 1,  
17 Statutes of 1984, 2nd E.S., Chapter 1118, Statutes of 1987, and Education Code  
18 Section 76355 represent the actual costs incurred by the District to carry out this  
19 program. These costs were properly claimed pursuant to the Commission's parameters  
20 and guidelines. Reimbursement of these costs is required under Article XIII B, Section  
21 6 of the California Constitution. The Controller denied reimbursement without any

**Incorrect Reduction Claim of Santa Monica Community College District  
1/84; 1118/87 Health Fee Elimination**

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1 basis in law or fact. The District has met its burden of going forward on this claim by  
2 complying with the requirements of Section 1185, Title 2, California Code of  
3 Regulations. Because the Controller has enforced and is seeking to enforce these  
4 adjustments without benefit of statute or regulation, the burden of proof is now upon the  
5 Controller to establish a legal basis for its actions.

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

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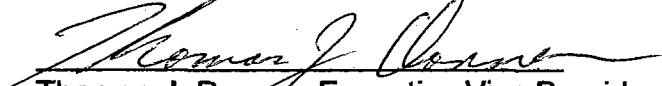
**Incorrect Reduction Claim of Santa Monica Community College District  
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**PART IX. CERTIFICATION**


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

Executed on June 12, 2006, at Santa Monica, California, by

  
Thomas J. Donner, Executive Vice President  
Business and Administration  
Santa Monica Community College District  
1900 Pico Blvd.  
Santa Monica, CA 90405  
Voice: 310-434-4200  
Fax: 310-434-4386  
E-Mail: DONNER\_THOMAS@smc.edu

**APPOINTMENT OF REPRESENTATIVE**

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

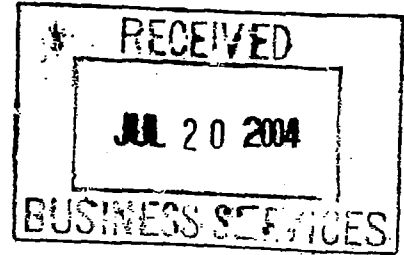
  
Thomas J. Donner, Executive Vice President  
Business and Administration  
Santa Monica Community College District

6/12/06  
Date

**Attachments:**

Exhibit "A"	Controller's Legal Counsel's Letter of July 15, 2004
Exhibit "B"	Commission Parameters and Guidelines amended May 25, 1989
Exhibit "C"	Controller's Claiming Instructions September 1997
Exhibit "D"	Controller's Audit Report dated March 17 (April 19), 2006
Exhibit "E"	District's Letter dated January 4, 2006
Exhibit "F"	Chancellor's Letter dated March 5, 2001

**EXHIBIT A**



STEVE WESTLY  
California State Controller

July 15, 2004

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

Re: Foothill-De Anza Community College District Audit

Dear Mr. Brandy:

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

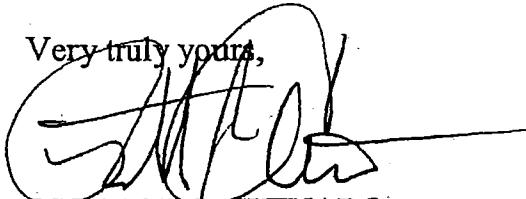
The Controller's informal audit review process was established to resolve factual disputes where no other forum for resolution, other than a judicial proceeding, is available.

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

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

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

Very truly yours,



RICHARD J. CHIVARO  
Chief Counsel

RJC/st

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

**EXHIBIT B**



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

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

I. SUMMARY OF MANDATE

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

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

II. COMMISSION ON STATE MANDATES' DECISION

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

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

III. ELIGIBLE CLAIMANTS

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

#### IV. PERIOD OF REIMBURSEMENT

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

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

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

#### V. REIMBURSABLE COSTS

##### A. Scope of Mandate

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

##### B. Reimbursable Activities

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

#### ACCIDENT REPORTS

#### APPOINTMENTS

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

ASSESSMENT, INTERVENTION & COUNSELING

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

EXAMINATIONS (Minor Illnesses)

Recheck Minor Injury

HEALTH TALKS OR FAIRS - INFORMATION

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

FIRST AID (Major Emergencies)

FIRST AID (Minor Emergencies)

FIRST AID KITS (Filled)

IMMUNIZATIONS

Diphtheria/Tetanus  
Measles/Rubella  
Influenza  
Information

INSURANCE

On Campus Accident  
Voluntary  
Insurance Inquiry/Claim Administration

LABORATORY TESTS DONE

Inquiry/Interpretation  
Pap Smears

PHYSICALS

Employees  
Students  
Athletes

MEDICATIONS (dispensed OTC for misc. illnesses)

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

PARKING CARDS/ELEVATOR KEYS

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

REFERRALS TO OUTSIDE AGENCIES

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

TESTS

Blood Pressure  
Hearing  
Tuberculosis  
    Reading  
    Information  
Vision  
Glucometer  
Urinalysis

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

MISCELLANEOUS

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

COMMITTEES

Safety  
Environmental  
Disaster Planning

SAFETY DATA SHEETS

Central file

X-RAY SERVICES

COMMUNICABLE DISEASE CONTROL

BODY FAT MEASUREMENTS

MINOR SURGERIES

SELF-ESTEEM GROUPS

MENTAL HEALTH CRISIS

AA GROUP

ADULT CHILDREN OF ALCOHOLICS GROUP

WORKSHOPS

Test Anxiety  
Stress Management  
Communication Skills  
Weight Loss  
Assertiveness Skills

## VI. CLAIM PREPARATION

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

### A. Description of Activity

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

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

Claimed costs should be supported by the following information:

#### 1. Employee Salaries and Benefits

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

#### 2. Services and Supplies

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

#### 3. Allowable Overhead Cost

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

## VII. SUPPORTING DATA

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

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

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENTS

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

IX. REQUIRED CERTIFICATION

The following certification must accompany the claim:

I DO HEREBY CERTIFY under penalty of perjury:

THAT the foregoing is true and correct:

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

and

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

\_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Date

\_\_\_\_\_  
Title

\_\_\_\_\_  
Telephone No.

0350d

**EXHIBIT C**



## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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

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

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

#### 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

#### 7. Reimbursement Limitations

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

#### 8. Claiming Forms and Instructions

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

**A. Form HFE- 2, Health Services**

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

**B. Form HFE-1.1, Claim Summary**

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

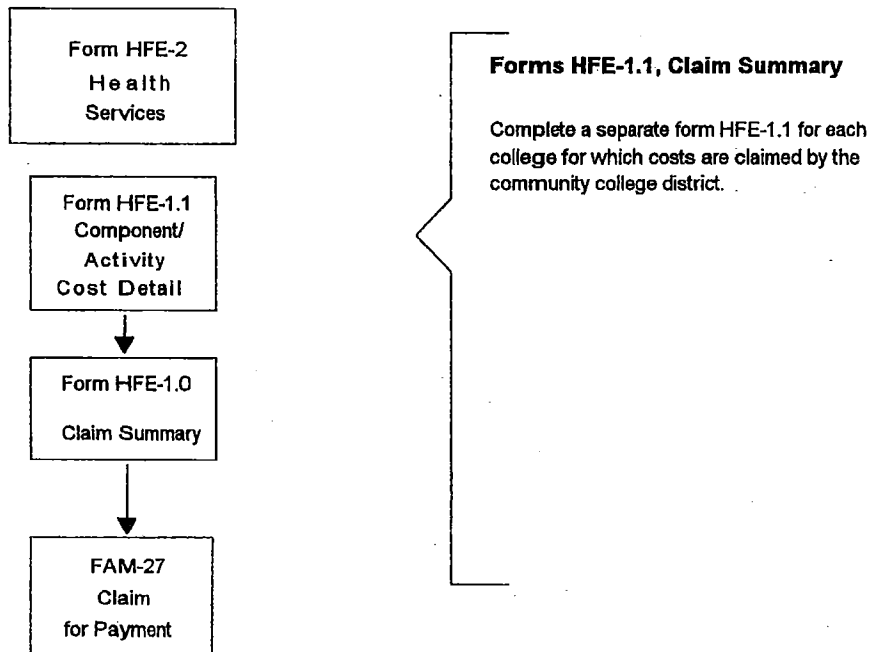
**C. Form HFE-1.0, Claim Summary**

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

**D. Form FAM-27, Claim for Payment**

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

**Illustration of Claim Forms**



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561  <b>HEALTH FEE ELIMINATION</b>	For State Controller Use Only (19) Program Number 00029 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b>  <span style="font-size: 2em; font-weight: bold;">029</span>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>		
	(02) Claimant Name	(22) HFE-1.0,(04)(b)		
	County of Location	(23)		
	Street Address or P.O. Box	Suite	(24)	
	City	State	Zip Code	(25)

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
<b>Fiscal Year of Cost</b>	(06) 20___/20___	(12) 20___/20___	(30)
<b>Total Claimed Amount</b>	(07)	(13)	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due to Claimant</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_

\_\_\_\_\_ E-Mail Address \_\_\_\_\_

Program  
**029**

**HEALTH FEE ELIMINATION  
Certification Claim Form  
Instructions**

**FORM  
FAM-27**

- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

**SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:**

*Address, if delivered by U.S. Postal Service:*

OFFICE OF THE STATE CONTROLLER  
ATTN: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

*Address, if delivered by other delivery service:*

OFFICE OF THE STATE CONTROLLER  
ATTN: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
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**(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)**

(a) Name of College	(b) Claimed Amount
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	

<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]
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<p><b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b></p>	<p><b>FORM HFE-1.0</b></p>
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(01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.

(02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.

(04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							FORM HFE-1.1	
(01) Claimant		(02) Type of Claim				Fiscal Year		
		Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>				19__/19__		
(03) Name of College								
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.								
LESS <input type="checkbox"/>		SAME <input type="checkbox"/>		MORE <input type="checkbox"/>				
						Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim								
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87								
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]								
(08) Complete columns (a) through (g) to provide detail data for health fees								
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)	
1. Per fall semester								
2. Per spring semester								
3. Per summer session								
4. Per first quarter								
5. Per second quarter								
6. Per third quarter								
(09) Total health fee that could have been collected				[Line (8.1g) + (8.2g) + .....(8.6g)]				
(10) Sub-total				[Line (07) - line (09)]				
<b>Cost Reduction</b>								
(11) Less: Offsetting Savings, if applicable								
(12) Less: Other Reimbursements, if applicable								
(13) Total Amount Claimed				[Line (10) - (line (11) + line (12))]				



<b>HEALTH FEE ELIMINATION CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM HFE-1.1</b>
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.,). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.

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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes  First Aid, Major Emergencies  First Aid, Minor Emergencies  First Aid Kits, Filled  Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information  Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration  Laboratory Tests Done Inquiry/Interpretation Pap Smears  Physical Examinations Employees Students Athletes  Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list  Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits			

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b> Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
<b>Tests</b> Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list			
<b>Miscellaneous</b> Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
<b>Committees</b> Safety Environmental Disaster Planning			

**EXHIBIT D**



REVISED

STEVE WESTLY  
California State Controller

April 19, 2006

Thomas J. Donner, Ed.D.  
Interim Superintendent/President  
Santa Monica Community College District  
1900 Pico Boulevard  
Santa Monica, CA 90405

Dear Dr. Donner:

Enclosed is a revised copy of the State Controller's Office audit of the costs claimed by the Santa Monica Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. Minor corrections have been made to pages 5 and 9, and the pages have been marked as "revised 04/19/06." Please discard your copies of the prior version.

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

Sincerely,

JIM L SPANO, Chief  
Compliance Audits Bureau  
Division of Audits

JLS/wq

RE: C06-MCC-001

Enclosure

cc: Chris Bonvenuto, Accounting Manager  
Santa Monica Community College District  
Cheryl Miller, SixTen and Associates  
Marty Rubio, Specialist, Fiscal Accountability Section  
California Community Colleges Chancellor's Office  
Jeannie Oropeza, Program Budget Manager  
Education Systems Unit, Department of Finance

MAILING ADDRESS P.O. Box 942850, Sacramento, CA 94250-5874  
SACRAMENTO 300 Capitol Mall, Suite 518, Sacramento, CA 95814 (916) 324-8907  
LOS ANGELES 600 Corporate Pointe, Suite 1000, Culver City, CA 90230 (310) 342-5656

### Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<b>Summary: July 1, 2001, through June 30, 2003</b>				
<b>Health services costs:</b>				
Salaries and benefits	\$ 927,010	\$ 927,010	\$ —	
Services and supplies	78,819	78,819	—	
Indirect costs	332,097	185,131	(146,966)	Finding 1
<b>Total health services costs</b>	<b>1,337,926</b>	<b>1,190,960</b>	<b>(146,966)</b>	
Less cost of services in excess of FY 1986-87 services	—	—	—	
<b>Subtotal</b>	<b>1,337,926</b>	<b>1,190,960</b>	<b>(146,966)</b>	
Less authorized health fees	(973,519)	(1,511,763)	(538,244)	Finding 2
<b>Subtotal</b>	<b>364,407</b>	<b>(320,803)</b>	<b>(685,210)</b>	
Adjustment to eliminate negative balance	—	320,803	320,803	
<b>Total</b>	<b>\$ 364,407</b>	<b>—</b>	<b>\$ (364,407)</b>	
Less amount paid by the State		(31,295)		
<b>Allowable costs claimed in excess of (less than) amount paid</b>		<b>\$ (31,295)</b>		

<sup>1</sup> See the Findings and Recommendations section.

### District's Response

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather the fee actually charged the student, or the fees actually collected.

#### "Authorized" Fee Amount

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

#### Education Code Section 76355

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

#### Parameters and Guidelines

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

#### Government Code Section 17514

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

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



# SANTA MONICA COMMUNITY COLLEGE DISTRICT

Audit Report

## HEALTH FEE ELIMINATION PROGRAM

Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session,  
and Chapter 1118, Statutes of 1987

*July 1, 2001, through June 30, 2003*



STEVE WESTLY  
California State Controller

March 2006



**STEVE WESTLY**  
**California State Controller**

March 17, 2006

Thomas J. Donner, Ed.D.  
Interim Superintendent/President  
Santa Monica Community College District  
1900 Pico Boulevard  
Santa Monica, CA 90405

Dear Dr. Donner:

The State Controller's Office audited the costs claimed by the Santa Monica Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003.

The district claimed \$364,407 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district claimed unallowable costs and understated revenue. The State paid the district \$31,295, which the district should return.

If you disagree with the audit findings, you may file an Incorrect Reduction Claim (IRC) with the Commission on State Mandates (COSM). The IRC must be filed within three years following the date that we notify you of a claim reduction. You may obtain IRC information at COSM's Web site, at [www.csm.ca.gov](http://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](mailto:csminfo@csm.ca.gov).

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

Sincerely,

A handwritten signature in cursive script that reads "Jeffrey V. Brownfield".

JEFFREY V. BROWNFIELD  
Chief, Division of Audits

JVB/ams

cc: Chris Bonvenuto  
Accounting Manager  
Santa Monica Community College District  
Cheryl Miller  
SixTen and Associates  
Marty Rubio, Specialist  
Fiscal Accountability Section  
California Community Colleges Chancellor's Office  
Jeannie Oropeza, Program Budget Manager  
Education Systems Unit  
Department of Finance

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# Audit Report

## Summary

The State Controller's Office (SCO) audited the costs claimed by the Santa Monica Community College District for the legislatively mandated Health Fee Elimination Program (Chapter 1, Statutes of 1984, 2<sup>nd</sup> Extraordinary Session, and Chapter 1118, Statutes of 1987) for the period of July 1, 2001, through June 30, 2003. The last day of fieldwork was September 22, 2005.

The district claimed \$364,407 for the mandated program. Our audit disclosed that the entire amount is unallowable, because the district claimed unallowable costs and understated revenue. The State paid the district \$31,295. The district should return the total amount to the State.

## Background

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

Chapter 1118, Statutes of 1987, amended *Education Code* Section 72246 (subsequently renumbered as Section 76355 by Chapter 8, Statutes of 1993). The law requires any community college district that provided health services in FY 1986-87 to maintain health services at the level provided during that year in FY 1987-88 and each fiscal year thereafter.

On November 20, 1986, the Commission on State Mandates (COSM) determined that Chapter 1, Statutes of 1984, 2<sup>nd</sup> E.S., imposed a "new program" upon community college districts by requiring specified community college districts that provided health services in FY 1983-84 to maintain health services at the level provided during that year in FY 1984-85 and each fiscal year thereafter. This maintenance-of-effort requirement applied to all community college districts that levied a health service fee in FY 1983-84.

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

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

**Objective,  
Scope, and  
Methodology**

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

Our audit scope included, but was not limited to, determining whether costs claimed were supported by appropriate source documents, 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 district's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that costs claimed were allowable for reimbursement. Accordingly, we examined transactions, on a test basis, to determine whether the costs claimed were supported.

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

We asked the district's representative to submit a written representation letter regarding the district's accounting procedures, financial records, and mandated cost claiming procedures as recommended by *Government Auditing Standards*. However, the district declined our request.

**Conclusion**

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

For the audit period, the Santa Monica Community College District claimed \$364,407 for costs of the Health Fee Elimination Program. Our audit disclosed that the entire amount is unallowable.

For FY 2001-02, the State paid the district \$31,295. Our audit disclosed that all of the costs claimed are unallowable. The district should return the entire amount to the State.

For FY 2002-03, the district received no payment.

**Views of  
Responsible  
Official**

We issued a draft audit report on December 9, 2005. Thomas J. Donner, Ed.D., Interim Superintendent/President, responded by letter dated January 4, 2006 (Attachment), disagreeing with the audit results. This final audit report includes the district's response.

**Restricted Use**

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



JEFFREY V. BROWNFIELD  
Chief, Division of Audits

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

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<b>July 1, 2001, through June 30, 2002</b>				
<b>Health services costs:</b>				
Salaries and benefits	\$ 443,354	\$ 443,354	\$ —	
Services and supplies	67,963	67,963	—	
Indirect costs	166,485	95,872	(70,613)	Finding 1
<b>Total health services costs</b>	<b>677,802</b>	<b>607,189</b>	<b>(70,613)</b>	
Less cost of services in excess of FY 1986-87 services	—	—	—	
<b>Subtotal</b>	<b>677,802</b>	<b>607,189</b>	<b>—</b>	
Less authorized health fees	(479,007)	(750,759)	(271,752)	Finding 2
<b>Subtotal</b>	<b>198,795</b>	<b>(143,570)</b>	<b>(342,365)</b>	
Adjustment to eliminate negative balance	—	143,570	143,570	
<b>Total</b>	<b>\$ 198,795</b>	<b>—</b>	<b>\$ (198,795)</b>	
Less amount paid by the State		(31,295)		
Allowable costs claimed in excess of (less than) amount paid		<b>\$ (31,295)</b>		
<b>July 1, 2002, through June 30, 2003</b>				
<b>Health services costs:</b>				
Salaries and benefits	\$ 483,656	\$ 483,656	\$ —	
Services and supplies	10,856	10,856	—	
Indirect costs	165,612	89,259	(76,353)	Finding 1
<b>Total health services costs</b>	<b>660,124</b>	<b>583,771</b>	<b>(76,353)</b>	
Less cost of services in excess of FY 1986-87 services	—	—	—	
<b>Subtotal</b>	<b>660,124</b>	<b>583,771</b>	<b>(76,353)</b>	
Less authorized health fees	(494,512)	(761,004)	(266,492)	Finding 2
<b>Subtotal</b>	<b>165,612</b>	<b>(177,233)</b>	<b>(342,845)</b>	
Adjustment to eliminate negative balance	—	177,233	177,233	
<b>Total</b>	<b>\$ 165,612</b>	<b>—</b>	<b>\$ (165,612)</b>	
Less amount paid by the State		—		

## Schedule 1 (continued)

Cost Elements	Actual Costs Claimed	Allowable per Audit	Audit Adjustment	Reference <sup>1</sup>
<b>Summary: July 1, 2001, through June 30, 2003</b>				
<b>Health services costs:</b>				
Salaries and benefits	\$ 927,010	\$ 927,010	\$ —	
Services and supplies	78,819	78,819	—	
Indirect costs	332,097	185,131	(146,966)	Finding 1
<b>Total health services costs</b>	<b>1,337,926</b>	<b>1,190,960</b>	<b>(146,966)</b>	
Less cost of services in excess of FY 1986-87 services	—	—	—	
<b>Subtotal</b>	<b>1,337,926</b>	<b>1,190,960</b>	<b>(146,966)</b>	
Less authorized health fees	(973,519)	(1,511,763)	(538,244)	Finding 2
<b>Subtotal</b>	<b>364,407</b>	<b>(320,803)</b>	<b>(685,210)</b>	
Adjustment to eliminate negative balance	—	320,803	320,803	
<b>Total</b>	<b>\$ 364,407</b>	<b>—</b>	<b>\$ (364,407)</b>	
Less amount paid by the State			(31,295)	
<b>Allowable costs claimed in excess of (less than) amount paid</b>			<b>\$ (31,295)</b>	

<sup>1</sup> See the Findings and Recommendations section.



# Findings and Recommendations

**FINDING 1—  
Overstated indirect  
cost rates**

The district overstated its indirect cost rates, and thus overstated its indirect costs by \$146,966 for the audit period.

The district claimed indirect costs based on indirect cost rate proposals (ICRPs) prepared for each fiscal year by an outside consultant. However, the district did not obtain federal approval for its ICRPs. We calculated indirect cost rates using the methodology described in the SCO claiming instructions. Our calculated indirect cost rates did not support the indirect cost rates claimed. The audited and claimed indirect cost rates are summarized as follows.

	Fiscal Year	
	2001-02	2002-03
Allowable indirect cost rate	18.75%	18.05%
Less claimed indirect cost rate	(32.56)%	(33.49)%
Unsupported indirect cost rate	(13.81)%	(15.44)%

Based on these unsupported indirect cost rates, the audit adjustments are summarized below.

	Fiscal Year		Total
	2001-02	2002-03	
Claimed direct costs	\$ 511,317	\$ 494,512	
Unsupported indirect cost rate	×(13.81)%	× (15.44)%	
Audit adjustment	\$ (70,613)	\$ (76,353)	\$ (146,966)

*Parameters and Guidelines* states that indirect costs may be claimed in the manner described in the SCO claiming instructions. The SCO claiming instructions prescribes the SCO’s methodology (FAM-29C), a federally approved rate prepared in accordance with Office of Management and Budget (OMB) Circular A-21, or a flat rate (the most conservative rate). Form FAM-29C uses total expenditures reported on the California Community College Annual Financial and Budget Report, Expenditures by Activity (CCFS-311).

Recommendation

We recommend that the district implement procedures to ensure that claimed indirect costs are based on indirect cost rates computed in accordance with the SCO claiming instructions, and that it monitors staff adherence to its procedures. The district should obtain federal approval for ICRPs prepared in accordance with OMB Circular A-21. Alternately, the district should use form FAM-29C to prepare ICRPs based on the methodology allowed in the SCO claiming instructions.

District's Response

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government. The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "indirect costs may be claimed in the manner described by the Controller in his claiming instructions." The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller in the draft audit report.

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

Since the Controller has stated no legal basis to disallow the indirect cost rate calculation method used by the District, and has not shown a factual basis to reject the rates as unreasonable or excessive, the adjustments should be withdrawn.

SCO's Comment

The fiscal effect of the finding and recommendation remains unchanged.

*Parameters and Guidelines* states that indirect costs may be claimed in the manner described in the SCO's claiming instructions. Therefore, the specific directions for the indirect cost rate calculation in the claiming instructions are an extension of *Parameters and Guidelines*. The SCO's claiming instructions state that community colleges have the option of using a federally approved rate, prepared in accordance with OMB Circular A-21, the SCO's alternate methodology, using Form FAM-29C, or a flat 7% rate. In this case, the district chose to use indirect cost rates not approved by a federal agency, which is not an option provided by the SCO's claiming instructions.

**FINDING 2—  
Understated authorized  
health fee revenues  
claimed**

The district understated authorized health fee revenue by \$538,244 for the audit period.

The district reduced claimed costs by actual rather than authorized health fee revenues. Therefore, we recalculated the authorized health fee revenues by multiplying student enrollment by term, net of allowable health fee exemption, by the authorized student health fee. We obtained student enrollment information from the "enrollment census" data run and student waiver information from the list of "BOGG used" data run.

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

	<u>Fall</u>	<u>Winter</u>	<u>Spring</u>	<u>Summer</u>	<u>Total</u>
<u>FY 2001-02</u>					
Student enrollment	29,476	13,164	29,390	15,484	
Less allowable health fee exemptions	<u>(6,374)</u>	<u>(4,288)</u>	<u>(6,137)</u>	<u>(2,749)</u>	
Subtotal	23,102	8,876	23,253	12,735	
Authorized student health fee	<u>×\$12.00</u>	<u>× \$ 9.00</u>	<u>×\$12.00</u>	<u>× \$ 9.00</u>	
Audited authorized health fee revenues	<u>\$277,224</u>	<u>\$ 79,884</u>	<u>\$279,036</u>	<u>\$114,615</u>	\$750,759
Claimed authorized health fee revenues					<u>(479,007)</u>
Audit adjustment, FY 2001-02					<u>271,752</u>
<u>FY 2002-03</u>					
Student enrollment	29,803	13,199	28,219	16,781	
Less allowable health fee exemptions	<u>(6,343)</u>	<u>(3,255)</u>	<u>(6,076)</u>	<u>(2,973)</u>	
Subtotal	23,460	9,944	22,143	13,808	
Authorized student health fee	<u>×\$12.00</u>	<u>× \$ 9.00</u>	<u>×\$12.00</u>	<u>× \$ 9.00</u>	
Audited authorized health fee revenues	<u>\$281,520</u>	<u>\$ 89,496</u>	<u>\$265,716</u>	<u>\$124,272</u>	761,004
Claimed authorized health fee revenues					<u>(494,512)</u>
Audit adjustment, FY 2002-03					<u>266,492</u>
Total					<u>\$538,244</u>

*Parameters and Guidelines* states that health fees authorized by the *Education Code* must be deducted from costs claimed. *Education Code* Section 7635(c) states that health fees are authorized from all students except those students who: (1) depend exclusively on prayer for healing; (2) are attending a community college under an approved apprenticeship training program; or (3) demonstrate financial need.

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

Recommendation

We recommend that the district implement procedures to ensure that allowable health services program costs are offset by the amount of health service fee revenue authorized by the *Education Code*, and that it monitors staff adherence to its procedures.

### District's Response

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather the fee actually charged the student, or the fees actually collected.

#### "Authorized" Fee Amount

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

#### Education Code Section 76355

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

#### Parameters and Guidelines

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

#### Government Code Section 17514

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

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

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

#### Government Code Section 17556

The Controller relies upon Government Code Section 17556 for the conclusion that "the COSM shall not find costs mandated by the State if the school district has the authority to levy fees to pay for the mandated program or increased level of service." Government Code Section 17556 as last amended by Chapter 589/89 actually states:

"The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if after a hearing, the commission finds that: . . . (d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service. . . ."

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

#### SCO's Comment

The finding and recommendation remain unchanged.

We agree that community college districts may choose not to levy a health service fee. However, *Education Code* Section 76355 gives districts the authority to levy a health service fee. The authorized fees are specified in *Education Code* Section 76355(c), as identified in the finding. *Government Code* Section 17556 states that the Commission on State Mandates (COSM) shall not find costs mandated by the State as defined in *Government Code* Section 17514 if the district has authority to levy fees to pay for the mandated program or increased level of service. For this mandated program, the COSM concluded that districts have authority to levy a health service fee; thus, the adopted *Parameters and Guidelines* identifies authorized health service fees as offsetting reimbursements. Health services costs recoverable through an authorized fee are not costs the district is required to incur; therefore, the related health services costs are not mandated costs as defined by *Government Code* Section 17514.

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

---



January 4, 2006

**CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

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

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

Dear Mr. Spano:

This letter is the response of the Santa Monica Community College District to the letter from Jeffrey V. Brownfield, Chief, Division of Audits, dated December 19, 2005, and received by the District on December 23, 2005, which enclosed a draft copy of the State Controller's Office audit report of our Health Fee Elimination claims for the period of July 1, 2001 through June 30, 2003.

**Finding 1 - Overstated indirect cost rates**

The Controller asserts that the indirect cost method used by the District was inappropriate since it was not a cost study specifically approved by the federal government. The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller. The parameters and guidelines for Health Fee Elimination (as last amended on May 25, 1989) state that "Indirect costs may be claimed in the manner described by the Controller in his claiming instructions." The parameters and guidelines do not require that indirect costs be claimed in the manner described by the Controller in the draft audit report.

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

Santa Monica Community College District • 1900 Pico Blvd. • Santa Monica, CA 90405-1628 • (310) 434-4200  
Office of the Superintendent and President  
Fax: (310) 434-4386

Since the Controller has stated no legal basis to disallow the indirect cost rate calculation method used by the District, and has not shown a factual basis to reject the rates as unreasonable or excessive, the adjustments should be withdrawn.

#### Finding 2 - Understated authorized health fees revenues claimed

The District reported actual student health service revenues as a reduction of student health service costs. The Controller instead calculated "authorized health fee revenues," that is, the student fees collectible based on the highest student health service fee chargeable, rather than the fee actually charged the student, or the fees actually collected.

#### "Authorized" Fee Amount

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

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

Sincerely,



Thomas J. Donner, Interim Superintendent/President  
Santa Monica Community College District

CC : Keith Peterson  
SixTen and Associates

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

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

C06-MCC-001



**EXHIBIT E**



January 4, 2006

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Compliance Audits Bureau  
California State Controller  
Division of Audits  
P.O. Box 942850  
Sacramento, CA 94250-5874

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State Controller's Audit  
Fiscal Years: 2001-02 and 2002-03

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

Sincerely,



Thomas J. Donner, Interim Superintendent/President  
Santa Monica Community College District

CC : Keith Peterson  
SixTen and Associates



**CALIFORNIA COMMUNITY COLLEGES  
CHANCELLOR'S OFFICE**

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



March 5, 2001

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

From: Thomas J. Nussbaum  
Chancellor

Subject: Student Health Fee Increase

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

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

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

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

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



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

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

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

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

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

**EXHIBIT G**

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

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

029

<b>(01) Claimant Identification Number:</b> L S19385			<b>Reimbursement Claim Data</b>	
<b>(02) Mailing Address:</b> A B E L Santa Monica Community College District H Los Angeles E Street Address R 1900 Pico Blvd. E City Santa Monica State CA Zip Code 90405-1628			(22) HFE - 1.0, (04)(b)	\$ 198,795
<b>Type of Claim</b>			(27)	
(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"/>			(28)	
			(29)	
			(30)	
<b>Fiscal Year of Cost</b>			(31)	
(06) 2002-2003 (12) 2001-2002				
<b>Total Claimed Amount</b>			(32)	
(07) \$ 215,000 (13) \$ 198,795				
<b>Less: 10% Late Penalty, but not to exceed \$1,000</b>			(14)	
			\$ -	(33)
<b>Less: Estimate Claim Payment Received</b>			(15)	
			\$ 31,295	(34)
<b>Net Claimed Amount</b>			(16)	
			\$ 167,500	(35)
<b>Due from State</b>			(17)	
(08) \$ 215,000 (17) \$ 167,500				(36)
<b>Due to State</b>			(18)	
			\$ -	(37)

**(38) CERTIFICATION OF CLAIM**

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

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

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

**Signature of Authorized Officer** \_\_\_\_\_ **Date** January 8, 2003  
 Cheryl Miller \_\_\_\_\_ Assoc. V.P. Business Services  
 Type or Print Name Title

**(39) Name of Contact Person or Claim** \_\_\_\_\_ **Telephone Number** (858) 514-8605  
 SixTen and Associates \_\_\_\_\_ **E-Mail Address** kbpsixten@aol.com

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
CLAIM SUMMARY**

**FORM  
HFE-1.0**

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

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

(a) Name of College	(b) Claimed Amount
1. Santa Monica College	\$ 198,794.65
2.	\$ -
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
	\$ -
21.	\$ -
<b>(04) Total Amount Claimed</b>	\$ 198,795

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
CLAIM SUMMARY**

**FORM  
HFE-1.1**

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

**(03) Name of College** Santa Monica College

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

LESS       SAME       MORE

	Direct Cost	Indirect Cost of: 32.56%	Total
<b>(05) Cost of Health Services for the Fiscal year of Claim</b>	\$ 511,317	\$ 166,485	\$ 677,802
<b>(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87</b>	\$ -	\$ -	\$ -
<b>(07) Cost of providing current fiscal year health services at the 1986/87 level</b> [Line (05) - line (06)]	\$ 511,317	\$ 166,485	\$ 677,802

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

Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)
1. Per fall semester				\$ -		\$ -	actual
2. Per spring semester				\$ -		\$ -	actual
3. Per summer session				\$ -		\$ -	actual
4. Per first quarter				\$ -		\$ -	\$ -
5. Per second quarter				\$ -		\$ -	\$ -
6. Per third quarter				\$ -		\$ -	\$ -
<b>(09) Total health fees that have been collected</b>	[Line (8.1g) + (8.2g) + .....(8.6g)]						\$ 479,007
<b>(10) Sub-total</b>	[Line (07) - line (09)]						\$ 198,795

**Cost Reduction**

<b>(11) Less: Offsetting Savings, if applicable</b>	\$ -
<b>(12) Less: Other Reimbursements, if applicable</b>	\$ -
<b>(13) Total Amount Claimed</b>	[Line (10) - (line (11) + line (12))] \$ 198,795

**SANTA MONICA COMMUNITY COLLEGE DISTRICT  
CALCULATION OF INDIRECT COST RATE,  
FISCAL YEAR  
2000-2001**

*For 01-02  
SAMS*

REFERENCE (CCFS 311)	DESCRIPTION	2000-2001
<b>INSTRUCTIONAL ACTIVITY</b>		
	<b>Instructional Costs</b>	
	Instructional Salaries and Benefits	42,309,603
	Instructional Operating Expenses	781,794
	Instructional Support Instructional Salaries and Benefits	661,186
	Auxiliary Operations Instructional Salaries and Benefits	49,970
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>43,802,553</b>
	<b>Non-Instructional Costs</b>	
	Non-Instructional Salaries and Benefits	1,920,542
	Instructional Admin. Salaries and Benefits	3,805,142
	Instructional Admin. Operating Expenses	498,420
	Auxiliary Classes Non-Inst. Salaries and Benefits	2,307,496
	Auxiliary Classes Operating Expenses	3,052,226
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>11,583,826</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>55,386,379</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	<b>Direct Support Costs</b>	
	Instructional Support Services Non Inst. Salaries and Benefits	3,554,179
	Instructional Support Services Operating Expenses	666,017
	Admissions and Records	3,111,760
	Counseling and Guidance	7,016,197
	Other Student Services	5,152,448
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>19,480,601</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>	<b>74,866,980</b>
	<b>Indirect Support Costs</b>	
	Operation and Maintenance of Plant	7,773,644
	Planning and Policy Making	4,011,766
	General Instructional Support Services	12,589,079
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>24,374,489</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>	<b>99,241,469</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
<b>Indirect Support Costs Allocation Rate =</b>	Total Indirect Support Costs (6)	32.56%
	Total Instructional Activity Costs and Direct Support Costs (5)	
<b>Direct Support Costs Allocation Rate =</b>	Total Direct Support Costs (4)	35.17%
	Total Instructional Activity Costs (3)	
<b>Total Support Cost Allocation</b>		<b>67.73%</b>

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
HFE-2.1**

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

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
HFE-2.1**

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



**MANDATED COSTS  
HEALTH FEE ELIMINATION  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
HFE-2.1**

(01) Claimant

Fiscal Year

Santa Monica Community College District

2001-2002

(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.

(a) FY 1986/87	(b) FY of Claim
----------------------	-----------------------

**Referrals to Outside Agencies**

Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies	X	X

**Tests**

Blood Pressure	X	X
Hearing	X	X
Tuberculosis	X	X
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG		
Strep A Testing		X
PG Testing		
Monospot		
Hemacult		
Others, list		

**Miscellaneous**

Absence Excuses/PE Waiver		
Allergy Injections	X	X
Band-aids	X	X
Booklets/Pamphlets	X	X
Dressing Change	X	X
Rest	X	X
Suture Removal	X	X
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal		
Others, list...condoms for sale		X

**Committees**

Safety		
Environmental		
Disaster Planning	X	X
Skin Rash Preparations		
Eye Drops		

HEALTH COSTS

1-R2 AS OF 06/89/02  
SANTA MONICA COMMUNITY COLLEGE

P.B.A.S. ACCOUNT LIST IN L.O.P. SEQUENCE  
FY 01-02

PROCESSED 06/29/02 PAGE 1  
03 - GENERAL FUND-RESTRICTED

INT NUMBER	PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
00644000-0032			PHYSICAL & MENTAL/HEALTH SERVICES	91,967	123,850.80	.00	.00	31,883.80-	0
00644000-0032			OTH EXTRA DUTY/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			NON TEACH SABBATICAL/HEALTH SERVICE	0	.00	.00	.00	.00	0
SUB-TOTAL OBJECT 12000				91,967	123,850.80	.00	.00	31,883.80-	0
00644000-0032			COUNSELOR/HRLY/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			PHYS & MENTAL/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			PHYS & MENTAL/REG/HEALTH SERVICES	6,404	.00	.00	.00	6,404.00	100
00644000-0032			PHYS & MENTAL/HRLY/SUM/HEALTH SERV	9,123	2,730.16	.00	.00	6,392.84	70
00644000-0032			PHYS & MENTAL/HRLY/WIN/HEALTH SERV	0	.00	.00	.00	.00	0
SUB-TOTAL OBJECT 14000				15,527	2,730.16	.00	.00	12,796.84	82
AJDR TOTAL OBJECT 10000				107,494	126,580.96	.00	.00	19,086.96-	0
00644000-0032			CLERICAL/HEALTH SERVICES	228,532	61,078.37	.00	.00	167,453.63	73
00644000-0032			OTH CLAS/HEALTH SERVICES	0	177,565.65	.00	.00	177,565.65-	0
SUB-TOTAL OBJECT 21000				228,532	238,644.02	.00	.00	10,112.02-	0
00644000-0032			STUDENT HELP/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			CLERICAL/HRLY/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			CLERICAL OVERTIME/HEALTH SERVICES	0	.00	.00	.00	.00	0
00644000-0032			OTH CLAS HRLY/HEALTH SERVICE	0	.00	.00	.00	.00	0
00644000-0032			OTH CLAS HRLY OT/HEALTH SERVICE	0	2,048.56	.00	.00	2,048.56-	0
SUB-TOTAL OBJECT 23000				0	2,048.56	.00	.00	2,048.56-	0
AJDR TOTAL OBJECT 20000				228,532	240,692.58	.00	.00	12,160.58-	0
00644000-0032			STRS/OTH-HEALTH SERVICES	0	4,987.60	.00	.00	4,987.60-	0
00644000-0032			STRS/OTH CERT-HEALTH SERVICES	12,419	8,480.36	.00	.00	3,938.64	32
SUB-TOTAL OBJECT 31000				12,419	13,467.96	.00	.00	1,048.96-	0
00644000-0032			PERS/CLAS-HEALTH SERVICE	0	.00	.00	.00	.00	0
SUB-TOTAL OBJECT 32000				0	.00	.00	.00	.00	0
00644000-0032			DASDI/OTH-HEALTH SERVICES	0	11,158.78	.00	.00	11,158.78-	0
00644000-0032			MEDICARE/OTH-HEALTH SERVICES	9,337	2,609.74	.00	.00	6,727.26	72
00644000-0032			MEDICARE/OTH CERT-HEALTH SERVICES	0	1,619.02	.00	.00	1,619.02-	0
SUB-TOTAL OBJECT 33000				9,337	15,387.54	.00	.00	6,050.54-	0
00644000-0032			H/W-OTH CLASS-HEALTH SERVICES	43,502	38,796.24	.00	.00	4,705.76	11
00644000-0032			H/W-OTH CERT-HEALTH SERVICES	0	3,628.56	.00	.00	3,628.56-	0
SUB-TOTAL OBJECT 34000				43,502	42,424.80	.00	.00	1,077.20	2
00644000-0032			SUI/OTH CLAS-HEALTH SERVICES	482	310.19	.00	.00	171.81	36

ACCOUNT NUMBER	PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
-00644000-0032			SUI/OTH CERT-HEALTH SERVICES	0	168.39	.00	.00	168.39-	0
SUB-TOTAL OBJECT 35000				482	478.58	.00	.00	3.42	1
-00644000-0032			W/C-CLASSIFIED-HEALTH SERVICES	4,065	2,820.29	.00	.00	1,244.71	31
-00644000-0032			W/C-CLAS-HEALTH SERVICES	0	1,498.15	.00	.00	1,498.15-	0
SUB-TOTAL OBJECT 36000				4,065	4,318.44	.00	.00	253.44-	0
-00644000-0032			W/C CERT-HEALTH SERVICES	410	.00	.00	.00	410.00	100
-00644000-0032			DISIR RETIRE/HEALTH SERVICES	0	3.03	.00	.00	3.03-	0
SUB-TOTAL OBJECT 38000				410	3.03	.00	.00	406.97	99
MAJOR TOTAL OBJECT 30000				70,215	76,080.35	.00	.00	5,865.35-	0
-----									
-00644000-0032			REFER BOOKS/HEALTH SERVICES	0	.00	.00	.00	.00	0
SUB-TOTAL OBJECT 42000				0	.00	.00	.00	.00	0
-00644000-0032			SUBSCRIPTIONS/HEALTH SERVICES	0	28.00	.00	.00	28.00-	0
SUB-TOTAL OBJECT 43000				0	28.00	.00	.00	28.00-	0
-00644000-0032			SUBSCRIPTIONS/HEALTH SERVICES	0	.00	.00	.00	.00	0
-00644000-0032			SUPPLIES/HEALTH SERVICES	7,233	6,757.38	.00	.00	475.62	7
-00644000-0032			SOFTWARE LICENSE/HEALTH SERVICES	0	13,608.00	.00	.00	13,608.00-	0
-00644000-0032			PC UP GRADES/HEALTH SERVICES	0	.00	.00	.00	.00	0
SUB-TOTAL OBJECT 40000				7,233	20,393.38	.00	.00	13,160.38-	0
-----									
-00644000-0032			MILEAGE/HEALTH SERVICES	0	255.38	.00	.00	255.38-	0
-00644000-0032			CONFERENCE/HEALTH SERVICES	4,361	.00	.00	.00	4,361.00	100
SUB-TOTAL OBJECT 52000				4,361	255.38	.00	.00	4,105.62	94
-00644000-0032			MEMBERSHIPS/HEALTH SERVICES	0	75.00	.00	.00	75.00-	0
SUB-TOTAL OBJECT 53000				0	75.00	.00	.00	75.00-	0
-00644000-0032			INSURANCE/HEALTH SERVICES	0	.00	.00	.00	.00	0
-00644000-0032			STUDENT INSURANCE/HEALTH SERVICES	0	37,304.00	.00	.00	37,304.00-	0
SUB-TOTAL OBJECT 54000				0	37,304.00	.00	.00	37,304.00-	0
-00644000-0032			RENTS/LEASES-HEALTH SERVICES	0	466.56	.00	.00	466.56-	0
-00644000-0032			REPAIR/HEALTH SERVICES	0	878.15	.00	.00	878.15-	0
-75632000-0032			EQUIPMENT/REPAIR-MATRICULATION	0	.00	.00	.00	.00	0
SUB-TOTAL OBJECT 56000				0	1,344.71	.00	.00	1,344.71-	0
-00644000-0032			OTH CONTR SRVCS/HEALTH SERVICES	0	.00	.00	.00	.00	0

*Handwritten:* Health INS on

NT NUMBER PROG LDC ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
SUB-TOTAL OBJECT 58000	0	.00	.00	.00	.00	0
AJOR TOTAL OBJECT 50000	4,361	38,979.09	.00	.00	34,618.09	0
00644000-0032 EQUIPMENT/HEALTH SERVICES	7,224	5,008.72	.00	.00	2,215.28	31
SUB-TOTAL OBJECT 64000	7,224	5,008.72	.00	.00	2,215.28	31
00644000-0032 LEASE/PURCHASE-HEALTH SCIENCE	0	3,581.73	.00	.00	3,581.73	0
SUB-TOTAL OBJECT 65000	0	3,581.73	.00	.00	3,581.73	0
AJOR TOTAL OBJECT 60000	7,224	8,590.45	.00	.00	1,366.45	0
LOCATION TOTALS NUMBER OF ACCOUNTS 46	425,059	511,316.81	.00	.00	86,257.81	0

HEALTH / H. L. W. 2

TOTAL P. 06

ACCOUNT NUMBER	PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	ADJUSTMENTS	INCOME	CASH DEPOSITS	BALANCE	PCNT LEFT
0-98490000-0029			ARTHRITIS FOUNDATION PROJECT	0	.00	.00	.00	.00	0
0-94709000-0019			INCOME/PUBLIC TELE ENT/KCRW	0	.00	.00	.00	.00	0
0-13701080-0071			INCOME/BASIC SKILLS TRN FED EX	0	.00	.00	.00	.00	0
0-13701110-0071			INCOME/MICRO OFF 2000 TRNG	0	.00	25,140.00	.00	25,140.00	0
0-34647000-0040			LOCAL REV/SALES & COMM-JOBTRAK-JDB	7,302	.00	12,978.25	.00	5,676.25	0
0-90649900-0021			INCOME/FI INS/INTERN'L STUDENT CTR	0	.00	92,418.00	.00	92,418.00	0
0-00642000-0032			STUDENT HEALTH FEES	0	.00	.00	.00	.00	0
0-00644000-0032			INCOME/HEALTH SERVICES	425,059	.00	479,005.91	.00	53,947.91	0
0-00644000-0084			INCOME/PSYCH SERVICES	193,773	.00	212,609.05	.00	18,835.09	0
0-33695000-0012			STUDENT PARKING FEES	948,191	.00	962,126.86	.00	13,935.86	0
1-33695000-0012			STAFF PARKING FEES	0	.00	.00	.00	.00	0
0-00000000-0000			LOCAL REVENUE-HOLDING	0	.00	.00	.00	.00	0
0-13647000-0071			INCOME/JOB PLACEMENT	9,865	.00	.00	.00	9,865.00	100
0-13649900-0071			VENDOR PROG. INCOME	0	.00	.00	.00	.00	0
0-13701100-0071			INCOME/TELECOMM VDC TRAIN	0	.00	28,066.25	.00	28,066.25	0
0-33695000-0012			PARKING LDT INCOME	151,864	.00	238,699.95	.00	86,835.95	0
0-33695000-0031			INCOME/PSD OFFSET	0	.00	.00	.00	.00	0
0-62055000-0058			INCOME/MODRPARK PARTNERSHIP	0	.00	.00	.00	.00	0
0-64709000-0019			INCOME/OTHER LOCAL GRANTS-KCRW	0	.00	.00	.00	.00	0
0-64709000-0019			INTERNET ROYALTIES-KCRW	0	.00	.00	.00	.00	0
0-00000000-0000			DISTRICT MATCH HOLDING	0	.00	.00	.00	.00	0
0-00000000-0000			TRANSFER IN HOLDING ACCOUNT	0	.00	.00	.00	.00	0
0-00644000-0032			TRANSFER IN-HEALTH SERVICES	0	.00	.00	.00	.00	0
0-24601000-0022			DISTRICT MATCH/BLOCK GRANT-SB160	0	.00	.00	.00	.00	0
0-24601000-0045			DISTRICT MATCH/BLOCK GRANT-SB160	0	.00	.00	.00	.00	0
1-58709000-0033			DISTRICT MATCH/FEDERAL WORK STUDY	193,627	.00	173,986.63	.00	19,640.97	10
1-66642000-0029			DISTR MATCH/DISABLED STUDENT	0	.00	.00	.00	.00	0
1-66642100-0029			DISTRICT MATCH/HEARING IMPAIRED	0	.00	.00	.00	.00	0
1-66642200-0029			DISTRICT MATCH/LEARNING DISABLED	0	.00	.00	.00	.00	0
1-76630000-0025			DISTR MATCH/MATRICULATION	0	.00	.00	.00	.00	0
1-76630001-0025			DISTR MATCH INCOME/MATRIC THK TANK	0	.00	.00	.00	.00	0
1-77660000-0035			DISTRICT MATCH/STAFF DIVERSITY	0	.00	.00	.00	.00	0
1-83643000-0030			MATCH-INTERFUND TRAN/CAT. 8-EDPS	0	.00	.00	.00	.00	0
1-00000000-0000			ERROR ACCOUNT FOR OBJECT 8000	0	.00	.00	.00	.00	0
OBJECT TOTALS			NUMBER OF ACCOUNTS 61	5,732,197	.00	6,204,411.26	.00	472,214.26	0

LE LEDGER TOTALS	NUMBER OF ACCOUNTS	267	17,185,959	.00	16,445,424.85	150,003.02	590,531.13	3
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16,595,427.87

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

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



(01) Claimant Identification Number:  
 L S19385

A (02) Mailing Address:  
 B

E Claimant Name  
 L Santa Monica Community College District

H County of Location  
 E Los Angeles

R Street Address  
 E 1900 Pico Blvd.

E City State Zip Code  
 Santa Monica CA 90405-1628

Reimbursement Claim Data	
(22) HFE - 1.0, (04)(b)	\$ 165,612
(23)	
(24)	
(25)	
(26)	
(27)	
(28)	
(29)	
(30)	
(31)	
(32)	
(33)	
(34)	
(35)	
(36)	
(37)	

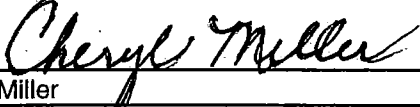
Type of Claim	Estimated Claim	Reimbursement Claim
	(03) Estimated <input checked="" type="checkbox"/>	(09) Reimbursement <input checked="" type="checkbox"/>
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>
Fiscal Year of Cost	(06) 2003-2004	(12) 2002-2003
Total Claimed Amount	(07) \$ 170,000	(13) \$ 165,612
Less: 10% Late Penalty, but not to exceed \$ : Estimate Claim Payment Received	(14) \$ -	(14) \$ -
	(15) \$ -	(15) \$ -
Net Claimed Amount	(16) \$ 165,612	(16) \$ 165,612
Due from State	(08) \$ 170,000	(17) \$ 165,612
Due to State	(18) \$ -	(18) \$ -

**(38) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer  
  
 Cheryl Miller  
 Name or Print Name

Date  
 1/5/04  
 Assoc. V.P. Business Services  
 Title

Name of Contact Person or Claim  
 Telephone Number (858) 514-8605  
 SixTen and Associates  
 E-Mail Address kbpsixten@aol.com

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
CLAIM SUMMARY**

**FORM  
HFE-1.0**

<b>(01) Claimant:</b> Claimant Name	<b>(02) Type of Claim:</b> Reimbursement <input checked="" type="checkbox"/>	Fiscal Year
Santa Monica Community College District	Estimated <input type="checkbox"/>	2002-2003

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

(a) Name of College	(b) Claimed Amount
1. Santa Monica City College	\$ 165,612.07
2.	\$ -
3.	\$ -
4.	\$ -
5.	\$ -
6.	\$ -
7.	\$ -
8.	\$ -
9.	\$ -
10.	\$ -
11.	\$ -
12.	\$ -
13.	\$ -
14.	\$ -
15.	\$ -
16.	\$ -
17.	\$ -
18.	\$ -
19.	\$ -
20.	\$ -
<b>(04) Total Amount Claimed</b>	\$ 165,612

[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
CLAIM SUMMARY**

**FORM  
HFE-1.1**

<b>(01) Claimant:</b>  Santa Monica Community College District	<b>(02) Type of Claim:</b> Reimbursement <input checked="" type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  2002-2003
--	---	------------------------------

**(03) Name of College** Santa Monica City College

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

LESS       SAME       MORE

	Direct Cost	Indirect Cost of: 33.49%	Total
<b>(05) Cost of Health Services for the Fiscal year of Claim</b>	\$ 494,512	\$ 165,612	\$ 660,124
<b>(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87</b>	\$ -	\$ -	\$ -
<b>(07) Cost of providing current fiscal year health services at the 1986/87 level</b> [Line (05) - line (06)]	\$ 494,512	\$ 165,612	\$ 660,124

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

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

<b>(09) Total health fee that could have been collected</b>	[Line (8.1g) + (8.2g) + .....(8.6g)]	\$ 494,512
<b>(10) Sub-total</b>	[Line (07) - line (09)]	\$ 165,612

<b>Cost Reduction</b>		
) Less: Offsetting Savings, if applicable		\$ -
.2) Less: Other Reimbursements, if applicable		\$ -
<b>(13) Total Amount Claimed</b>	[Line (10) - (line (11) + line (12))]	\$ 165,612



**SANTA MONICA COMMUNITY COLLEGE DISTRICT  
CALCULATION OF INDIRECT COST RATE,  
FISCAL YEAR  
2001-2002**

*For 02-03 claims*

REFERENCE (CCFS 311)	DESCRIPTION	2001-2002
<b>INSTRUCTIONAL ACTIVITY</b>		
	<b>Instructional Costs</b>	
	Instructional Salaries and Benefits	48,137,488
	Instructional Operating Expenses	637,771
	Instructional Support Instructional Salaries and Benefits	699,832
	Auxiliary Operations Instructional Salaries and Benefits	466,220
	<b>TOTAL INSTRUCTIONAL COSTS 1</b>	<b>49,941,311</b>
	<b>Non-Instructional Costs</b>	
	Non-Instructional Salaries and Benefits	1,569,620
	Instructional Admin. Salaries and Benefits	4,398,515
	Instructional Admin. Operating Expenses	343,815
	Auxiliary Classes Non-Inst. Salaries and Benefits	1,979,893
	Auxiliary Classes Operating Expenses	2,979,852
	<b>TOTAL NON-INSTRUCTIONAL COSTS 2</b>	<b>11,271,695</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS 3 (1 + 2)</b>	<b>61,213,006</b>
<b>DIRECT SUPPORT ACTIVITY</b>		
	<b>Direct Support Costs</b>	
	Instructional Support Services Non Inst. Salaries and Benefits	4,094,910
	Instructional Support Services Operating Expenses	1,060,473
	Admissions and Records	3,213,768
	Counseling and Guidance	7,876,313
	Other Student Services	5,557,855
	<b>TOTAL DIRECT SUPPORT COSTS 4</b>	<b>21,803,319</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS 5 (3 + 4)</b>	<b>83,016,325</b>
	<b>Indirect Support Costs</b>	
	Operation and Maintenance of Plant	8,476,505
	Planning and Policy Making	4,295,609
	General Instructional Support Services	15,032,300
	<b>TOTAL INDIRECT SUPPORT COSTS 6</b>	<b>27,804,414</b>
	<b>TOTAL INSTRUCTIONAL ACTIVITY COSTS AND DIRECT SUPPORT COSTS AND TOTAL INDIRECT SUPPORT COSTS (5 + 6) = TOTAL COSTS</b>	<b>110,820,739</b>
<b>SUPPORT COSTS ALLOCATION RATES</b>		
Indirect Support Costs Allocation Rate =	Total Indirect Support Costs (6) Total Instructional Activity Costs and Direct Support Costs (5)	33.49%
Direct Support Costs Allocation Rate =	Total Direct Support Costs (4) Total Instructional Activity Costs (3)	35.62%
Total Support Cost Allocation		69.11%

<b>MANDATED COSTS HEALTH FEE ELIMINATION COMPONENT/ACTIVITY COST DETAIL</b>		<b>FORM HFE-2.1</b>	
(01) Claimant  Santa Monica Community College District		Fiscal Year  2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.		(a) FY 1986/87	(b) FY of Claim
Accident Reports		X	X
Appointments			
College Physician, surgeon		X	X
Dermatology, Family practice		X	X
Internal Medicine			
Outside Physician			X
Dental Services			
Outside Labs, (X-ray, etc.,)		X	X
Psychologist, full services		X	X
Cancel/Change Appointments		X	X
Registered Nurse		X	X
Check Appointments			
Assessment, Intervention and Counseling			
Birth Control		X	X
Lab Reports		X	X
Nutrition		X	X
Test Results, office		X	X
Venereal Disease		X	X
Communicable Disease		X	X
Upper Respiratory Infection		X	X
Eyes, Nose and Throat		X	X
Eye/Vision		X	X
Dermatology/Allergy		X	X
Gynecology/Pregnancy Service		X	X
Neuralgic		X	X
Orthopedic		X	X
Genito/Urinary		X	X
Dental		X	X
Gastro-Intestinal		X	X
Stress Counseling		X	X
Crisis Intervention		X	X
Child Abuse Reporting and Counseling		X	
Substance Abuse Identification and Counseling		X	X
Eating Disorders		X	X
Weight Control		X	X
Personal Hygiene		X	X
Burnout		X	X
Other Medical Problems, list			
Examinations, minor illnesses			
Recheck Minor Injury			
Health Talks or Fairs, Information			
Sexually Transmitted Disease		X	X
Drugs		X	X
Acquired Immune Deficiency Syndrome		X	X
Child Abuse			

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
HFE-2.1**

(01) Claimant Santa Monica Community College District	Fiscal Year 2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
Birth Control/Family Planning	X	X
Stop Smoking	X	X
Library, Videos and Cassettes	X	X
First Aid, Major Emergencies	X	X
First Aid, Minor Emergencies	X	X
First Aid Kits, Filled	X	X
Immunizations		
Diphtheria/Tetanus	X	X
Measles/Rubella	X	X
Influenza	X	X
Information	X	X
Insurance		
On Campus Accident		X
Voluntary		X
Insurance Inquiry/Claim Administration		X
Laboratory Tests Done		
Inquiry/Interpretation	X	X
Pap Smears		
Physical Examinations		
Employees		X
Students		X
Athletes		X
Medications		
Antacids	X	X
Antidiarrheal	X	X
Aspirin, Tylenol, etc.,	X	X
Skin Rash Preparations	X	X
Eye Drops	X	X
Ear Drops		
Toothache, oil cloves		
Stingkill		X
Midol, Menstrual Cramps	X	X
Other, list		
Parking Cards/Elevator Keys		
Tokens		
Return Card/Key		X
Parking Inquiry	X	X
Elevator Passes	X	X
Temporary Handicapped Parking Permits		X

**MANDATED COSTS  
HEALTH FEE ELIMINATION  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
HFE-2.1**

(01) Claimant Santa Monica Community College District	Fiscal Year 2002-2003	
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health Service was provided by student health service fees for the indicated fiscal year.	(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b>		
Private Medical Doctor	X	X
Health Department	X	X
Clinic	X	X
Dental	X	X
Counseling Centers	X	X
Crisis Centers	X	X
Transitional Living Facilities, battered/homeless women	X	X
Family Planning Facilities	X	X
Other Health Agencies	X	X
<b>Tests</b>		
Blood Pressure	X	X
Hearing	X	X
Tuberculosis	X	X
Reading	X	X
Information	X	X
Vision	X	X
Glucometer	X	X
Urinalysis	X	X
Hemoglobin	X	X
EKG		
Strep A Testing		X
PG Testing		
Monospot		
Hemacult		
Others, list		
<b>Miscellaneous</b>		
Absence Excuses/PE Waiver		
Allergy Injections	X	X
Bandaids	X	X
Booklets/Pamphlets	X	X
Dressing Change	X	X
Rest	X	X
Suture Removal	X	X
Temperature	X	X
Weigh	X	X
Information	X	X
Report/Form	X	X
Wart Removal		
Others, list...condoms for sale		X
<b>Committees</b>		
Safety		
Environmental		
Disaster Planning	X	X
Skin Rash Preparations		
Eye Drops		

ACCOUNT NUMBER	OBJ	PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
1600-00644000-0032				PHYSICAL & MENTAL/HEALTH SERVICES	105,940	109,778.00	.00	.00	3,838.00-	0
1700-00644000-0032				OTH EXTRA DUTY/HEALTH SERVICES	0	.00	.00	.00	.00	0
1800-00644000-0032				NON TEACH SABBATICAL/HEALTH SERVIC	0	.00	.00	.00	.00	0
* SUB-TOTAL				OBJECT 12000	105,940	109,778.00	.00	.00	3,838.00-	0
1550-00644000-0032				COUNSELOR/HRLY/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
1600-00644000-0032				PHYS & MENTAL/SUM/HEALTH SERVICES	0	.00	.00	.00	.00	0
1630-00644000-0032				PHYS & MENTAL/REG/HEALTH SERVICES	0	.00	.00	.00	.00	0
1650-00644000-0032				PHYS & MENTAL/HRLY/SUM/HEALTH SERV	0	9,977.00	.00	.00	9,977.00-	0
1670-00644000-0032				PHYS & MENTAL/HRLY/WIN/HEALTH SERV	0	6,784.80	.00	.00	6,784.80-	0
* SUB-TOTAL				OBJECT 14000	0	16,761.80	.00	.00	16,761.80-	0
**				JOR TOTAL OBJECT 10000	105,940	126,539.80	.00	.00	20,599.80-	0
200-00644000-0032				CLERICAL/HEALTH SERVICES	60,211	63,222.88	.00	.00	3,011.88-	0
300-00644000-0032				OTH CLAS/HEALTH SERVICES	182,869	190,498.45	.00	.00	7,629.45-	0
* SUB-TOTAL				OBJECT 21000	243,080	253,721.33	.00	.00	10,641.33-	0
1100-00644000-0032				STUDENT HELP/HEALTH SERVICES	0	.00	.00	.00	.00	0
1230-00644000-0032				CLERICAL/HRLY/HEALTH SERVICES	0	.00	.00	.00	.00	0
1240-00644000-0032				CLERICAL OVERTIME/HEALTH SERVICES	0	297.87	.00	.00	297.87-	0
1940-00644000-0032				OTH CLAS/OT-HEALTH SERVICES	0	7,022.41	.00	.00	7,022.41-	0
* SUB-TOTAL				OBJECT 23000	0	7,320.28	.00	.00	7,320.28-	0
**				MAJOR TOTAL OBJECT 20000	243,080	261,041.61	.00	.00	17,961.61-	0
200-00644000-0032				STRS/OTH-HEALTH SERVICES	9,728	5,588.08	.00	.00	4,139.92	43
300-00644000-0032				STRS/OTH CERT-HEALTH SERVICES	6,455	10,439.62	.00	.00	3,984.62-	0
* SUB-TOTAL				OBJECT 31000	16,183	16,027.70	.00	.00	155.30	1
1200-00644000-0032				PERS/CLAS-HEALTH SERVICES	5,676	5,282.92	.00	.00	393.08	7
* SUB-TOTAL				OBJECT 32000	5,676	5,282.92	.00	.00	393.08	7
1200-00644000-0032				QASDI/OTH-HEALTH SERVICES	13,220	11,684.73	.00	.00	1,535.27	12
1600-00644000-0032				MEDICARE/OTH-HEALTH SERVICES	3,894	2,732.70	.00	.00	1,161.30	30
1700-00644000-0032				MEDICARE/OTH CERT-HEALTH SERVICES	1,041	1,834.84	.00	.00	793.84-	0
* SUB-TOTAL				OBJECT 33000	18,155	16,252.27	.00	.00	1,902.73	10
1200-00644000-0032				H/W-OTH CLASS-HEALTH SERVICES	40,841	49,407.83	.00	.00	8,566.83-	0
1300-00644000-0032				H/W-OTH CERT-HEALTH SERVICES	3,573	4,140.18	.00	.00	567.18-	0
* SUB-TOTAL				OBJECT 34000	44,414	53,548.01	.00	.00	9,134.01-	0
1200-00644000-0032				SUI/OTH CLAS-HEALTH SERVICES	412	308.76	.00	.00	103.24	25
1310-00644000-0032				SUI/OTH CERT-HEALTH SERVICES	79	151.83	.00	.00	72.83-	0

ACCOUNT NUMBER	DBJ	PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
* SUB-TOTAL				OBJECT 35000	491	460.59	.00	.00	30.41	6
6200-00644000-0032				W/C-CLASSIFIED-HEALTH SERVICES	4,038	3,018.81	.00	.00	1,019.19	25
6300-00644000-0032				W/C-CLAS-HEALTH SERVICES	769	1,484.34	.00	.00	715.34	0
* SUB-TOTAL				OBJECT 36000	4,807	4,503.15	.00	.00	303.85	6
8200-00644000-0032				W/C CERT-HEALTH SERVICES	0	.00	.00	.00	.00	0
8300-00644000-0032				DISTR RETIRE/HEALTH SERVICES	0	.00	.00	.00	.00	0
* SUB-TOTAL				OBJECT 38000	0	.00	.00	.00	.00	0
*** MAJOR TOTAL				OBJECT 30000	89,726	96,074.64	.00	.00	6,348.64	0
2300-00644000-0032				REFER BOOKS/HEALTH SERVICES	100	.00	.00	.00	100.00	100
* SUB-TOTAL				OBJECT 42000	100	.00	.00	.00	100.00	100
3300-00644000-0032				SUBSCRIPTIONS/HEALTH SERVICES	100	.00	.00	.00	100.00	100
* SUB-TOTAL				OBJECT 43000	100	.00	.00	.00	100.00	100
5300-00644000-0032				SUBSCRIPTIONS/HEALTH SERVICES	0	.00	.00	.00	.00	0
5500-00644000-0032				SUPPLIES/HEALTH SERVICES	7,000	9,057.12	.00	.00	2,057.12	0
5501-00644000-0032				SOFTWARE LICENSE/HEALTH SERVICES	3,200	.00	.00	.00	3,200.00	100
5503-00644000-0032				PC UP GRADES/HEALTH SERVICES	0	.00	.00	.00	.00	0
* SUB-TOTAL				OBJECT 45000	10,200	9,057.12	.00	.00	1,142.88	11
*** MAJOR TOTAL				OBJECT 40000	10,400	9,057.12	.00	.00	1,342.88	13
2100-00644000-0032				MILEAGE/HEALTH SERVICES	400	.00	.00	.00	400.00	100
2200-00644000-0032				CONFERENCE/HEALTH SERVICES	1,500	.00	.00	.00	1,500.00	100
* SUB-TOTAL				OBJECT 52000	1,900	.00	.00	.00	1,900.00	100
3000-00644000-0032				MEMBERSHIPS/HEALTH SERVICES	200	90.00	.00	.00	110.00	55
* SUB-TOTAL				OBJECT 53000	200	90.00	.00	.00	110.00	55
4100-00644000-0032				INSURANCE/HEALTH SERVICES	0	.00	.00	.00	.00	0
* SUB-TOTAL				OBJECT 54000	0	.00	.00	.00	.00	0
6300-00644000-0032				RENTS/LEASES-HEALTH SERVICES	727	655.23	.00	.00	71.77	10
6500-00644000-0032				REPAIR/HEALTH SERVICES	700	666.80	.00	.00	33.20	5
6500-75632000-0032				EQUIPMENT/REPAIR-MATRICATION	0	.00	.00	.00	.00	0
* SUB-TOTAL				OBJECT 56000	1,427	1,322.03	.00	.00	104.97	7
8900-00644000-0032				OTH CONTR SRVCS/HEALTH SERVICES	100	.00	.00	.00	100.00	100
* SUB-TOTAL				OBJECT 58000	100	.00	.00	.00	100.00	100

ACCOUNT NUMBER	DBJ	PROG	LOC	ACCOUNT NAME	CURRENT BUDGET	EXPEND	ENCUMB	PRE-ENC	BALANCE	PCNT LEFT
** MAJOR TOTAL				OBJECT 50000	3,627	1,412.03	.00	.00	2,214.97	61
4100-00644000-0032				EQUIPMENT/HEALTH SERVICES	2,600	386.50	.00	.00	2,213.50	85
* SUB-TOTAL				OBJECT 64000	2,600	386.50	.00	.00	2,213.50	85
5200-00644000-0032				LEASE/PURCHASE-HEALTH SCIENCE	1,600	.00	.00	.00	1,600.00	100
* SUB-TOTAL				OBJECT 65000	1,600	.00	.00	.00	1,600.00	100
** MAJOR TOTAL				OBJECT 60000	4,200	386.50	.00	.00	3,813.50	91
** LOCATION TOTALS				NUMBER OF ACCOUNTS 44	456,973	494,511.70	.00	.00	37,538.70-	0

ACCOUNT NUMBER	DBJ	PRDG	LDC	ACCOUNT NAME	CURRENT BUDGET	ADJUSTMENTS	INCOME	CASH DEPOSITS	BALANCE	PCNT LEFT
6900-62689000-0071				STATE/OTH FUNDS-ETP	496,564	.00	50,280.00	.00	446,384.00	90
6900-64709500-0019				INCOME/STATE/CAC GRANT/KCRW	0	.00	29,149.55	.00	29,149.55	0
6900-64709503-0019				INCOME/KCRW-CAS-02/03	0	.00	.00	.00	.00	0
6900-97689000-0071				OTH STATE REVENUE/UA11	10,000	.00	.00	.00	10,000.00	100
* OBJECT TOTALS NUMBER OF ACCOUNTS 82					8,563,520	.00	6,097,245.08	10,750.00	2,455,524.92	29
8000-00000000-0000				LOCAL REVENUE HOLDING	665,531	.00	.00	.00	665,531.00	100
8000-00790000-0002				REVENUE RESERVE	0	.00	.00	.00	.00	0
8200-00677000-0031				INCOME/SMPD GRANT	0	.00	.00	.00	.00	0
8200-19701000-0071				INCOME/VESEL GOODWILL	0	.00	12,500.00	.00	12,500.00	0
8200-20677000-0031				INCOME/SMPD GRANT	5,393	.00	.00	.00	5,393.00	100
8200-23649994-0028				INCOME/PICO PART CITY	0	.00	.00	.00	.00	0
8200-23649995-0028				INCOME/PICO PART CITY 02/03	199,875	.00	168,177.00	.00	31,698.00	16
8200-30601000-0027				INCOME/CALWORKS COUNTY 02/03	107,791	.00	97,011.69	10,779.10	.21	0
8200-34647000-0040				INCOME/JOBTRACK-JOB CENTER	4,770	.00	.00	.00	4,770.00	100
8200-34701000-0071				INCOME/BROADBAND-TELECOMM TRAIN	34,800	.00	1,740.00	.00	33,060.00	95
8200-38671000-0091				INCOME/MADISON THEATER PROJECT	0	.00	14,032.00	.00	14,032.00	0
8200-43060000-0059				INCOME/ECOLLEGE	0	.00	.00	.00	.00	0
8200-49602002-0064				INCOME/APA/BIMED - 01-02	11,413	.00	11,413.00	.00	.00	0
8200-49602003-0064				INCOME/APA-BIMED 02/03	20,000	.00	9,025.00	.00	10,975.00	55
8200-50602000-0071				INCOME SPL/A+VESL	0	.00	8,360.50	.00	8,360.50	0
8200-52602000-0045				INCOME/TITLE6 INT'L TRADE	0	.00	.00	.00	.00	0
8200-60649001-0064				TUITION AID/CHILD DEVELOP TRAINING	0	.00	111.00	.00	111.00	0
8200-60649002-0064				INCOME/CHILD DEV TRAIN '03	10,000	.00	5,625.00	2,925.00	1,450.00	15
8200-64709000-0019				DDNATIONS/LOCAL-KCRW	3,548,255	.00	2,166,757.27	.00	1,381,497.73	39
8200-64709050-0019				INCOME TECH SUPPLIES KCRW	0	.00	72,465.00	.00	72,465.00	0
8200-72647000-0040				INCOME/JOB SVC CTR-JOB FAIR	0	.00	.00	.00	.00	0
8200-79602004-0109				INCOME/SCH TO CAREER	20,763	.00	26,372.00	.00	5,609.00	0
8200-80709100-0019				ST MONICA CITY COUNCIL/KCRW GRANT	0	.00	.00	.00	.00	0
8200-84649901-0109				INCOME/COMM BRIDGE-SIMON GRANT	0	.00	.00	.00	.00	0
8200-84649902-0109				INCOME/SIMON GRANT 02/03	100,000	.00	19,902.25	.00	80,097.75	80
8200-92130510-0071				INCOME/PROP 10	208,909	.00	110,036.00	.00	98,873.00	47
8220-64709400-0019				INCOME/PUBLIC TELE ENT-KCRW	4,588	.00	4,826.55	.00	238.55	0
8200-94709000-0019				INCOME/PUBLIC TELE ENT/KCRW	0	.00	.00	.00	.00	0
8200-13701110-0071				INCOME/MICRO OFF 2000 TRNG	0	.00	31,835.00	.00	31,835.00	0
8760-90649900-0021				INCOME/FI INSURANCE-INT STU CTR	834,740	.00	1,525,282.00	.00	690,542.00	0
8760-00642000-0032				DO NOT USE	0	.00	.00	.00	.00	0
8760-00644000-0032				INCOME/HEALTH SERVICES	456,973	.00	494,512.20	.00	37,539.20	0
8760-00644000-0084				INCOME/PSYCH SERVICES	212,609	.00	178,970.00	.00	33,639.00	16
8810-33695000-0012				STUDENT PARKING FEES	1,022,395	.00	1,009,147.50	.00	13,247.50	1
8811-33695000-0012				STAFF PARKING FEES	0	.00	96,296.28	.00	96,296.28	0
8900-33695000-0012				PARKING LOT INCOME	151,864	.00	242,309.74	.00	90,445.74	0
9000-00000000-0000				DISTRICT MATCH HOLDING	76,388	.00	.00	.00	76,388.00	100
9800-33695000-0012				TRANSFER IN-PARKING	0	.00	.00	.00	.00	0
9800-58709000-0033				DISTRICT MATCH/FEDERAL WORK STUDY	216,301	.00	172,420.00	.00	43,881.00	20
9800-64709503-0019				INCOME/MATCH-KCRW-02/03	0	.00	.00	.00	.00	0
9999-00000000-0000				ERRDR ACCDUNT FOR OBJECT 8000	0	.00	.00	.00	.00	0
* OBJECT TOTALS NUMBER OF ACCOUNTS 41					6,429,520	.00	6,479,126.98	13,704.10	53,311.08	0



## COMMISSION ON STATE MANDATES

980 NINTH STREET, SUITE 300  
 SACRAMENTO, CA 95814  
 PHONE: (916) 323-3562  
 FAX: (916) 445-0278  
 E-mail: csminfo@csm.ca.gov



September 4, 2014

Mr. Keith B. Petersen  
 SixTen & Associates  
 P.O. Box 340430  
 Sacramento, CA 95834-0430

Ms. Jill Kanemasu  
 State Controller's Office  
 Accounting and Reporting  
 3301 C Street, Suite 700  
 Sacramento, CA 95816

*And Parties, Interested Parties, and Interested Persons (See Mailing List)*

Re: **Draft Proposed Decision, Schedule for Comments, and Notice of Hearing**  
*Health Fee Elimination, 05-4206-I-12*  
 Education Code Section 76355  
 Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118  
 Fiscal Years 2001-2002 and 2002-2003  
 Santa Monica Community College District, Claimant

Dear Mr. Petersen and Ms. Kanemasu:

The draft proposed decision for the above-named matter is enclosed for your review and comment.

### Written Comments

Written comments may be filed on the draft proposed decision by **September 25, 2014**. You are advised that comments filed with the Commission are required to be simultaneously served on the other interested parties on the mailing list, and to be accompanied by a proof of service. However, this requirement may also be satisfied by electronically filing your documents. Please see <http://www.csm.ca.gov/dropbox.shtml> on the Commission's website for instructions on electronic filing. (Cal. Code Regs., tit. 2, § 1181.3.)

If you would like to request an extension of time to file comments, please refer to section 1187.9(a) of the Commission's regulations.

### Hearing

This matter is set for hearing on **Friday, December 5, 2014**, at 10:00 a.m., State Capitol, Room 447, Sacramento, California. The proposed decision will be issued on or about November 21, 2014. 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 1187.9(b) of the Commission's regulations.

Please contact Eric Feller at (916) 323-3562 if you have any questions.

Sincerely,

Heather Halsey  
 Executive Director

**INCORRECT REDUCTION CLAIM  
DRAFT PROPOSED DECISION**

Former Education Code Section 72246 (Renumbered as §76355)<sup>1</sup>

Statutes 1984, Chapter 1 (1983-1984 2nd Ex. Sess.) (AB2X 1) and Statutes 1987, Chapter 1118  
(AB 2336)

*Health Fee Elimination*

Fiscal Years 2001-2002, 2002-2003

05-4206-I-12

Santa Monica Community College District

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**EXECUTIVE SUMMARY**

**Overview**

This Incorrect Reduction Claim (IRC) challenges the State Controller's Office (Controller's) findings in an audit of the Santa Monica Community College District (claimant) for the *Health Fee Elimination* program for fiscal years 2001-2002 and 2002-2003. Of the \$364,047 claimed during this period, the Controller found that the entire amount was unallowable. The Controller found that claimant over-reported indirect costs of \$146,966 because it did not use a federally approved indirect cost rate. The Controller recalculated indirect costs using another authorized method. In addition, the Controller found that claimant underreported offsetting revenues of \$538,244 by reporting the health fee revenue collected, rather than the revenue claimant was authorized to collect. The Controller determined that the fee revenue the claimant was authorized to collect exceeded the costs claimed (both direct costs and recalculated indirect costs), resulting in no reimbursement to the claimant. This IRC presents the following issues:

- Reduction of costs claimed based on the claimant's development and application of indirect cost rates.
- Adjustment of authorized but uncollected health service fees that should have been deducted as offsetting revenue from reimbursement claims.

**Health Fee Elimination Program**

Prior to 1984, former Education Code section 72246 authorized community college districts to charge almost all students a general fee (health service fee) for the purpose of voluntarily providing health supervision and services, direct and indirect medical and hospitalization services, and operation of student health centers.<sup>2</sup> In 1984, the Legislature repealed the community colleges' fee authority for health services.<sup>3</sup> However, the Legislature also reenacted

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<sup>1</sup> Statutes 1993, chapter 8.

<sup>2</sup> Former Education Code section 72246 (Stats. 1981, ch. 763) [Low-income students, students that depend upon prayer for healing, and students attending a college under an approved apprenticeship training program, were exempt from the fee.]

<sup>3</sup> Statutes 1984, 2nd Extraordinary Session, chapter 1, section 4 [repealing Education Code section 72246].

section 72246, to become operative on January 1, 1988, in order to reauthorize the fee, at \$7.50 for each semester (or \$5 for quarter or summer semester).<sup>4</sup>

In addition to temporarily repealing community college districts' authority to levy a health services fee, the 1984 enactment required any district that provided health services during the 1983-1984 fiscal year, for which districts were previously authorized to charge a fee, to maintain health services at the level provided during the 1983-1984 fiscal year for every subsequent fiscal year until January 1, 1988.<sup>5</sup> As a result, community college districts were required to maintain health services provided in the 1983-1984 fiscal year without any fee authority for this purpose until January 1, 1988.

In 1987,<sup>6</sup> the Legislature amended former Education Code section 72246, which was to become operative January 1, 1988, to incorporate and extend the maintenance of effort provisions of former Education Code section 72246.5, which became inoperative by its own terms as of January 1, 1988.<sup>7</sup> In addition, Statutes 1987, chapter 1118 restated that the fee would be reestablished at not more than \$7.50 for each semester, or \$5 for each quarter or summer semester.<sup>8</sup> As a result, beginning January 1, 1988 all community college districts were required to maintain the same level of health services they provided in the 1986-1987 fiscal year each year thereafter, with a limited fee authority to offset the costs of those services. In 1992, section 72246 was amended to provide that the health fee could be increased by the same percentage as the Implicit Price Deflator whenever that calculation would produce an increase of one dollar.<sup>9</sup>

### **Procedural History**

Claimant signed and dated the reimbursement claim for fiscal year 2001-2002 on January 8, 2003, and signed and dated the reimbursement claim for fiscal year 2002-2003 on January 5, 2004. Controller issued the draft audit report on December 9, 2005 and claimant submitted comments on it on January 4, 2006. Claimant issued the final audit report on March 17, 2006 and a revised final audit report on April 19, 2006.

Claimant filed this IRC on June 16, 2006. The Controller's comments were filed December 23, 2008.

### **Commission Responsibilities**

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<sup>4</sup> Statutes 1984, 2nd Extraordinary Session, chapter 1, section 4.5.

<sup>5</sup> Education Code section 72246.5 (Stats. 1984, 2d. Ex. Sess., ch. 1, § 4.7).

<sup>6</sup> Statutes 1987, chapter 1118.

<sup>7</sup> Education Code section 72246 (as amended, Stats. 1987, ch. 1118). See also former Education Code section 72246.5 (Stats. 1984, 2d Ex. Sess., ch. 1, § 4.7).

<sup>8</sup> Education Code section 72246 (as amended, Stats. 1987, ch. 1118).

<sup>9</sup> Education Code section 72246 (as amended, Stats. 1992, ch. 753). In 1993, former Education Code section 72246, was renumbered as Education Code section 76355. (Stats. 1993, ch. 8).

Government Code Section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.9 of the Commission's regulations requires the Commission to send the decision to the Controller and request that the costs in the claim be reinstated.

The Commission must review questions of law, including interpretation of parameters and guidelines, de novo, without consideration of conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6.<sup>10</sup> The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitutional and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an "equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities."<sup>11</sup>

With regard to the Controller's audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This standard is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.<sup>12</sup> The Commission must also review the Controller's audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.<sup>13</sup> In addition, section 1185.2(c) of the Commission's regulations requires that any assertions of fact by the parties to an IRC must be supported by documentary evidence. The Commission's ultimate findings of fact must be supported by substantial evidence in the record.<sup>14</sup>

### **Claims**

The following chart provides a brief summary of the claims and issues raised and staff's recommendation.

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<sup>10</sup> *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

<sup>11</sup> *County of Sonoma*, supra, 84 Cal.App.4th 1264, 1280, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

<sup>12</sup> *Johnston v. Sonoma County Agricultural* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

<sup>13</sup> *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

<sup>14</sup> Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

Subject	Description	Staff Recommendation
Reduction of costs claimed based on the claimant's development and application of indirect cost rates.	Claimant asserts that the Controller incorrectly reduced indirect costs claimed because claimant did not obtain federal approval for its indirect cost rate proposal for fiscal years 2001-2002 and 2002-2003.	<i>Deny</i> – The parameters and guidelines direct claimants to claim indirect costs consistently with the claiming instructions, which in turn rely on either the state's FAM-29C method, or the OMB Circular A-21 method, which requires federal approval. Claimant used the OMB Circular A-21 method, but did not obtain federal approval. Therefore, the Controller's reduction and recalculation of these costs using the FAM-29C method is correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.
Adjustment of authorized but uncollected health service fees that should have been deducted as offsetting revenue from reimbursement claims.	Claimant argues that it is inappropriate to reduce the claim amounts by revenues not collected. According to claimant, neither the law nor the parameters and guidelines require a community college district to charge students a health fee.	<i>Deny</i> - The reduction is correct as a matter of law. In the <i>Clovis Unified School District</i> decision, the court upheld the Controller's use of the Health Fee Rule to reduce reimbursement claims based on the fees districts are authorized to charge. The Commission is bound by the court's decision in <i>Clovis Unified</i> and must apply the Health Fee Rule upheld by the court.

**Staff Analysis**

- A. Claimant did not comply with the parameters and guidelines and Controller's claiming instructions in preparing its indirect cost rate using OMB Circular A-21. Therefore, the Controller's reduction and recalculation of these costs using the FAM-29C method is correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.**

In its audit, the Controller found that claimant over-reported indirect costs of \$146,966 for 2001-2002 and 2002-2003 because it did not obtain federal approval, as required by OMB Circular A-21, for its indirect cost rate. Indirect costs were claimed for 2001-2002 in the amount of

\$166,485 (32.56%) and \$165,612 (33.49%) in 2002-2003. When the Controller recalculated the indirect cost rate using the FAM-29C methodology authorized by the claiming instructions, it found that \$95,872 (18.75%) was allowed in 2001-2002 and \$89,259 (18.05%) was allowed in 2002-2003.<sup>15</sup>

1. *The parameters and guidelines expressly reference the Controller's claiming instructions, which in turn provide for an indirect cost rate to be developed in accordance with federal OMB Circular A-21 guidelines, requiring federal approval of indirect cost rates.*

Parameters and guidelines adopted by the Commission are required to provide instructions for eligible claimants to prepare reimbursement claims for the direct and indirect costs of a state-mandated program.<sup>16</sup> The reimbursement claims filed by the claimants are, likewise, required as a matter of law to be filed in accordance with the parameters and guidelines.<sup>17</sup>

The parameters and guidelines for the *Health Fee Elimination* program provide that “*indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.*”<sup>18</sup> The applicable claiming instructions provide that a district can use a federally approved rate, incorporating the accounting principles of the OMB Circular A-21; or the district can use the alternative state procedure, identified as Form FAM-29C.<sup>19</sup>

2. *Claimant did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rate, so the Controller's adjustment is correct as a matter of law.*

The claimant calculated indirect costs using OMB Circular A-21. The claiming instructions specify that, to use the OMB Circular A-21 option, a claimant must obtain federal approval, which the claimant here did not do. Thus, the claimant did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rate. Therefore, the Controller's adjustment for overstated indirect costs is correct as a matter of law.

3. *The Controller's decision to apply the alternative FAM-29C indirect cost rate described in the claiming instructions is not arbitrary, capricious, or entirely lacking in evidentiary support.*

In its audit of claimant's reimbursement claims, the Controller, concluding that the rate was not approved and therefore not supported by the parameters and guidelines and the claiming

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<sup>15</sup> Exhibit B, Controller's Comments, tab 2, pages 4-5.

<sup>16</sup> Government Code section 17557; California Code of Regulations, title 2, section 1183.7.

<sup>17</sup> Government Code sections 17561(d)(1); 17564(b); and 17571.

<sup>18</sup> Exhibit A, IRC, page 29.

<sup>19</sup> Exhibit A, IRC, page 40. See also Exhibit B, Controller's Comments, Tab 4, page 35. See also the September 2002 claiming instructions: Exhibit B, Controller's Comments, tab 3, page 22.

instructions, recalculated the indirect cost rate using the alternative state procedure, the “FAM-29C method,” outlined in the School Mandated Cost Manual.<sup>20</sup>

The Controller’s use of the FAM-29C method for calculating indirect costs is not arbitrary, capricious or lacking in evidentiary support. The FAM-29C method is expressly identified and allowed by the claiming instructions. Although claimant argues that this substitution of methods was arbitrary, claimant failed to comply with the requirements of the claiming instructions with respect to the OMB method of calculating indirect cost rates. Claimant does not assert that the rate calculated was arbitrary; only that it was arbitrary to substitute the state method outlined in the claiming instructions for the claimant’s preferred but incorrectly executed method.

Moreover, there is no evidence in the record suggesting that the Controller’s reduction to the claims was unreasonable.

Therefore, staff finds that the Controller’s application of the alternative FAM-29C indirect cost rate authorized by the claiming instructions is not arbitrary, capricious, or entirely lacking in evidentiary support.

**B. The Controller’s audit reduction for offsetting Health Fee Revenue authorized but not realized is correct as a matter of law.**

The Controller found that the claimant understated its offsetting revenue by \$538,244 for fiscal years 2001-2002 and 2002-2003 on the ground that the authorized, but uncollected health service fees should have been deducted as offsetting revenue. The claimant reported and deducted only the amounts collected rather than the fee revenue authorized by the statute, which was \$9 per student for summer semester and \$12 per student for the fall and spring semesters during 2001-2003.<sup>21</sup> The Controller therefore recalculated offsetting revenue using student enrollment for full-time and part-time students after subtracting Board of Governor’s Grants (BOGG) waiver counts and other exemptions, and then applied the fees authorized to be charged to the student count.<sup>22</sup> After the Controller’s calculation of authorized offsetting revenue, the amount of fee revenue authorized to be charged exceeded the direct and recalculated indirect costs, resulting in no reimbursement to the claimant.

Staff finds that this adjustment is correct as a matter of law, and consistent with the *Clovis Unified School District* decision, which upheld the Controller’s use of the Health Fee Rule to reduce reimbursement claims based on the fees districts are authorized to charge.<sup>23</sup>

**Conclusion**

Pursuant to Government Code section 17551(d), staff concludes that the following reductions in the Controller’s audit of the subject reimbursement claims are supported by the law and the record:

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<sup>20</sup> Exhibit B, Controller’s Comments, tab 2, pages 6-7.

<sup>21</sup> Exhibit B, Controller’s Comments, page 10.

<sup>22</sup> Exhibit A, page 57. Exhibit B, State Controller’s Comments, pages 10 and 20.

<sup>23</sup> *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 812.

- The reduction of indirect costs claimed for fiscal years 2001-2002 and 2002-2003, in the amount of \$146,966, based on claimant's failure to comply with the claiming instructions in the development of its indirect cost rate is correct as a matter of law, and the Controller's use of an alternative method authorized by the claiming instructions to calculate indirect costs is not arbitrary, capricious, or entirely lacking in evidentiary support.
- The reduction of \$538,244 during fiscal years 2001-2002 and 2002-2003, because claimant reported the health fee revenue collected rather than the revenue it was authorized to collect, is correct as a matter of law pursuant to the court's ruling in *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 812.

**Staff Recommendation**

Staff recommends that the Commission adopt the proposed statement of decision to deny the IRC, and authorize staff to make any technical, non-substantive changes following the hearing.



BEFORE THE  
COMMISSION ON STATE MANDATES  
STATE OF CALIFORNIA

IN RE INCORRECT REDUCTION CLAIM  
ON:

Former Education Code Section 72246  
(Renumbered as §76355)<sup>24</sup>

Statutes 1984, Chapter 1 (1983-1984 2nd Ex.  
Sess.) (AB2X 1) and Statutes 1987, Chapter  
1118 (AB 2336)

Fiscal Years 2001-2002 and 2002-2003

Santa Monica Community College District,  
Claimant.

Case No.: 05-4206-I-12

*Health Fee Elimination Program*

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

*(Adopted, December 5, 2014)*

**DECISION**

The Commission on State Mandates (Commission) heard and decided this incorrect reduction claims (IRC) during a regularly scheduled hearing on December 5, 2014. [Witness list will be included in the adopted decision.]

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

The Commission [adopted/modified] the staff analysis to [approve/partially approve/deny] the consolidated IRCs at the hearing by a vote of [vote count will be included in the adopted decision].

**Summary of the Findings**

Pursuant to Government Code section 17551(d), the Commission concludes that the following reductions in the Controller's audit of the subject reimbursement claims are supported by the law and the record:

- The reduction of indirect costs claimed for fiscal years 2001-2002 and 2002-2003, in the amount of \$146,966, based on claimant's failure to comply with the claiming instructions in the development of its indirect cost rate, is correct as a matter of law, and the Controller's use of an alternative method authorized by the claiming instructions to

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<sup>24</sup> Statutes 1993, chapter 8.

calculate indirect costs is not arbitrary, capricious, or entirely lacking in evidentiary support.

- That the reduction of \$538,244 during fiscal years 2001-2002 and 2002-2003, because claimant reported the health fee revenue collected rather than the revenue it was authorized to collect, is correct as a matter of law pursuant to the court's ruling in *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 812.

Accordingly, the Commission denies this IRC.

## COMMISSION FINDINGS

### I. Chronology

- 01/08/03 Claimant signed and dated reimbursement claim for fiscal year 2001-2002.<sup>25</sup>
- 01/05/04 Claimant signed and dated reimbursement claim for fiscal year 2002-2003.<sup>26</sup>
- 12/09/05 Controller issued draft audit report.
- 01/04/06 Claimant submitted comments on draft audit report.<sup>27</sup>
- 03/17/06 Controller issued final audit report.<sup>28</sup>
- 04/19/06 Controller issued revised final audit report.<sup>29</sup>
- 06/16/06 Claimant Santa Monica Community College District (SMCCD) filed IRC.<sup>30</sup>
- 12/23/08 Controller submitted comments on IRC.<sup>31</sup>

### II. Background

#### Health Fee Elimination Program

Prior to 1984, former Education Code section 72246 authorized community college districts to charge almost all students a general fee (health service fee) for the purpose of voluntarily providing health supervision and services, direct and indirect medical and hospitalization

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<sup>25</sup> Exhibit A, IRC, page 74.

<sup>26</sup> Exhibit A, IRC, page 85.

<sup>27</sup> Exhibit A, IRC, pages 67-69.

<sup>28</sup> Exhibit A, IRC, pages 49-61.

<sup>29</sup> Exhibit A, IRC, page 45.

<sup>30</sup> Exhibit A.

<sup>31</sup> Exhibit B.

services, and operation of student health centers.<sup>32</sup> In 1984, the Legislature repealed the community colleges' fee authority for health services.<sup>33</sup> However, the Legislature also reenacted section 72246 in order to reauthorize the fee, at \$7.50 for each semester (or \$5 for quarter or summer semester), which was to become operative on January 1, 1988.<sup>34</sup>

In addition to temporarily repealing community college districts' authority to levy a health services fee, the 1984 enactment required any district that provided health services during the 1983-1984 fiscal year, for which districts were previously authorized to charge a fee, to maintain the health services at the level provided during the 1983-1984 fiscal year for every subsequent fiscal year until January 1, 1988.<sup>35</sup> As a result, community college districts were required to maintain health services provided in the 1983-1984 fiscal year without any fee authority for this purpose, until January 1, 1988.

In 1987,<sup>36</sup> the Legislature amended former Education Code section 72246, which was to become operative January 1, 1988, to incorporate and extend the maintenance of effort provisions of former Education Code section 72246.5, which became inoperative by its own terms as of January 1, 1988.<sup>37</sup> In addition, Statutes 1987, chapter 1118 restated that the fee would be reestablished at not more than \$7.50 for each semester, or \$5 for each quarter or summer semester.<sup>38</sup> As a result, beginning January 1, 1988 all community college districts were required to maintain the same level of health services they provided in the 1986-1987 fiscal year each year thereafter, with a limited fee authority to offset the costs of those services.<sup>39</sup>

#### The Controller's Audit and Summary of the Issues

For fiscal years 2001-2002 and 2002-2003, claimant claimed \$1,005,829 in direct costs, all of which the Controller allowed. Claimant also claimed \$332,097 in indirect costs, of which the

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<sup>32</sup> Statutes 1981, chapter 763. Students with low-incomes, students that depend upon prayer for healing, and students attending a college under an approved apprenticeship training program, were exempt from the fee.

<sup>33</sup> Statutes 1984, 2nd Extraordinary Session 1984, chapter 1, section 4 [repealing Education Code section 72246].

<sup>34</sup> Statutes 1984, 2nd Extraordinary Session 1984, chapter 1, section 4.5.

<sup>35</sup> Education Code section 72246.5 (Stats. 1984, 2d. Ex. Sess., ch. 1, § 4.7).

<sup>36</sup> Statutes 1987, chapter 1118.

<sup>37</sup> Education Code section 72246 (as amended, Stats. 1987, ch. 1118). See also former Education Code section 72246.5 (Stats. 1984, 2d Ex. Sess., ch. 1, § 4.7).

<sup>38</sup> Education Code section 72246 (as amended, Stats. 1987, ch. 1118).

<sup>39</sup> In 1992, section 72246 was amended to provide that the health fee could be increased by the same percentage as the Implicit Price Deflator whenever that calculation would produce an increase of one dollar. (Ed. Code § 72246, as amended by Stats. 1992, ch. 753). In 1993, former Education Code section 72246, was renumbered as Education Code section 76355. (Stats. 1993, ch. 8).

Controller allowed only \$185,131.<sup>40</sup> The Controller found that claimant over-reported indirect costs of \$146,966 because it did not obtain federal approval for its indirect cost rate. Claimant claimed indirect costs for 2001-2002 of \$166,485 (32.56%) and \$165,612 (33.49%) in 2002-2003 using the OMB Circular A-21, which requires federal approval. When the Controller recalculated the indirect cost rate using the FAM-29C methodology allowed by the claiming instructions, it found that \$95,872 (18.75%) was authorized in 2001-2002 and \$89,259 (18.05%) was authorized in 2002-2003.<sup>41</sup>

Also, claimant identified and deducted offsetting health fee revenue in the amount of \$973,519 for both fiscal years, the amount of fee revenue collected. The Controller determined that claimant was authorized by law to collect \$1,511,763, finding that \$538,244 in offsetting revenues “authorized” to be charged pursuant to Education Code section 76355(a) was underreported. The Controller recalculated offsetting revenue using student enrollment for full-time and part-time students after subtracting Board of Governor’s Grants (BOGG) waiver counts and other exemptions, and then applied to fees authorized to be charged; \$9 per student for the summer semester and \$12 per student for the fall and spring semesters.<sup>42</sup> After the Controller’s calculation of authorized offsetting revenue, the amount of fee revenue authorized to be charged exceeded the direct and recalculated indirect costs, resulting in no reimbursement to the claimant.

Thus, the Controller made the following audit adjustments:

	Fiscal Year 2001-2002	Fiscal Year 2002-2003	Audit Adjustment
Indirect Costs	\$ (70,613)	\$ (76,353)	\$ (146,966)
Offsetting Savings	\$ 271,752	\$ 266,492	\$ 538,244
Total	\$ (342,365)	\$ (342,845)	\$ (685,210)

Thus, the following issues are disputed in this IRC for fiscal years 2001-2002 and 2002-2003:

- Reduction of costs claimed based on the claimant’s development and application of indirect cost rates.
- Adjustment of authorized but uncollected health service fees that should have been deducted as offsetting revenue from the reimbursement claims.

### III. Positions of the Parties

#### A. Santa Monica Community College District

Claimant argues that the Controller inappropriately reduced indirect costs claimed.<sup>43</sup> Claimant disputes the Controller’s finding that indirect costs were overstated because the indirect cost rate

<sup>40</sup> Exhibit A, page 55.

<sup>41</sup> Exhibit B, State Controller’s Comments, page 13.

<sup>42</sup> Exhibit A, page 57. Exhibit B, State Controller’s Comments, pages 10 and 20.

<sup>43</sup> Exhibit A, IRC, page 11.

proposal was not federally approved, arguing that there is no requirement for federal approval, and no particular cost rate calculation required by statute. Since the claiming instructions were never adopted as regulations pursuant to the Administrative Procedure Act, they are merely a statement of the ministerial interest of the Controller and not law.<sup>44</sup> According to claimant, the burden of proof is on the Controller to show that the district's calculation is unreasonable rather than recalculate the rate according to its preferences.<sup>45</sup>

Claimant also argues that it is inappropriate to reduce from the claim amounts revenues not received. According to claimant, neither Education Code section 76355 nor the *Health Fee Elimination* parameters and guidelines require a community college district to charge the student a health fee. Claimant also asserts that neither Government Code sections 17514 or 17556 require collection of a fee. And claimant argues that the Controller has not indicated that its determination of student accounts would be more accurate than the reported claims.<sup>46</sup>

#### B. State Controller's Office

The Controller asserts that the audit findings are correct because the claimant did not claim its indirect costs rate in accordance with the parameters and guidelines and claiming instructions, which require federal approval when using the OMB Circular A-21. Since federal approval was not obtained, the Controller recalculated indirect costs using the FAM-29C, also authorized by the claiming instructions.

The Controller's also found that claimant underreported offsetting revenues of \$538,244 that were "authorized" to be charged pursuant to Education Code section 76355(a) during fiscal years 2001-2002 and 2002-2003. Instead, the claimant identified as offsetting revenue only the amount of fee revenue "collected." For the *Health Fee Elimination* program, the Controller said that the Commission clearly recognized the availability of another funding source by including the fees as offsetting revenue in the parameter and guidelines. To the extent that districts have authority to charge a fee, they are not required to incur a cost.

It is the Controller's position that the audit adjustments are correct and that this IRC should be denied.

#### IV. Discussion

Government Code section 17561(b) authorizes the Controller to audit the claims filed by local agencies and school districts and to reduce any claim for reimbursement of state mandated costs that the Controller determines is excessive or unreasonable.

Government Code Section 17551(d) requires the Commission to hear and decide a claim that the Controller has incorrectly reduced payments to the local agency or school district. If the Commission determines that a reimbursement claim has been incorrectly reduced, section 1185.7

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<sup>44</sup> Exhibit A, IRC pages 8-10.

<sup>45</sup> Exhibit A, IRC page 11.

<sup>46</sup> Exhibit A, IRC page 11-16.

of the Commission’s regulations requires the Commission to send the decision to the Controller and request that the costs in the claim be reinstated.

The Commission must review questions of law, including interpretation of the parameters and guidelines, *de novo*, without consideration of legal conclusions made by the Controller in the context of an audit. The Commission is vested with exclusive authority to adjudicate disputes over the existence of state-mandated programs within the meaning of article XIII B, section 6.<sup>47</sup> The Commission must also interpret the Government Code and implementing regulations in accordance with the broader constitutional and statutory scheme. In making its decisions, the Commission must strictly construe article XIII B, section 6 and not apply it as an “equitable remedy to cure the perceived unfairness resulting from political decisions on funding priorities.”<sup>48</sup>

With regard to the Controller’s audit decisions, the Commission must determine whether they were arbitrary, capricious, or entirely lacking in evidentiary support. This is similar to the standard used by the courts when reviewing an alleged abuse of discretion of a state agency.<sup>49</sup> Under this standard, the courts have found that:

When reviewing the exercise of discretion, “[t]he scope of review is limited, out of deference to the agency’s authority and presumed expertise: ‘The court may not reweigh the evidence or substitute its judgment for that of the agency. [Citation.]’” ... “In general ... the inquiry is limited to whether the decision was arbitrary, capricious, or entirely lacking in evidentiary support. . . .” [Citations.] When making that inquiry, the “ ‘ ‘court must ensure that an agency has adequately considered all relevant factors, and has demonstrated a rational connection between those factors, the choice made, and the purposes of the enabling statute.’ ”<sup>50</sup>

The Commission must also review the Controller’s audit in light of the fact that the initial burden of providing evidence for a claim of reimbursement lies with the claimant.<sup>51</sup> In addition, section 1185.2(c) of the Commission’s regulations requires that any assertion of fact by the parties to an

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<sup>47</sup> *Kinlaw v. State of California* (1991) 54 Cal.3d 326, 331-334; Government Code sections 17551, 17552.

<sup>48</sup> *County of Sonoma, supra*, 84 Cal.App.4th 1264, 1280, citing *City of San Jose v. State of California* (1996) 45 Cal.App.4th 1802, 1817.

<sup>49</sup> *Johnston v. Sonoma County Agricultural* (2002) 100 Cal.App.4th 973, 983-984. See also *American Bd. of Cosmetic Surgery, Inc. v. Medical Bd. of California* (2008) 162 Cal.App.4th 534, 547.

<sup>50</sup> *American Bd. of Cosmetic Surgery, Inc, supra*, 162 Cal.App.4th at 547-548.

<sup>51</sup> *Gilbert v. City of Sunnyvale* (2005) 130 Cal.App.4th 1264, 1274-1275.

IRC must be supported by documentary evidence. The Commission's ultimate findings of fact must be supported by substantial evidence in the record.<sup>52</sup>

**A. Claimant did not comply with the parameters and guidelines and Controller's claiming instructions in preparing its indirect cost rate using OMB Circular A-21. Therefore, the Controller's reduction and recalculation of these costs using the FAM-29C method is correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.**

In its audit, the Controller found that claimant over-reported indirect costs of \$146,966 for 2001-2002 and 2002-2003 because it did not obtain federal approval for its indirect cost rate. Claimant claimed indirect costs for 2001-2002 of \$166,485 (32.56%) and \$165,612 (33.49%) in 2002-2003, but did not obtain federal approval of these rates as required by OMB Circular A-21. When the Controller recalculated the indirect cost rate using the FAM 29C methodology authorized by the claiming instructions, it found that \$95,872 (18.75%) was allowed in 2001-2002 and \$89,259 (18.05%) was allowed in 2002-2003.<sup>53</sup>

As discussed below, the Commission finds that the claimant did not comply with the parameters and guidelines and Controller's claiming instructions in preparing its indirect cost rate, so the Controller's reduction and recalculation of these costs is correct as a matter of law and not arbitrary, capricious, or entirely lacking in evidentiary support.

1. *The parameters and guidelines expressly reference the Controller's claiming instructions, which in turn provide for an indirect cost rate to be developed in accordance with federal OMB Circular A-21 guidelines, requiring federal approval of indirect cost rates.*

Parameters and guidelines adopted by the Commission are required to provide instructions for eligible claimants to prepare reimbursement claims for the direct and indirect costs of a state-mandated program.<sup>54</sup> The reimbursement claims filed by the claimants are, likewise, required as a matter of law to be filed in accordance with the parameters and guidelines.<sup>55</sup> The parameters and guidelines for the *Health Fee Elimination* program provide that "*indirect costs may be claimed in the manner described by the State Controller in his claiming instructions.*"<sup>56</sup>

Claimant argues that it is not required to adhere to the claiming instructions.<sup>57</sup> Claimant also argues that the word "may" is permissive, and that therefore the parameters and guidelines do not

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<sup>52</sup> Government Code section 17559(b), which provides that a claimant or the state may commence a proceeding in accordance with the provisions of section 1094.5 of the Code of Civil Procedure to set aside a decision of the Commission on the ground that the Commission's decision is not supported by substantial evidence in the record.

<sup>53</sup> Exhibit B, Controller's Comments, tab 2, pages 4-5.

<sup>54</sup> Government Code section 17557; California Code of Regulations, title 2, section 1183.7.

<sup>55</sup> Government Code sections 17561(d)(1); 17564(b); and 17571.

<sup>56</sup> Exhibit A, IRC, page 29.

<sup>57</sup> Exhibit A, IRC, page 10.

require that indirect costs be claimed in the manner described by the Controller.<sup>58</sup> In addition, claimant argues that “[n]either state law nor the parameters and guidelines made compliance with the Controller’s claiming instructions a condition of reimbursement.”<sup>59</sup>

Claimant is incorrect. The parameters and guidelines plainly state that “indirect costs may be claimed in the manner described by the State Controller.” The interpretation that is consistent with the plain language of the parameters and guidelines is that “indirect costs may be claimed,” or may not, but if a claimant chooses to claim indirect costs, the claimant must adhere to the Controller’s claiming instructions.

The claiming instructions specific to the *Health Fee Elimination* mandate, included in the IRC and Controller’s comments,<sup>60</sup> do not discuss specific rules or guidelines for claiming indirect costs for this mandate. However, the School Mandated Cost Manual<sup>61</sup> provides general instructions for school districts and community college districts seeking to claim indirect costs, and those instructions provide guidance to claimants for all mandates, absent specific provisions to the contrary. More recently the manuals for school districts and community college districts have been printed separately, and therefore both the general instructions, and the instructions specific to the *Health Fee Elimination* mandate, are now provided in the Mandated Cost Manual for Community Colleges, available on the Controller’s web site.<sup>62</sup> The Mandated Cost Manual contains general instructions for claiming under all mandates, with the suggestion that claimants refer to the parameters and guidelines and specific claiming instructions, as follows:

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controller’s Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, unless otherwise specified, these instructions should not be construed in any manner to be statutes, regulations, or standards.<sup>63</sup>

The Controller submitted pages from the Mandated Cost Manual addressing indirect cost rates, revised September 2002, in response to the IRC.<sup>64</sup> The Controller also submitted an excerpt of the School Mandated Cost Manual revised September 1997, which contained the program-

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<sup>58</sup> *Ibid.*

<sup>59</sup> *Ibid.*

<sup>60</sup> Exhibit B, Controller’s Comments, tab 3.

<sup>61</sup> Exhibit B, Controller’s Comments, tab 3.

<sup>62</sup> Exhibit \_\_, Community College Mandated Cost Manual General Instructions Updated September 28, 2001. The same language exists in the Manual updated September 29, 2000 and September 30, 2003.

<sup>63</sup> *Ibid.*

<sup>64</sup> Exhibit B, Controller’s Comments, tab 3.



specific instructions for the *Health Fee Elimination* mandate.<sup>65</sup> This last document suggests that all community college claiming instructions were, at or near the relevant time period, published in the School Mandated Cost Manual.<sup>66</sup> Therefore, the reference in the parameters and guidelines to the Controller’s claiming instructions necessarily includes the general provisions of the School Mandated Cost Manual, and the manual provides ample notice to claimants as to how they may properly claim indirect costs. Claimant’s assertion that “[n]either State law or the parameters and guidelines made compliance with the Controller’s claiming instructions a condition of reimbursement”<sup>67</sup> is therefore not correct.<sup>68</sup>

Claimant also argues that because the claiming instructions “were never adopted as law, or regulations pursuant to the Administrative Procedure Act, the claiming instructions are merely a statement of the ministerial interests of the Controller and not law.”<sup>69</sup> In the *Clovis* case,<sup>70</sup> the Controller’s contemporaneous source document rule, or CSDR, was held to be an unenforceable underground regulation because it was applied generally against school districts and had never been adopted as a regulation under the APA.<sup>71</sup> Here, claimant implies the same fault in the claiming instructions with respect to indirect cost rates. But the distinction is that here the parameters and guidelines, which were duly adopted at a Commission hearing, require compliance with the claiming instructions. The Commission’s parameters and guidelines are a final, binding document,<sup>72</sup> and provide notice of the options for claiming indirect costs, pursuant to duly issued claiming instructions, which are general and apply to all programs. Moreover, the Commission is not the venue in which to challenge the Controller’s claiming instructions on the ground that those instructions may constitute an underground regulation. Until the courts declare otherwise, the Commission will presume that, where reasonable and consistent with the parameters and guidelines, the Controller’s claiming instructions are valid and enforceable.

Therefore, the Commission finds that the parameters and guidelines expressly reference the claiming instructions, which clearly provide the option for indirect cost rates to be developed in accordance with OMB Circular A-21 guidelines, requiring federal approval of indirect cost rates.

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<sup>65</sup>Exhibit B, Controller’s Comments, tab 4.

<sup>66</sup> Available at: <[http://www.sco.ca.gov/Files-ARD-Local/Manuals/ccd\\_1112\\_print.pdf](http://www.sco.ca.gov/Files-ARD-Local/Manuals/ccd_1112_print.pdf)> [accessed on July 1, 2014].

<sup>67</sup> Exhibit A, IRC, page 10.

<sup>68</sup> Government Code section 17564(b) was amended by Statutes 2004, chapter 890, to require: “Claims for direct and indirect costs filed pursuant to Section 17561 shall be filed in the manner prescribed in the parameters and guidelines and claiming instructions.”

<sup>69</sup> Exhibit A, IRC, page 10.

<sup>70</sup> *Clovis Unified School Dist. v. Chiang (Clovis)*(2010) 188 Cal.App.4th 794.

<sup>71</sup> *Id.* at page 807.

<sup>72</sup> *CSBA v. State, supra*, 171 Cal.App.4th 1183, 1201.

2. *Claimant did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rate, so the Controller's adjustment is correct as a matter of law.*

Claimant argues that “there is no requirement in law that the claimant’s indirect cost rate must be ‘federally’ approved,” and that “[n]o particular indirect cost rate calculation is required by statute.”<sup>73</sup> Claimant also argues that “the District has computed its indirect cost rate utilizing cost accounting principles from the Office of Management and Budget Circular A-21, and the Controller has disallowed it without a determination of whether the product of the District's calculation would, or would not, be excessive, unreasonable, or inconsistent with cost accounting principles.”<sup>74</sup> In addition, claimant asserts that “[n]either the Commission nor the Controller has ever specified the federal agencies which have the authority to approve indirect cost rates.”<sup>75</sup>

The Commission disagrees with the claimant’s interpretation. As discussed above, the Commission’s duly adopted parameters and guidelines require compliance with the Controller’s claiming instructions, and the claiming instructions are presumed to be valid and enforceable. Those claiming instructions reveal that while federal approval of an indirect cost rate is not strictly required, it is an element of the option for using the OMB Circular A-21 for developing an indirect cost rate. The September 1997 claiming instructions submitted by claimant with the IRC contain an HFE-1.1 Form, which is for computing the allowable increased costs an individual college in the district has incurred to comply with the state mandate. The claiming instructions state that a “copy of the document must be submitted with the claim.” The instructions on the form HFE-1.1, for line (05), “Cost of health services for the fiscal year of the claim” state:

For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller’s methodology outlined in “Filing a Claim” of the Mandated Cost Manual for Schools.<sup>76</sup>

Similarly, the September 2002 claiming instructions, under the heading “Indirect Cost Rate for Community Colleges” state:

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 “Cost Principles for Educational Institutions,” or the Controller’s methodology outlined in the following paragraphs.<sup>77</sup> If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

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<sup>73</sup> Exhibit A, IRC, page 9.

<sup>74</sup> *Ibid.*

<sup>75</sup> *Ibid.*

<sup>76</sup> Exhibit A, IRC, page 40. See also Exhibit B, Controller’s Comments, Tab 4, page 35.

<sup>77</sup> Note that the methodology later outlined is the state Form FAM-29C.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist community colleges in computing an indirect cost rate for state mandate.<sup>78</sup>

The claiming instructions specify that, to use the OMB Circular A-21 option, a claimant must obtain federal approval, which the claimant here did not do. Thus, the claimant did not comply with the requirements of the claiming instructions in developing and applying its indirect cost rate. Therefore, the Controller's adjustment for overstated indirect costs is correct as a matter of law.

3. *The Controller's decision to apply the alternative FAM-29C indirect cost rate described in the claiming instructions is not arbitrary, capricious, or entirely lacking in evidentiary support.*

In its audit of claimant's reimbursement claims, the Controller, concluding that the rate was not approved and therefore not supported by the parameters and guidelines and the claiming instructions, recalculated the indirect cost rate using the alternative state procedure, the "FAM-29C method," outlined in the School Mandated Cost Manual.<sup>79</sup>

Claimant asserts that "the difference in the claimed and audited methods is in the determination of which of those cost elements are direct costs and which are indirect costs." Claimant continues:

Indeed, federally 'approved' rates which the Controller will accept without further action, are 'negotiated' rates calculated by the district and submitted for approval to federal agencies which are the source of federal programs to which the indirect cost rate is to be applied, indicating that the process is not an exact science, but a determination of the relevance and reasonableness of the cost allocation assumptions made for the method used.<sup>80</sup>

Claimant argues that the Controller "made no determination as to whether the method used by the District was reasonable, but merely substituted its FAM-29C method for the method reported by the District." Claimant also argues that the Controller's decision to recalculate indirect costs by its own method "is an arbitrary choice of the Controller, not a 'finding' enforceable by fact or law."<sup>81</sup>

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<sup>78</sup> Exhibit B, Controller's Comments, tab 3, page 22.

<sup>79</sup> Exhibit B, Controller's Comments on the IRC, tab 2, pages 6-7.

<sup>80</sup> Exhibit A, IRC, page 9.

<sup>81</sup> Exhibit A, IRC, page 11.

The Commission finds that the Controller's use of the FAM-29C method for calculating indirect costs is not arbitrary, capricious, or entirely lacking in evidentiary support. The FAM-29C method is expressly identified and allowed by the claiming instructions. Although claimant argues that this substitution of methods was arbitrary, based on the above analysis, claimant failed to comply with the requirements of the claiming instructions with respect to the OMB method of calculating indirect cost rates that it used. Claimant does not assert that the rate calculated was arbitrary; only that it was arbitrary to substitute the state method outlined in the claiming instructions for the claimant's preferred but incorrectly executed method.

Moreover, the Commission does not have evidence in the record suggesting a finding that the Controller's reductions to claimant's claim were unreasonable or arbitrary. The determination of which costs are direct and which are indirect is not sufficiently explained in the record, nor are any specific delineations made. If the claimant wishes to have the Commission reinstate costs adjusted by the Controller, the claimant must carry the burden of establishing what adjustments were unreasonable and why.<sup>82</sup>

Based on the foregoing, the Commission finds that the Controller's application of the alternative FAM-29C indirect cost rate authorized by the claiming instructions is not arbitrary, capricious, or entirely lacking in evidentiary support.

**B. The Controller's audit reduction for Health Fee Revenue authorized but not realized is correct as a matter of law.**

The Controller found that the claimant understated its offsetting revenue by \$538,244 for fiscal years 2001-2002 and 2002-2003 on the ground that the authorized, but uncollected health service fees should have been deducted as offsetting revenue. The claimant reported and deducted only the amounts collected rather than the fee revenue authorized by the statute, which was \$9 per student for summer semester and \$12 per student for the fall and spring semesters during 2001-2003.<sup>83</sup> The Controller therefore recalculated offsetting revenue using student enrollment for full-time and part-time students after subtracting BOGG waiver counts and other exemptions, and then applied the fees authorized to be charged to the student count.<sup>84</sup> After the Controller's calculation of authorized offsetting revenue, the amount of fee revenue authorized to be charged

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<sup>82</sup> Government Code 17558.7: "If the Controller reduces a claim approved by the commission, the claimant may file with the commission an incorrect reduction claim pursuant to regulations adopted by the commission."; California Code of Regulations, title 2, section 1185: "An incorrect reduction claim shall contain: "(2) A written detailed narrative that describes the alleged incorrect reduction(s). The narrative shall include a comprehensive description of the reduced or disallowed area(s) of cost(s). ¶ (3) 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."

<sup>83</sup> Exhibit B, Controller's Comments, page 10.

<sup>84</sup> Exhibit A, page 57. Exhibit B, State Controller's Comments, pages 10 and 20.

exceeded the direct and recalculated indirect costs, resulting in no reimbursement to the claimant.

Claimant argues that the relevant offset is the amount of fee revenue collected and not the amount authorized by statute. Claimant states:

This issue is one of student health fees revenue actually received, rather than student health fees which might be collected. The Commission determined, as stated in the parameters and guidelines, that the student fees “experienced” [collected] would reduce the amount subject to reimbursement. Student fees not collected are student fees not “experienced” and as such should not reduce reimbursement. Further, the amount “collectible” will never equal actual revenues collected due to changes in student’s BOGG eligibility,<sup>85</sup> bad debt accounts, and refunds.

Because districts are not required to collect a fee from students for student health services, and if such a fee is collected, the amount is to be determined by the District and not the Controller, the Controller’s adjustment is without legal basis.<sup>86</sup>

After claimant filed its IRC, the Third District Court of Appeal issued the *Clovis* decision, which specifically addressed the issue of whether the Controller properly reduced reimbursement claims for state-mandated health services provided by community college districts pursuant to the *Health Fee Elimination* program using the “The Controller’s Health Fee Rule.” The Health Fee Rule, as stated in the Controller’s *Health Fee Elimination* Program specific claiming instructions, provides that a reimbursements will be reduced by the amount of *student fees authorized*. As quoted by the court, the Health Fee Rule states in pertinent part:

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

Education Code section 76355(a) provides in relevant part the following:

(a)(1) The governing board of a district maintaining a community college may require community college students to pay a fee in the total amount of not more than ten dollars (\$10) for each semester, seven dollars (\$7) for summer school, seven dollars (\$7) for each intersession of at least four weeks, or seven dollars (\$7) for each quarter for health supervision and services, including direct or indirect medical and hospitalization services, or the operation of a student health center or centers, or both.

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<sup>85</sup> BOGG is Board of Governor’s Grant.

<sup>86</sup> Exhibit A, IRC, page 15.

<sup>87</sup> *Clovis*, *supra*, 188 Cal.App.4th 794, 811. Emphasis in original.

(a)(2) The governing board of each community college district may increase this [health service] fee by the same percentage increase as the Implicit Price Deflator for State and Local Government Purchase of Goods and Services. Whenever that calculation produces an increase of one dollar (\$1) above the existing fee, the fee may be increased by one dollar (\$1).<sup>88</sup>

Pursuant to the plain language of Education Code section 76355(a)(2), the fee authority given to districts automatically increases at the same rate as the Implicit Price Deflator; when that calculation produces an increase of one dollar above the existing fee, the fee may be increased by one dollar.

Claimant argues that neither Education Code section 76355 nor the *Health Fee Elimination* parameters and guidelines require a community college district to charge the student a health fee. Claimant also asserts that neither Government Code sections 17514 or 17556 require collection of a fee.<sup>89</sup>

But the court in the *Clovis* decision upheld, as a matter of law, the Controller's use of the Health Fee Rule to reduce reimbursement claims based on the fees districts are *authorized* to charge. In its decision, the court noted that its conclusion is consistent with the state mandates process embodied in Government Code sections 17514 and 17556(d), and that: "To the extent a local agency or school district 'has the authority' to charge for the mandated program or increased level of service, that charge cannot be recovered as a state-mandated cost."<sup>90</sup> The court also noted that, "... this basic principle flows from common sense as well. As the Controller succinctly puts it, 'Claimants can choose not to require these fees, but not at the state's expense.'"<sup>91</sup>

The court also responded to the argument that, "since the Health Fee Rule is a claiming instruction, its validity must be determined *solely* through the Commission's P&G's."<sup>92</sup> The court stated:

To accept this argument, though, we would have to ignore, and so would the Controller, the fundamental legal principles underlying state-mandated costs. We conclude the Health Fee Rule is valid.<sup>93</sup>

Although the claimant here was not a party to the *Clovis* case, it is binding on the claimant under principles of collateral estoppel.<sup>94</sup> Collateral estoppel applies when (1) the issue necessarily

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<sup>88</sup> Education Code section 76355, as amended by Statutes 1995, chapter 758.

<sup>89</sup> Exhibit A, IRC, pages 11-14.

<sup>90</sup> *Clovis*, *supra*, 188 Cal.App.4th 794, 812.

<sup>91</sup> *Ibid.*

<sup>92</sup> *Ibid.* Emphasis in original.

<sup>93</sup> *Ibid.*

<sup>94</sup> The petitioners in the *Clovis* case included Clovis Unified School District, El Camino Community College District, Fremont Unified School District, Newport-Mesa Unified School

decided in the previous proceeding is identical to the one that is currently being decided; (2) the previous proceeding terminated with a final judgment on the merits; (3) the party against whom collateral estoppel is asserted is a party to or in privity with a party in the previous proceeding; and (4) the party against whom the earlier decision is asserted had a full and fair opportunity to litigate the issue.<sup>95</sup> The issue decided by the court is identical to the issue in this IRC. In addition, the claimant here has privity with the petitioners in the *Clovis* action. “A party is adequately represented for purposes of the privity rule if his or her interests are so similar to a party’s interest that the latter was the former’s virtual representative in the earlier action.”<sup>96</sup> In addition, the Controller was a party to the *Clovis* action and is bound to comply with the court’s decision for all matters addressing the *Health Fee Elimination* program.

Thus, pursuant to the court’s decision in *Clovis*, the Health Fee Rule used by the Controller to adjust reimbursement claims filed by claimants for the *Health Fee Elimination* program is correct. Since the *Clovis* case is a final decision of the court addressing the merits of the issue presented here, the Commission, under principles of *stare decisis*, is required to apply the rule set forth by the court.<sup>97</sup>

Accordingly, the Commission finds that the Controller’s adjustment based on the fee revenue authorized to be charged is correct as a matter of law.

## V. Conclusion

Pursuant to Government Code section 17551(d), the Commission concludes that the following reductions in the Controller’s audit of the subject reimbursement claims are supported by the law and the record:

- The reduction of indirect costs claimed for fiscal years 2001-2002 and 2002-2003, in the amount of \$146,966, based on claimant’s failure to comply with the claiming instructions in the development of its indirect cost rate is correct as a matter of law, and the Controller’s use of an alternative method authorized by the claiming instructions to calculate indirect costs is not arbitrary, capricious, or entirely lacking in evidentiary support.
- The reduction of \$538,244 during fiscal years 2001-2002 and 2002-2003, because claimant reported the health fee revenue collected rather than the revenue it was authorized to collect, is correct as a matter of law pursuant to the court’s ruling in *Clovis Unified School Dist. v. Chiang* (2010) 188 Cal.App.4th 794, 812.

Accordingly, the Commission denies this IRC.

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District, Norwalk-La Mirada Unified School District, Riverside Unified School District, San Mateo Community College District, Santa Monica Community College District, State Center Community College District, and Sweetwater Union High School District.

<sup>95</sup> *Roos v. Red* (2006) 130 Cal.App.4th 870, 879-880.

<sup>96</sup> *Rodgers v. Sargent Controls & Aerospace* (2006) 136 Cal.App.4th 82, 91.

<sup>97</sup> *Fenske v. Board of Administration* (1980) 103 Cal.App.3d 590, 596.

**DECLARATION OF SERVICE BY EMAIL**

I, the undersigned, declare as follows:

I am a resident of the County of Solano and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On September 4, 2014, I served the:

**Draft Proposed Decision, Schedule for Comments, and Notice of Hearing**  
*Health Fee Elimination, 05-4206-I-12*  
Education Code Section 76355  
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118  
Fiscal Years 2001-2002 and 2002-2003  
Santa Monica Community College District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on September 4, 2014 at Sacramento, California.



---

Heidi J. Palchik  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814  
(916) 323-3562



# COMMISSION ON STATE MANDATES

## Mailing List

**Last Updated:** 8/18/14

**Claim Number:** 05-4206-I-12

**Matter:** Health Fee Elimination

**Claimant:** Santa Monica Community College District

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

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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# SixTen and Associates Mandate Reimbursement Services

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September 22, 2014  
*Commission on  
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September 22, 2014

Heather Halsey, Executive Director  
Commission on State Mandates  
980 Ninth Street, Suite 300  
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Dear Ms. Halsey:

RE: CSM 05-4206-I-12  
**Santa Monica Community College District**  
Fiscal Years: 2001-02 and 2002-03  
Health Fee Elimination  
Education Code Section 76355  
Statutes of 1984, Chapter 1, 2<sup>nd</sup>. E.S.  
Statutes of 1987, Chapter 1118  
Incorrect Reduction Claim

I have received the Commission Draft Proposed Decision (DPD) dated September 4, 2014, for the above-referenced incorrect reduction claim, to which I respond on behalf of the District.

**PART A. APPLICATION OF AN INDIRECT COST RATE**

The audit asserts that the District overstated its indirect cost rates and costs in the amount of \$146,966 for both fiscal years. This finding is based upon the Controller's statement that the district did not obtain federal approval for its ICRPs, a stated requirement of the Controller's claiming instructions.

The threshold Commission conclusion is that claimants must comply with the Controller's claiming instructions and that the Controller's use of its own instructions and forms to recalculate the indirect cost rates was not arbitrary. The District asserts that the Controller's claiming instructions are not alone enforceable as a matter of law as they are not regulations nor were they adopted pursuant to the administrative rulemaking process required to enforce agency manuals and instructions, as did the

*Clovis Court.*<sup>1</sup>

The Controller has never asserted that its claiming instructions are alone legally enforceable (DPD, 15):

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controller's Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, unless otherwise specified, these instructions should not be construed in any manner to be statutes, regulations, or standards.

Therefore, any documentation standards or cost accounting formulas published in the claiming instructions, to be enforceable, must derive from another source. However, there are no cost accounting standards for calculating the indirect cost rate for the Health Fee Elimination mandate published anywhere except the Controller's claiming instructions.

The Commission (DPD, 15) instead relies upon the "plain language" of the 1989 parameters and guidelines:

---

<sup>1</sup> From the Clovis Appellate Court Decision (4):

"Once the Commission determines that a state mandate exists, it adopts regulatory "[P]arameters and [G]uidelines" (P&G's) to govern the state-mandated reimbursement. (§ 17557.) The Controller, in turn, then issues nonregulatory "[C]laiming [I]nstructions" for each Commission-determined mandate; these instructions must derive from the Commission's test claim decision and its adopted P&G's. (§ 17558.) Claiming Instructions may be specific to a particular mandated program, or general to all such programs." Emphasis added.

From the Clovis Appellate Court Decision (15):

"Given these substantive differences between the Commission's pre-May 27, 2004 SDC P&G's and the Controller's CSDR, we conclude that the CSDR implemented, interpreted or made specific the following laws enforced or administered by the Controller: the Commission's pre-May 27, 2004 P&G's for the SDC Program (§ 17558 [the Commission submits regulatory P&G's to the Controller, who in turn issues nonregulatory Claiming Instructions based thereon]; and the Controller's statutory authority to audit state-mandated reimbursement claims (§ 17561, subd. (d)(2))." Emphasis added.

Claimant is incorrect. The parameters and guidelines plainly state that "indirect costs may be claimed in the manner described by the State Controller." The interpretation that is consistent with the plain language of the parameters and guidelines is that "indirect costs may be claimed," or may not, but if a claimant chooses to claim indirect costs, the claimant must adhere to the Controller's claiming instructions.

Claiming indirect costs is not conditional on the claiming instruction methods. Colleges "may" claim indirect costs, or any other eligible cost, on every mandate, not just Health Fee Elimination. The Commission attribution of the conditional "may" to the ultimate decision to claim indirect costs, rather than the subsequent discretionary choice to use claiming instructions method is gratuitous.

Regarding the requirement for the administrative rulemaking process to enforce agency manuals and instructions, the Commission (DPD, 16) misses the factual issue:

Moreover, the Commission is not the venue in which to challenge the Controller's claiming instructions on the ground that those instructions may constitute an underground regulation. Until the courts declare otherwise, the Commission will presume that, where reasonable and consistent with the parameters and guidelines, the Controller's claiming instructions are valid and enforceable.

The Commission does not need a court to declare the claiming instructions to be underground regulations or to ascertain whether they are consistent with the claiming instructions. The Commission need only ask the Controller if the claiming instructions have been adopted pursuant to the required process. If the answer is no, the Commission cannot enforce the claiming instructions for the Controller. The Controller's use of the FAM-29C method for audit purposes is a standard of general application without appropriate state agency rulemaking and is therefore unenforceable (Government Code Section 11340.5). The formula is not an exempt audit guideline (Government Code Section 11340.9(e)). State agencies are prohibited from enforcing underground regulations. If a state agency issues, enforces, or attempts to enforce a rule without following the Administrative Procedure Act, when it is required to, the rule is called an "underground regulation." Further, the audit adjustment is a financial penalty against the District, and since the adjustment is based on an underground regulation, the formula cannot be used for the audit adjustment (Government Code Section 11425.50).

Somehow the "assistance" provided by the claiming instructions has become a requirement even though the parameters and guidelines use the word "may." The Commission now has concluded that the contents of the claiming instructions are as a matter of law derivative of the authority of the parameters and guidelines, without benefit of a legal citation for this leap of jurisprudence. Assuming for argument that the leap can be made, would that derivative authority continue for any changes made to the

claiming instructions after the adoption of the 1989 parameters and guidelines, that is, an open-ended commitment of the Commission's authority to the Controller who can make changes without reference to the Commission process? Is this derivative authority limited to Health Fee Elimination or applicable to all mandates?

Note that the Health Fee Elimination parameters and guidelines were amended on January 29, 2010. However, the indirect cost rate language remained the same:

### 3. Allowable Overhead Cost

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

The Commission has had numerous opportunities to clarify its intent and language regarding the indirect cost rate calculation methods and resolve or avoid the delegation and derivation issue. For example, and by contrast, the parameters and guidelines language for the new college mandate Cal Grants, adopted on the same date as the January 29, 2010, amendment for Health Fee Elimination, has the needed specific and comprehensive language:

#### B. Indirect Cost Rates

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

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

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

This language in the parameters and guidelines for Cal Grants makes the Controller's guidance on the suggested three choices of indirect cost calculation methods legally enforceable. The Commission properly adopted this language within the scope of their

discretion and has utilized it in college mandate parameters and guidelines since at least 2002. However, this language has never been adopted by the Commission for Health Fee Elimination. The District agrees that the parameters and guidelines have the force of law, but that it does not extend by reference (tenuous or not) to the general or specific claiming instructions for Health Fee Elimination. Neither the Commission nor the Controller have ever adopted the Controller's claiming instructions pursuant the process required by the Administrative Procedure Act, nor has the Commission ever before stated that parameters and guidelines are subordinate to the Controller's claiming instructions.

In the absence of legally enforceable claiming instructions, rules or methods, or standards or specific language in the parameters and guidelines for the indirect cost rate calculation, the remaining standard is Government Code Section 17561. No particular indirect cost rate calculation method is required by law. Government Code Section 17561(d)(2) requires the Controller to pay claims, provided that the Controller may audit the records of any school district to verify the actual amount of the mandated costs, and may reduce any claim that the Controller determines is excessive or unreasonable. The Controller is authorized to reduce a claim if the Controller determines the claim to be excessive or unreasonable. Here, the District computed indirect cost rates utilizing cost accounting principles from the Office of Management and Budget Circular A-21, and the Controller has disallowed the rates without a determination of whether the product of the District's calculation is excessive, unreasonable, or inconsistent with cost accounting principles.

There is no rebuttable presumption for this mandate that the Controller's methods are per se the only reasonable method. The Controller made no determination as to whether the method used by the District was reasonable or not, but merely substituted the Controller's method for the method used by the Districts. The substitution of the Controller's method is an arbitrary choice of the auditor, not a "finding" enforceable either by fact or law. In order to move forward with the adjustment, the burden of proof is on the Controller to prove that the District's calculation is unreasonable. Indeed, federally "approved" rates which the Controller will accept without further action, are "negotiated" rates calculated by the district and submitted for approval, indicating that the process is not an exact science, but a determination of the relevance and reasonableness of the cost allocation assumptions made for the method used. Neither the Commission nor the Controller can assume that the Controller's calculation methods are intrinsically more accurate and the Commission cannot shift that burden or create the presumption to the contrary where none is present in law.

#### **PART B. UNDERSTATED OFFSETTING REVENUES**

This finding is the result of the Controller's recalculation of the student health services fees which may have been "collectible" which was then compared to the District's student health fee revenues actually received, resulting in a total adjustment of



\$538,244 for the audit period. The Controller computed the total student health fees collectible based on state rates while the District reported actual fees collected.

The Commission (DPD, 20) finds that the correct calculation and application of offsetting revenue from student health fees have been resolved by the *Clovis Unified* decision, and that the reduction is correct as a matter of law:

After claimant filed its IRC, the Third District Court of Appeal issued the *Clovis* decision, which specifically addressed the issue of whether the Controller properly reduced reimbursement claims for state-mandated health services provided by community college districts pursuant to the *Health Fee Elimination* program using the "The Controller's Health Fee Rule." The Health Fee Rule, as stated in the Controller's *Health Fee Elimination* Program specific claiming instructions, provides that a reimbursements will be reduced by the amount of *student fees authorized*. As quoted by the court, the Health Fee Rule states in pertinent part:

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

The District agrees that claimants and state agencies are bound to apply the Health Fee Rule as decided law and that this extends to retroactive fiscal years still within the Commission's or Controller's jurisdiction.

On October 27, 2011, the Commission adopted a consolidated statement of decision for seven Health Fee Elimination incorrect reduction claims. The statement of decision for these seven districts included issues presented in this current incorrect reduction claim. The application of the Health Fee Rule, as determined by the Commission's October 27, 2011, statement of decision, however, involves two factual elements: the number of exempt students and the specific enrollment statistics for each semester. That decision approved the Controller's use of specific Community College Chancellor's MIS data to obtain these enrollment amounts. That approved method is stated in the more recent HFE audits as:

**FINDING— Understated authorized health service fees**

We obtained student enrollment data from the CCCCCO. The CCCCCO identified enrollment data from its management information system (MIS) based on student data that the district reported. CCCCCO identified the district's enrollment based on its MIS data element STD7, codes A through G. CCCCCO eliminated any duplicate students based on their Social Security numbers. *Cited from the October 19, 2012 HFE Audit Report for State Center CCD. Available at the*

*Controller's web site.*

For the audit of this District, completed before the October 27, 2011, Commission decision, the enrollment statistics used by the auditor were different:

**FINDING 2— Understated authorized health fee revenues claimed**

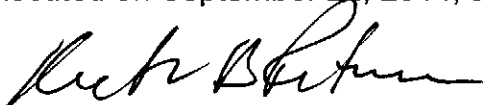
We obtained student enrollment information from the “enrollment census” data run and student waiver information from the list of “BOGG used” data run.

Therefore, to properly implement the Health Fee Rule, it will be necessary for the Controller to utilize the statistics approved by the October 27, 2011, decision. Until then, the Commission’s ultimate conclusion that the adjustments here are not arbitrary or lacking in evidentiary support is unfounded.

**CERTIFICATION**

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

Executed on September 22, 2014, at Sacramento, California, by



Keith B. Petersen, President  
SixTen & Associates

Service by Commission Electronic Drop Box

**DECLARATION OF SERVICE BY EMAIL**

I, the undersigned, declare as follows:

I am a resident of the County of Solano and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On September 23, 2014, I served the:

**Claimant Comments**

*Health Fee Elimination, 05-4206-I-12*

Education Code Section 76355

Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118

Fiscal Years 2001-2002 and 2002-2003

Santa Monica Community College District, Claimant

by making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on September 23, 2014 at Sacramento, California.



---

Heidi J. Palchik  
Commission on State Mandates  
980 Ninth Street, Suite 300  
Sacramento, CA 95814  
(916) 323-3562

# COMMISSION ON STATE MANDATES

## Mailing List

**Last Updated:** 8/18/14

**Claim Number:** 05-4206-I-12

**Matter:** Health Fee Elimination

**Claimant:** Santa Monica Community College District

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

Each commission mailing list is continuously updated as requests are received to include or remove any party or person on the mailing list. A current mailing list is provided with commission correspondence, and a copy of the current mailing list is available upon request at any time. Except as provided otherwise by commission rule, when a party or interested party files any written material with the commission concerning a claim, it shall simultaneously serve a copy of the written material on the parties and interested parties to the claim identified on the mailing list provided by the commission. (Cal. Code Regs., tit. 2, § 1181.3.)

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RECEIVED  
September 25, 2014  
Commission on  
State Mandates

**JOHN CHIANG**  
California State Controller

September 25, 2014

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

Re: **Draft Proposed Decision**  
Incorrect Reduction Claim  
*Health Fee Elimination*, 05-4206-I-12  
Education Code Section 76355  
Statutes 1984, Chapter 1, 2<sup>nd</sup> E.S.; Statutes 1987, Chapter 1118  
Fiscal Years 2001-2002 and 2002-2003  
Santa Monica Community College District, Claimant

Dear Ms. Halsey:

The State Controller's Office has reviewed the Commission on State Mandates' (Commission) draft staff analysis related to the above incorrect reduction claim filed by Santa Monica Community College District. We support the Commission's conclusion and recommendation.

The district did not follow the parameters and guidelines that direct claimants to claim indirect costs consistently with the claiming instructions. Further, the district did not deduct authorized, but uncollected, health service fees as offsetting revenue consistent with the appellate court decision in *Clovis Unified School District v. Chiang*.

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

Sincerely,

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

**DECLARATION OF SERVICE BY EMAIL**

I, the undersigned, declare as follows:

I am a resident of the County of Sacramento and I am over the age of 18 years, and not a party to the within action. My place of employment is 980 Ninth Street, Suite 300, Sacramento, California 95814.

On September 23, 2014, I served the:

**SCO Comments**

*Health Fee Elimination*, 05-4206-I-12

Education Code Section 76355

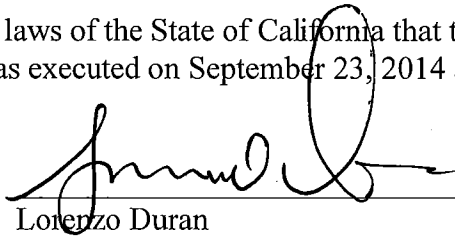
Statutes 1984, Chapter 1, 2nd E.S.; Statutes 1987, Chapter 1118

Fiscal Years 2001-2002 and 2002-2003

Santa Monica Community College District, Claimant

By making it available on the Commission's website and providing notice of how to locate it to the email addresses provided on the attached mailing list.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this declaration was executed on September 23, 2014 at Sacramento, California.



Lorenzo Duran

Commission on State Mandates

980 Ninth Street, Suite 300

Sacramento, CA 95814

(916) 323-3562



# COMMISSION ON STATE MANDATES

## Mailing List

**Last Updated:** 8/18/14

**Claim Number:** 05-4206-I-12

**Matter:** Health Fee Elimination

**Claimant:** Santa Monica Community College District

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**CALIFORNIA COMMUNITY COLLEGES  
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<http://www.cccco.edu>



## Memorandum

April 3, 2012

**Fiscal Services Memo 12-01  
Via E-mail Only**

**To:** Chief Business Officers  
Chief Student Services Officers  
Health Services Program Directors  
Financial Aid Officers  
Admissions and Records Officers

**From:** Frederick E. Harris, Assistant Vice Chancellor  
College Finance and Facilities Planning

**Subject:** Student Health Fee

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

Based on calculations by the Financial, Economic, and Demographic Unit in the Department of Finance, the Implicit Price Deflator Index has now increased enough since the last fee increase of 2011 to support a one dollar increase in the student health fees. Effective with the Summer Session of 2012, districts may begin charging a maximum fee of \$19.00 per semester, \$16.00 for summer session, \$16.00 for each intersession of at least four weeks, or \$16.00 for each quarter.

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

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

- Students who depend exclusively upon prayer for healing in accordance with the teachings of a bona fide religious sect, denomination, or organization.
- Students who are attending a community college under an approved apprenticeship training program.

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

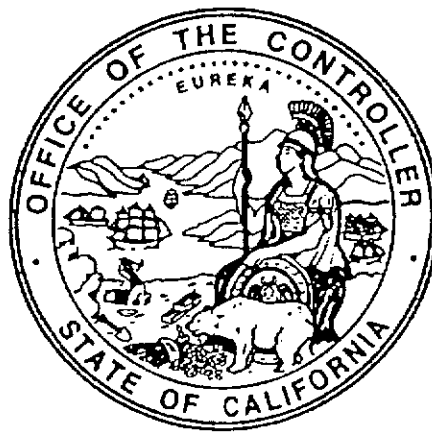
If you have any questions about the fee increase, please contact Michael Yarber at 916.327.6818 or [myarber@cccco.edu](mailto:myarber@cccco.edu).

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# MANDATED COST MANUAL FOR SCHOOL DISTRICTS

STATE OF CALIFORNIA



KATHLEEN CONNELL  
STATE CONTROLLER

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## FOREWORD

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controllers Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, unless otherwise specified, these instructions should not be construed in any manner to be statutes, regulations, or standards.

If you have any questions concerning the enclosed material, write to the address below or call the Local Reimbursements Section at (916) 323-3258.

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Prepared by the State Controller's Office  
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## FILING A CLAIM

### 1. Introduction

The law in the State of California provides for the reimbursement of costs incurred by local agencies and school districts for costs mandated by the State. Costs mandated by the State means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service of an existing program.

Estimated claims that show costs to be incurred in the current fiscal year and reimbursement claims that detail the costs actually incurred for the prior fiscal year may be filed with the State Controller's Office. Claims for on-going programs are filed annually by January 15. Claims for new programs are filed within 120 days from the date claiming instructions are issued for the program. A penalty is assessed for late claims. The State Controller's Office may audit the records of any local agency or school district to verify the actual amount of mandated costs and may reduce any claim which is excessive or unreasonable.

When a program has been reimbursed for three or more years, the Commission On State Mandates may approve the program for inclusion in the State Mandates Apportionment System (SMAS). For programs included in SMAS, the State Controller's Office determines the amount of each claimant's entitlement based on an average of three consecutive fiscal years of actual costs adjusted by any changes in the implicit price deflator. Claimants with an established entitlement receive an annual apportionment adjusted by any changes in the implicit price deflator and, under certain circumstances, by any changes in workload. Claimants with an established entitlement do not file further claims for the program.

The State Controller's Office is authorized to make payments for costs of mandated programs from amounts appropriated by the State Budget Act, by the State Mandates Claims Fund, or by specific legislation. In the event there is insufficient appropriation to pay claims in full, claimants will receive prorated payments in proportion to the dollar amount of approved claims for the program. Balances of prorated payments are paid when supplementary funds are made available.

The instructions contained in this manual are intended to provide general guidance for filing a mandated cost claim. Since each mandate is administered separately, it is important to refer to the specific program for information relating to established policies on eligible reimbursable costs.

### 2. Types of Claims

A claimant may file a reimbursement claim for mandated costs incurred during the previous fiscal year or may file an estimated claim for mandated costs to be incurred during the current fiscal year. For mandates included in the State Mandates Apportionment System, a claimant who had established a base year entitlement would automatically be reimbursed by the State Controller's Office for the mandate.

All claims received by the State Controller's Office will be reviewed to verify costs. Adjustments to the claims will be made if the amounts claimed are determined to be excessive, improper or unreasonable. Claims must be filed with sufficient documentation to support the costs claimed. The types of documentation required to substantiate a claim are

identified in the "Cost Elements of a Claim" section of this manual. The certification on Form FAM-27 must be signed and dated by the entity's authorized representative in order for the State Controller's Office to make payment on the claim.

#### **A. Reimbursement Claim**

A reimbursement claim is defined by Government Code Section 17522 as any claim for costs incurred by a school district and filed with the State Controller's Office against an appropriation made for the purpose of paying the claim.

- A claimant may file an annual reimbursement claim by January 15 following the fiscal year in which costs were incurred for an on-going program. A reimbursement claim must detail the costs actually incurred for a fiscal year. The claim must include supporting documentation to substantiate the costs claimed. Prior to January 1, 1990, if a claimant submitted an otherwise valid reimbursement claim after the deadline, the Controller would have paid the claim in an amount equal to 80 percent of the amount that would have been paid had the claim been timely filed. Any reimbursement claim submitted more than one year after the deadline would not be paid.
- After January 1, 1990, the late penalty provision was changed by Chapter 589/89. Any reimbursement claim with a filing deadline that is after January 1, 1990, will be reduced by 10 percent of the approved costs, but not to exceed \$1,000 if it is filed after the deadline. Any reimbursement claim submitted more than one year after the deadline will not be paid.

#### **B. Estimated Claim**

An estimated claim is defined by Government Code Section 17522 as any claim filed with the State Controller's Office during the fiscal year in which the mandated costs are to be incurred by the school district against an appropriation made to the State Controller's Office for the purpose of paying those costs.

- A claimant may file an estimated claim for mandated costs to be incurred during the fiscal year. Estimated claims are due by January 15 of the fiscal year in which the costs are to be incurred or by a date specified in the claiming instructions. After having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year. The reimbursement claim must detail the actual costs incurred for the fiscal year in which the estimated claim was filed. If actual costs are greater than or less than the estimated claim, the balance is either the amount due to the claimant or due from the claimant.

#### **C. Entitlement Claim**

An entitlement claim is defined by Government Code Section 17522 as any claim filed by a school district with the State Controller's Office for the sole purpose of establishing or adjusting a base year entitlement for a mandate that has been included in the State Mandates Apportionment System. School mandates included in the State Mandates Apportionment System are listed in Appendix A.

Once a mandate has been included in the State Mandates Apportionment System and the claimant has established a base year entitlement, the claimant will receive automatic payments from the State Controller's Office for the mandate. The automatic apportionment is determined by adjusting the claimant's base year entitlement for changes in the implicit price deflator of costs of goods and services to governmental

agencies, as determined by the State Department of Finance. For programs approved by the Commission On State Mandates for inclusion in the State Mandates

Apportionment System on or after January 1, 1988, the payment for each year succeeding the three year base period is adjusted according to any changes by both the deflator and average daily attendance. Annual apportionments for programs included in the system are paid on or before November 30 of each year.

- A base year entitlement is determined by computing an average of the claimant's costs for fiscal years 1982-83, 1983-84, 1984-85 or any three consecutive years thereafter. The amount is first adjusted according to any changes in the deflator. The deflator is applied separately to each year's costs for the three years which comprise the base year. The State Controller's Office will perform this computation for each claimant who has filed claims for three consecutive years. If a claimant has incurred costs for three consecutive years but has not filed a claim in each of those years, the claimant may file an entitlement claim, Form FAM-43, to establish a base year entitlement. An entitlement claim does not result in the claimant being reimbursed for the costs incurred, but rather entitles the claimant to receive automatic payments from the State Mandates Apportionment System.

### 3. Minimum Claim Amount

The State Controller's Office will not accept or make payment on a claim of \$200 or less. However, a county superintendent of schools may submit a combined claim which exceeds \$200 on behalf of school districts even though an individual district's costs may be \$200 or less, provided the county superintendent is the fiscal agent for the districts. All subsequent claims based upon the same mandate shall be filed in the combined form. The county superintendent shall attach a schedule showing the names of those school districts that are included in the combined claim. A school district may withdraw from the combined claim form by providing a written notice of its intent to file a separate claim to the county superintendent of schools and to the Controller at least 180 days prior to the deadline for filing the claim.

### 4. Eligibility of Costs

Unless specified in the statutes, regulations, or parameters and guidelines, the determination of allowable and unallowable costs for mandates is based on generally accepted accounting principles. The determination of allowable reimbursable mandated costs for unfunded mandates is made by the Commission on State Mandates. The State Controller's Office determines allowable reimbursable costs, subject to amendment by the Commission on State Mandates, for mandates funded by special legislation. Unless specified, allowable costs are those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. In order for costs to be allowable and thus eligible for reimbursement, the costs must meet the following general criteria.

- A. The cost is necessary and reasonable for proper and efficient administration of the mandate and not a general expense required to carry out the overall responsibilities of government.
- B. The cost is allocable to a particular cost objective.
- C. The cost is net of any applicable credits that offset or reduce expenses of items allocable to the mandate.

The State Controller's Office has identified certain costs that, for the purpose of claiming mandated costs, are unallowable and should not be claimed on the claim forms unless specified as reimbursable under the program. These expenses include, but are not limited to, subscriptions, depreciation, memberships, conferences, workshops, and general education.

**5. Cost Elements of a Claim**

Claims for reimbursement of mandated costs are comprised of allowable costs that are either direct or indirect. Because each mandate is unique, the cost element guidelines in this chapter are provided as a general reference. If the requirements of a specific mandate differ from these cost guidelines, the requirements outlined under the specific mandate shall take precedence.

**A. Direct Costs**

A direct cost is a cost that can be identified specifically with a particular program or activity. Costs that are typically classified as direct costs are:

**Table 1 Annual Billable Hours**

	<b>Days</b>	<b>Hours Per Day</b>	<b>Total Hours</b>
Gross Hours	365	8	2,920
Weekends	104	8	(832)
Holidays (G.C. 6700)	11	8	(88)
Vacation	14	8	(112)
Sick Leave, Misc.	11	8	(88)
<b>Annual Billable Hours</b>			<b>1,800</b>

- As illustrated in Table 1, a claimant may use 1,800 hours for a full-time employee. If a claimant uses an amount less than 1,800 hours as annual billable hours, a computation of how these hours were computed must be included with the claim.
- Compensation of employees for time devoted specifically to the execution of the mandate.
- Cost of materials acquired, consumed, or expended specifically for the purpose of the mandate.
- Services furnished specifically for the mandate by other entities.

**(1) Employee Wages, Salaries, and Fringe Benefits**

For each of the mandated activities performed, the claimant must list the names of the employees who worked on the mandate, their job classification, hours worked on the mandate, and rate of pay.

The claimant may in-lieu of reporting actual compensation and fringe benefits use an hourly rate:

- (a) Compute a billable hourly rate for salaried employees to include actual fringe benefit costs. The methodology for converting a salary to a billable hourly rate is to compute the employee's annual salary and fringe benefits and divide by the annual billable hours. Annual billable hours equal the gross annual hours less non-work hours.

**Table 2 Annual Billable Rate, Salary + Benefits Method**

<b>Formula:</b>	<b>Description:</b>
$[(EAS + Benefits) \div ABH] = ABR$	EAS = Employee's Annual Salary
	ABH = Annual Billable Hours
$[(\$26,000 + \$7,750) \div 1,800 \text{ hrs}] = \$18.75$	ABR = Annual Billable Rate

- As illustrated in Table 2, if you assume an employee's compensation was \$26,000 and \$7,750 for annual salary and fringe benefits, respectively, using the "Salary + Benefits Method," the annual billable rate would be \$18.75.

- (b) A claimant may also compute the annual billable rate by using the "Percent of Salary Method."

**Table 3 Annual Billable Rate, Percent of Salary Method**

**Example:**

**Step 1: Fringe Benefits as a Percent of Salary**      **Step 2: Annual Billable Rate**

<table border="0"> <tr> <td>Retirement</td> <td style="text-align: right;">15.00%</td> </tr> <tr> <td>Social Security</td> <td style="text-align: right;">6.30</td> </tr> <tr> <td>Health &amp; Dental Insurance</td> <td style="text-align: right;">5.25</td> </tr> <tr> <td>Workers Compensation</td> <td style="text-align: right; border-bottom: 1px solid black;">3.25</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>29.80%</b></td> </tr> </table>	Retirement	15.00%	Social Security	6.30	Health & Dental Insurance	5.25	Workers Compensation	3.25	<b>Total</b>	<b>29.80%</b>	<p><b>Formula:</b></p> <p><math>[(EAS \times (1 + FBR)) \div ABH] = ABR</math></p> <p><math>[(\\$26,000 + (1.2698)) \div 1,800] = \\$18.75</math></p>
Retirement	15.00%										
Social Security	6.30										
Health & Dental Insurance	5.25										
Workers Compensation	3.25										
<b>Total</b>	<b>29.80%</b>										

**Description:**

EAS = Employee's Annual Salary	ABH = Annual Billable Hours
FBR = Fringe Benefit Rate	ABR = Annual Billable Rate

- As illustrated in Table 3, both methods produce the same annual billable rate.

Reimbursement for personal services includes, but is not limited to, compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include regular compensation paid to employees during periods of authorized absences (i.e., annual leave, sick leave, etc.) and employer's contributions for social security, pension plans, insurance, workmen's compensation insurance and similar payments. These benefits are eligible for reimbursement as long as they are distributed equitably to all activities. Whether these costs are allowable is based on the following presumptions:

- The amount of compensation is reasonable for the service rendered.

- The compensation paid and benefits received are appropriately authorized by the governing board.
- Amounts charged for personal services are based on payroll documents that are supported by time and attendance or equivalent records for individual employees.
- The methods used to distribute personal services should produce an equitable distribution of direct and indirect allowable costs.

For each of the employees included in the claim, the claimant must use reasonable rates and hours in computing the wage cost. If a person of a higher-level job position performs an activity which normally would be performed by a lower-level position, reimbursement for time spent is allowable at the average salary range for the lower-level position. The salary rate of the person at the higher-level position may be claimed if it can be shown that it was more cost effective in comparison to the performance by a person at the lower-level position under normal circumstances and conditions. The number of hours charged to an activity should reflect the time expected to complete the activity under normal circumstances and conditions. The number of hours in excess of normal expected hours are not reimbursable.

It is the responsibility of the claimant to make available to the State Controller's Office, upon request, documentation in the form of time sheets, payroll journals, canceled payroll warrants, personnel files, organization charts, duty statements, pay rate schedules, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

(2) Materials and Supplies

Only those materials and supplies not included in the overhead rate and used exclusively for the mandated activity are reimbursable under this cost element. The claimant must list the materials and supplies that were used to perform the mandated activity, the number of units consumed, the cost per unit and the dollar amount claimed as a cost. Material and supplies purchased to perform a particular mandated activity are expected to be reasonable in quality, quantity and costs. Purchases in excess of reasonable quality, quantity and costs are not reimbursable. Materials and supplies that are withdrawn from inventory must be charged to the mandated activity based upon a recognized method of pricing, consistently applied.

It is the responsibility of the claimant to make available to the State Controller, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, canceled warrants and other inventory records to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

(3) Contracted Services

For each of the activities performed, the claimant must list the name of the consulting firm that was contracted with to provide the service and describe the specific mandated activities performed by the consultant. The claimant must also provide the inclusive dates when the service was performed, the number of hours spent to perform the mandate, and the consultant's hourly billing rate. The hourly billing rate shall not exceed the rate specified in the claiming instructions for the mandated program. The consultant's statement, which includes an itemized list of costs for services performed, must accompany the claim.

It is the responsibility of the claimant to make available to the State Controller, upon request, documentation in the form of general and subsidiary ledgers, contracts, invoices, canceled warrants and other relevant documents to support the claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

(4) Equipment Rental Costs

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the claiming instructions for a particular mandate. Equipment rentals used solely for the mandate are reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. For each of the activities performed, the claimant must identify the equipment that was rented, the time period for which the equipment was rented and the cost of the rental.

It is the responsibility of the claimant to make available to the State Controller, upon request, documentation in the form of general and subsidiary ledgers, invoices, canceled warrants, equipment usage records, and other relevant documents to support the claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

(5) Capital Outlays

Capital outlays for land, building, equipment, furniture and fixtures may be claimed only if the claiming instructions specify them as allowable for the program. If the capital outlays are allowable, the claiming instructions for the mandated program will specify the basis for the reimbursement.

It is the responsibility of the claimant to make available to the State Controller, upon request, documentation in the form of general and subsidiary ledgers, invoices, canceled warrants, equipment usage records, and other relevant documents to support the claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

(6) Travel Expenses

Travel expenses are normally reimbursable in accordance with travel rules and regulations of local jurisdictions, except for programs which must be reimbursed in accordance with the State Board of Control travel standards (Refer to Appendix B, State of California Travel Expense Guidelines, for current rates.). For each activity performed, the claimant must identify the purpose of the trip, the name and address of the person incurring the expense, the date and time of departure and return for each trip, a description of each expense claimed, the cost of commercial transportation or number of private auto miles traveled and amount of tolls and parking with receipts over \$6.00.

It is the responsibility of the claimant to make available to the State Controller, upon request, documentation in the form of general and subsidiary ledgers, receipts, employee time sheets, canceled warrants, agency travel guidelines, and other relevant documents to support the claimed costs. The type of documentation the claimant should submit with the claim differs with the type of mandate and is discussed in the Claim Forms and Instructions section of each mandate.

**B. Indirect Cost**

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases which produce an equitable result in relation to the benefits derived by the mandate.

**(1) Indirect Costs for Schools**

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580, respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No.422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

**(2) Indirect Cost Rate for Community Colleges**

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the State Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The State Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.



Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES					FORM FAM-29C	
(01) Claimant:				(02) Period of Claim:		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant:				(02) Period of Claim:		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$91,423
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0
Staff Services	345	0	0	0	0	0
Noninstr. Staff Benft & Incent.	346	10,937	0	10,937	0	10,937
Community Services	6800					
Community Recreation	351	703,858	20,509	683,349	0	683,349
Community Service Classes	352	423,188	24,826	398,362	0	398,362
Community Use of Facilities	353	89,877	10,096	79,781	0	79,781
Ancilliary Services	6900					
Bookstores	361	0	0	0	0	0
Child Development Center	362	89,051	1,206	87,845	0	87,845
Farm Operations	363	0	0	0	0	0
Food Services	364	0	0	0	0	0
Parking	365	420,274	6,857	413,417	0	413,417
Student Activities	3663	0	0	0	0	0
Student Housing	67	0	0	0	0	0
Other	379	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	381	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	382	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(06) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(07) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(08) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services and Logistical Services. If any costs included in these accounts are claimed as a mandated cost (i.e. salaries of employee performing mandated cost activities), the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

### **C. Offset Against Mandated Claims**

As noted previously, allowable costs are defined as those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. When all or part of the costs of a mandated program are specifically reimbursable from local assistance revenue sources (e.g., state, federal, foundation, etc.), only that portion of any increased costs payable from school district funds is eligible for reimbursement under the provisions of Government Code Section 17561.

**Example 1:**

As illustrated in Table 5, this example shows how the "Offset Against State Mandated Claims" is determined for school districts receiving block grant revenues not based on a formula allocation. Program costs for each of the situations equals \$100,000.

**Table 5 Offset Against State Mandates, Example 1**

	<b>Program Costs</b>	<b>Actual Local Assistance Revenues</b>	<b>State Mandated Costs</b>	<b>Offset Against State Mandated Claims</b>	<b>Claimable Mandated Costs</b>
1.	\$100,000	\$95,000	\$2,500	\$-0-	\$2,500
2.	100,000	97,000	2,500	-0-	2,500
3.	100,000	98,000	2,500	500	2,000
4.	100,000	100,000	2,500	2,500	-0-
5.	100,000 *	50,000	2,500	1,250	1,250
6.	100,000 *	49,000	2,500	250	2,250

\* School district share is \$50,000 of the program cost.

Numbers (1) through (4), in Table 5, show intended funding at 100% from local assistance revenue sources. Numbers (5) and (6) show cost sharing on a 50/50 basis with the district.

In numbers (1) through (6), included in the program costs of \$100,000 are state mandated costs of \$2,500. Offset Against State Mandated Claims is the amount of actual local assistance revenues which exceeds the difference between program costs and state mandated costs. The Offset Against State Mandated Claims cannot exceed the amount of state mandated costs.

In (1), local assistance revenues were less than expected. Local assistance funding was not in excess of the difference between program costs and state mandated costs. As a result, the Offset Against State Mandated Claims is zero and \$2,500 is claimable as mandated costs.

In (4), local assistance revenues were fully realized to cover the entire cost of the program, including the state mandate activity; therefore, the Offset Against State Mandated Claims is \$2,500.

In (5), the district is sharing 50% of the project cost. Since local assistance revenues of \$50,000 were fully realized, the Offset Against State Mandated Claims is \$1,250.

In (6), local assistance revenues were less than the amount expended and the Offset Against State Mandated Claims is \$250. Therefore, the Claimable Mandated Costs are \$2,250.

**Example 2:**

As illustrated in Table 6, this example shows how the Offset Against State Mandated Claims is determined for school districts receiving special project funds based on approved actual costs. Local assistance revenues for special projects must be applied proportionately to approved costs.

**Table 6 Offset Against State Mandates, Example 2**

	<b>Program Costs</b>	<b>Actual Local Assistance Revenues</b>	<b>State Mandated Costs</b>	<b>Offset Against State Mandated Claims</b>	<b>Claimable Mandated Costs</b>
1.	\$100,000	\$100,000	\$2,500	\$2,500	\$-0-
2.	100,000 **	75,000	2,500	1,875	625
3.	100,000 **	45,000	1,500	1,125	375

\*\* School district share is \$25,000 of the program cost.

In (2), the entire program cost was approved. Since the local assistance revenue source covers 75% of the program cost, it also proportionately covered 75% of the \$2,500 state mandated costs, or \$1,875.

If in (3) local assistance revenues are less than the amount expected because only \$60,000 of the \$100,000 program costs were determined to be valid by the contracting agency, then a proportionate share of State Mandated Costs is likewise reduced to \$1,500. The Offset Against State Mandated Claims is \$1,125. Therefore, the Claimable Mandated Costs are \$375.

**6. Federal and State Funding Sources**

The listing in Appendix C is not inclusive of all funding sources that should be offset against mandated claims but contains some of the more common ones. State school fund apportionments and federal aid for education, which are based on average daily attendance and are part of the general system of financing public schools as well as block grants which do not provide for specific reimbursement of costs (i.e., allocation formulas not tied to expenditures), should not be included as reimbursements from local assistance revenue sources.

**7. Governing Authority**

The costs of salaries and expenses of the governing authority, such as the school superintendent and governing board, are not reimbursable. These are costs of general government as described by the federal guideline entitled "Cost Principle and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government," A-87.

**8. Payment of Claim by State Controller's Office**

All claims submitted to the State Controller's Office are reviewed to determine if the claim was prepared in accordance with the claiming instructions. If any adjustments are made to a claim, the claimant will receive a "Notice of Claim Adjustments" detailing adjustments made by the State Controller's Office.

**9. Audit of Claim by State Controller's Office**

The State Controller's Office has the authority to audit the records of a claimant and may reduce any claim which is determined by the State Controller's Office to be excessive or unreasonable. The claimant has the responsibility of retaining, for a period of two years after the end of the calendar year in which the reimbursement claim is filed or last amended, all supporting documents (books of original entry, general and subsidiary ledgers, purchase orders, invoices, canceled warrants and payroll records). In those instances where no funds are appropriated for the program for the fiscal year which the claim is made, the time for the State Controller's Office to initiate an audit commence to run from the date of initial payment of the claim. The claimant also has the responsibility of organizing the claim, supporting work papers and source documents in a manner which provides the auditor with a clear audit trail from the claim to supporting documents.

**10. Claim Forms and Instructions**

A claimant may submit a computer generated report in substitution for Form 1 and Form 2, provided the format of the report and data fields contained within the report are identical to the claim forms included with these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file an estimated or reimbursement claim. The State Controller's Office will revise the manual and claim forms as necessary.

**A. Form 2, Component/Activity Cost Detail**

This form is used to segregate the detail costs by claim component. In some mandates, specific reimbursable activities have been identified for each component. The expenses reported on this form must be supported by the official financial records of the claimant and

copies of supporting documentation, as specified in the claiming instructions, must be submitted with the claims. All supporting documents must be retained for a period of not less than two years after the calendar year in which the reimbursement claim is filed or last amended.

**B. Form 1, Claim Summary**

This form is used to summarize direct costs by component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from Forms 2 and are carried forward to Form FAM-27.

Community colleges have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from Office of Management and Budget Circular A-21) or Form FAM-29C.

**C. Form FAM-27, Claim for Payment**

This form contains a certification that must be signed by an authorized representative of the county. All applicable information from Form 1 must be carried forward onto this form in order for the State Controller's Office to process the claim for payment.

## INVESTMENT REPORTS

### 1. Summary of Chapters 783/95, 156/96, and 749/96

Government Code § 53646, subdivisions (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996, requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

On March 27, 1997, the Commission on State Mandates determined that Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996 resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

### 2. Eligible Claimants

Any school district (K-12), county office of education, or community college district, that incurs increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

### 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal period January 1, 1996 through June 30, 1996 and fiscal years 1996-97, and 1997-98, may be made available in a future appropriations act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule "Appropriation for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in September of each year to county superintendents of schools and superintendents of schools.

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

Government Code § 17564(a) provides that no claim shall be filed pursuant to Government Code § 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of one or more districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district. Once a combined claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing a written notice to the county superintendent of schools and the State Controller's Office of its intent to file a separate claim, at least 180 days prior to the deadline for filing the claim.

**5. Filing Deadline****A. Initial Claims**

Initial claims must be filed within 120 days from the issuance of claiming instructions. Accordingly:

- (1) Reimbursement claims detailing the actual costs incurred for the period 1/1/96 to 6/30/96 and 1996/97 fiscal years must be filed with the State Controller's Office and postmarked by May 20, 1998. If the reimbursement claim is filed after the deadline of May 20, 1998, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.
- (2) Estimated claims for costs to be incurred during the 1997/98 fiscal year must be filed with the State Controller's Office and postmarked by May 20, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997/98 reimbursement claim must be filed by November 30, 1998.

**B. Annually Thereafter**

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_/19\_\_ Reimbursement Claim", and/or "19\_\_/19\_\_ Estimated Claim", claims may be filed as follows:

- (1) An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the "Appropriation for State Mandated Cost Programs" in the previous fiscal year's annual claiming instructions.

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

**6. Reimbursable Components**

For each eligible claimant, the direct and indirect cost of labor, supplies, and services incurred for the following mandated components are reimbursable:

**A. Statement of Investment Policy**

Prepare and submit the annual statement of investment policy and changes to:

- (1) The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.



- (2) The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

#### B. Quarterly Report of Investments

##### (1) Implementation Costs

Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as required in § 53646, subdivisions (b)(1), (2), (3), and/or (e).

##### (2) Ongoing Costs

- (a) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code § 53646, subdivision (b)(1), (2), (3), and/or (e).
- (b) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the school district as required in Government Code § 53646, subdivision (b)(1).

#### 7. Reimbursement Limitations

##### A. Reimbursement claims may be filed for costs incurred, as follows:

- (1) Pursuant to Chapter 783, Statutes of 1995, costs are reimbursable on or after January 1, 1996. See 6.A.(1) above.
- (2) Pursuant to Chapter 156, Statutes of 1996, costs are reimbursable on or after July 12, 1996. See 6.B.(2)(b) above. Permit the use of a statement, in lieu of the report, for any investment in an insured account.
- (3) Pursuant to Chapter 749, Statutes of 1996, costs are reimbursable on or after January 1, 1997. See 6.A.(2) above.

##### B. Any offsetting savings or reimbursement the claimant received from any source (e.g., service fees collected, federal funds, other state funds etc.) as a result of this mandate shall be identified and deducted so only the net local cost is claimed.

#### 8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms INR-1 and INR-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

##### A. Form INR-2, Component/Activity Cost Detail

This form is used to segregate the detailed costs by claim component. A separate form INR-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

##### (1) Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed and specify the actual time devoted to each function by each employee, the productive hourly rates and related fringe benefits.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

(2) Materials and Supplies

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

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders and other documents evidencing the validity of the expenditures.

(3) Contracted Services

Contracting costs are reimbursable to the extent that the function to be performed requires special skill or knowledge that is not readily available from the claimant's staff or the service to be provided by the contractor is cost effective.

Give the name(s) of contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

(4) Fixed Assets

List the cost of fixed assets acquired specifically for the purpose of this mandate. Explain the use of each fixed asset. Leased fixed assets (with an option to purchase), are considered purchases. The cost of the fixed asset cannot be expensed for the year of purchase, unless permitted by the Commission on State Mandates. Only the asset's yearly depreciated value using the straight-line method may be claimed. The Internal Revenue Service, "Publication 946" may be used to obtain an estimated useful life for the fixed asset. If a fixed asset is acquired for the subject state mandate, but is utilized in some way not directly related to the program, only the pro-rated portion of the asset which is used for purposes of the program is reimbursable.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders and other documents evidencing the validity of the purchases.

(5) Training

Only the cost for a reasonable number of employees attending the training is reimbursable. Specialized training must be justified in writing by the claimant. Give the class title, dates, location, and name(s) of the employee(s) attending training classes associated with the mandate. Reimbursable costs include salaries and benefits for time spent, the registration fee, transportation, lodging, and per diem. Reimbursement for travel expenses, lodging and per diem shall not exceed those rates which are applicable to state employees. Refer to the Appendix: State of California Travel Expense Guidelines.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim 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.

**B. Form INR-1, Claim Summary**

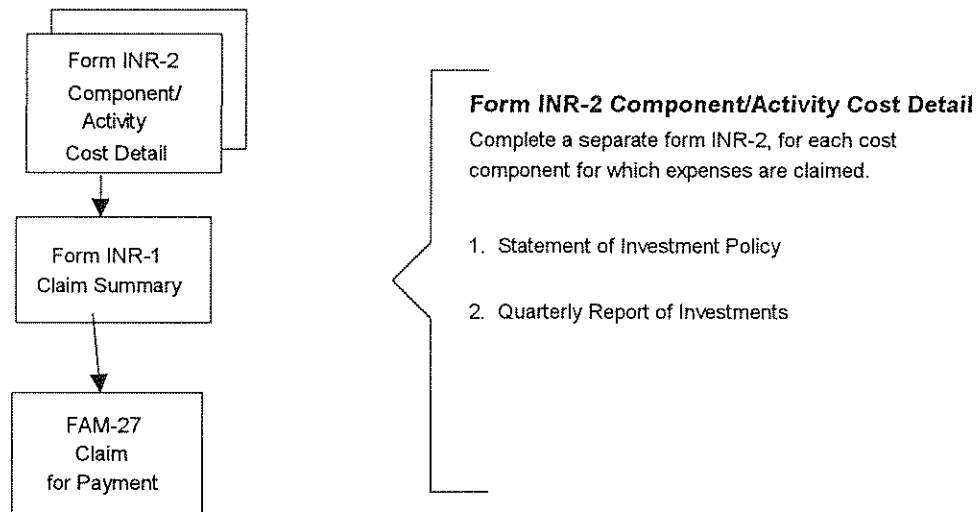
This form is used to summarize direct costs by claim component and compute allowable indirect costs for the mandate. Claim statistics shall identify the work performed for costs claimed. The claimant must give the number of investment reports prepared during the fiscal year of the claim.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. The cost data on this form is carried forward to form FAM-27.

**C. Form FAM-27, Claim for Payment**

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form INR-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

**Illustration of Claim Forms**





<p><b>INVESTMENT REPORTS</b>  <b>Certification Claim Form</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>FAM-27</b></p>
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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. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the place shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If estimate exceeds the previous fiscal year's actual costs by more than 10%, complete form INR-1 and enter the amount from line (11). If more than one form INR-1 is completed due to multiple department involvement in this mandate, add line (11) of each form INR-1.
- (08) Enter the same amount as shown in 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 INR-1, line (11). If more than one form INR-1 is completed due to multiple department involvement in this mandate, add line (11) of each form INR-1.
- (14) Filing Deadline. Initial Claims of Chs. 783/95, 156/96, and 749/96. If the reimbursement claim for the period 1/1/96 to 6/30/96 or fiscal year 1996/97 is filed after May 20, 1998, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.  
Filing Deadline. Annually Thereafter. If the reimbursement claim is filed after November 30 following the fiscal year in which costs were incurred, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If you are filing a reimbursement claim and have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated 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 (37) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (25) for the reimbursement claim [e.g., INR-1, (03), means the information is located on form INR-1, line (03)]. 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 cost percentage should be shown as a whole number and without the percent symbol (i.e., 7.548% should be shown as 8). The claim cannot be processed for payment unless this data block is correct and complete.
- (38) Read the statement "Certification of Claim." If the statement is true, the claim must be dated, signed by the agency's authorized representative and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (39) Enter the name of the person and telephone number that this office should contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL AND A COPY OF FORM FAM-27, AND A COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

*Address, if delivered by U. S. Postal Service:*  
**OFFICE OF THE STATE CONTROLLER**  
**ATTN: Local Reimbursement 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 Reimbursement Section**  
**Division of Accounting and Reporting**  
**3301 C Street, Suite 501**  
**Sacramento, CA 95816**

MANDATED COSTS INVESTMENT REPORTS CLAIM SUMMARY						FORM INR-1
(01) Claimant	(02) Type of Claim				Fiscal Year	
	Reimbursement <input type="checkbox"/>		Estimated <input type="checkbox"/>		19 __/19 __	
<b>Claim Statistics</b>						
(03) Number of investment reports prepared during the fiscal year						
(04) Reimbursable Components:	(a)	(b)	(c)	(d)	(e)	(f)
	Salaries and Benefits	Materials and Supplies	Training	Contracted Services	Fixed Assets	Total
1. Statement of Investment Policy						
2. Quarterly Report of Investments						
(05) Total Direct Costs						
<b>Indirect Costs</b>						
(06) Indirect Cost Rate	[From J-380 or J-580]					%
(07) Total Indirect Costs	[Line (06) x (line (05)(f) - {line (05)(d) + line (05)(e)})]					
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]					
<b>Cost Reduction</b>						
(09) Less: Offsetting Savings, if applicable						
(10) Less: Other Reimbursements, if applicable						
(11) Total Claimed Amount	[Line (08) - (Line (09) + Line (10))]					

<p><b>INVESTMENT REPORTS CLAIM SUMMARY Instructions</b></p>	<p><b>FORM INR-1</b></p>
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- (01) Enter the name of the claimant.
- (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 INR-1 must be filed for a reimbursement claim. Do not complete form INR-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), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form INR-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 investment reports that were prepared during the fiscal year..
- (04) Reimbursable Components. For each reimbursable component, enter the totals from form INR-2, line (05) columns (d), (e), (f), (g), and (h) to form INR-1, block (04) columns (a), (b), (c), (d), and (e) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Indirect Cost Rate. Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06) by Total Direct Costs, line (05)(f) reduced by the sum of Contracted Services, line (05)(d), and Fixed Assets, line (05)(e).
- (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, (i.e., service fees collected, federal funds, other state funds, etc.) which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (09) and Other Reimbursements, line (10) from Total Direct and Indirect Costs, line (08). 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.

<b>MANDATED COSTS</b> <b>INVESTMENT REPORTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>INR-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Components: Check **only** one box per form to identify the component being claimed.

Statement of Investment Policy

Quarterly Report of Investments

(04) Description of Expenses: Complete columns (a) through (h)	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Training	(g) Contracted Services	(h) Fixed Assets

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: _____ of _____							
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<b>INVESTMENT REPORTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>INR-2</b>
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year in 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 INR-2 shall be prepared for each component which applies.
- (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 line (03), enter the employee names, position titles, a brief description of their activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contracted services, training costs, and fixed assets. Contracted Services are reimbursable to the extent that activities performed require special skills or knowledge that are not readily available from the claimant's staff. If a piece of equipment acquired for the Investment Reports program is also utilized for other programs, only a prorated cost of the equipment is reimbursable. 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. Such documents shall be made available to the State Controller's Office on request.

Object/ Subobject	Columns								Submit these supporting documents
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Title  Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity				
<b>Training</b>	Employee Name Title Name of Class		Dates Attended			Registration Fee			
<b>Contracted Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Itemized Cost of Services Performed		Invoice
<b>Fixed Assets</b>	Description of Equipment Purchased Equipment I D	Unit Cost	Quantity Used					Itemized Cost of Fixed Asset Purchased	Invoice

- (05) Total line (04), columns (d), (e), (f), (g), and (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 for the component/activity, number each page. Enter totals from line (05), columns (d), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e).

## ABSENTEE BALLOTS

### 1. Summary of Chapters 77/78 and 920/94

Elections Code § 3003, as added and amended by Chapter 77, Statutes of 1978, and Chapter 920, Statutes of 1994, requires that absentee ballots be available to any registered voter without the prerequisite of certain conditions as required under prior law.

On June 17, 1981, the Board of Control, predecessor to the Commission on State Mandates, determined that Chapter 77, Statutes of 1978, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

### 2. Eligible Claimants

Any school district (K-12), county board of education, or community college, that administers an election program and incurs increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

### 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal years 1996-97 and 1997-98, may be made available in a future appropriation act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the "Annual Claiming Instructions for State Mandated Costs" issued in September of each year to county superintendents of schools and superintendents of schools.

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

Government Code § 17564(a) provides that no claim shall be filed pursuant to Government Code § 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of two or more districts within the county even if an individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district. Once a combined claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing a written notice to the county superintendent of schools and the State Controller's Office of its intent to file a separate claim, at least 180 days prior to the deadline for filing the claim.

## 5. Filing Deadline

### A. Initial Claims

Initial claims must be filed within 120 days from the issuance of claiming instructions. Accordingly:

- (1) Reimbursement claims detailing the actual costs incurred for the 1996/97 fiscal year must be filed with the State Controller's Office and postmarked by June 17, 1998. If the reimbursement claim is filed after the deadline of June 17, 1998, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.
- (2) Estimated claims for costs to be incurred during the 1997/98 fiscal year must be filed with the State Controller's Office and postmarked by June 17, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997/98 reimbursement claim must be filed by November 30, 1998.

### B. Annually Thereafter

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_/19\_\_ Reimbursement Claim", and/or "19\_\_/19\_\_ Estimated Claim", claims may be filed as follows:

- (1) An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the schedule, "Appropriation for State Mandated Cost Programs" in the previous fiscal year's annual claiming instructions.

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

## 6. Reimbursement

Eligible claimants will be reimbursed for costs associated with an increase in absentee ballot filings using one of the recommended methods listed below.

Methods 1, 2, and 3, are intended for use where a school district or county board of education election is done by the county election official and billed to the district. Method 1 is the simplest and is applicable when the county election official does all calculations and provides a billing which distinguishes the reimbursable amount and the non-reimbursable amount billed.

Method 2 is under the assumption that the percentage increase in absentee ballots is uniform throughout the county and uses county-wide figures to determine the percentage of reimbursable costs.

Method 3 is more complex and requires the school district or county board of education to have data on the number of ballots and absentee ballots filed in the district. This method requires the collection of more data which, may or may not be readily available.

Method 4 is the most complex and is intended for use where school districts or county boards of education do their own elections and have the information on the number of ballots and absentee ballots as well as the per-ballot cost information needed for this method.

#### A. Method 1

If the county election official determines the claimant's pro rata share of reimbursable costs and reports these costs in a separate bill or as a line item on a bill, the claimant may claim the amount paid to the county for the reimbursable costs.

#### B. Method 2

(1) Obtain data from the county election official on the number of reimbursable absentee ballots (n), the number of absentee ballots cast (z) for the fiscal year, and the amount billed to the school district or county board of education by the county for the total absentee ballot costs.

(2) Calculate the Reimbursable Cost Percentage

$$\frac{n}{z} \cdot 100 = \text{Reimbursable Cost Percentage (p)}$$

(3) Calculate the Reimbursable Costs

$$\frac{p}{100} \cdot \text{Amount billed by county} = \text{Amount of Reimbursable Costs}$$

#### C. Method 3

(1) Base Year Calculation (remains the same for all fiscal years claimed)

w) Number of ballots cast in the district from January 1, 1975 through December 30, 1978 (w).

x) Number of absentee ballots cast in the district from January 1, 1975 through December 30, 1978 (x).

(2) Calculation for Fiscal Year Claimed (compute for each fiscal year claimed)

y) Number of ballots cast in the district in the fiscal year claimed (y).

z) Number of absentee ballots cast in the district in the fiscal year claimed (z)

(3) Formula for Calculating Number of Reimbursable Absentee Ballots Filed

$$z - \frac{(x \cdot y)}{w} = \text{Number of Reimbursable Absentee Ballots (n)}$$

(4) Calculation of Reimbursable Cost Percentage

$$\frac{n}{z} \cdot 100 = \text{Reimbursable Cost Percentage (p)}$$

(5) Calculation of Reimbursable Costs

$$\frac{p}{100} \cdot \text{Amount billed by county} = \text{Amount of Reimbursable Costs}$$

**D. Method 4**

- (1) Base Year Calculation (remains the same for all fiscal years claimed)
  - w) Number of ballots cast in the district from January 1, 1975 through December 30, 1978 (w).
  - x) Number of absentee ballots cast in the district from January 1, 1975 through December 30, 1978 (x)
- (2) Calculation for Fiscal Year Claimed (compute for each claim)
  - y) Number of ballots cast in the district in the fiscal year claimed (y)
  - z) Number of absentee ballots cast in the district in the fiscal year claimed (z)
- (3) Formula for Calculating Number of Reimbursable Absentee Ballots Filed
 
$$z - \frac{(x \cdot y)}{w} = \text{Number of reimbursable absentee ballots (n)}$$
- (4) Calculation of Cost per Absentee Ballot Filing
  - a. Material \$
  - b. Postage \$
  - c. Labor \$
  - d. Overhead \$
  - e. Cost per Absentee Ballot \$
  - (a+b+c+d)
- (5) Computation of Reimbursement
 

A. Number of Reimbursable Filings (Item 3)	_____
B. Cost per Filing (Item 4e)	\$ _____
Total Reimbursement (A x B)	\$ _____

**7. Reimbursement Limitations**

Any offsetting savings or reimbursement the claimant received from any source including but not limited to, service fees collected, federal funds, other state funds as a result of this mandate shall be identified and deducted so only net local costs are claimed.

**8. Claiming Forms and Instructions**

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms AB-1.1, AB-1.2, AB-1.3 and AB-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

**A. Form AB-2, Component/Activity Cost Detail**

This form is used to segregate the detailed costs by claim component. A separate form AB-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

(1) Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed and specify the actual time devoted to each function by each employee, the productive hourly rates, and related fringe benefits.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

(2) Materials and Supplies

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

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

(3) Contracted Services

Contracting costs are reimbursable to the extent that the function to be performed requires special skill or knowledge that is not readily available from the claimant's staff or the service to be provided by the contractor is cost effective.

Give the name(s) of contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim 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.

**B. Forms AB-1.1, 1.2, 1.3, Claim Summary**

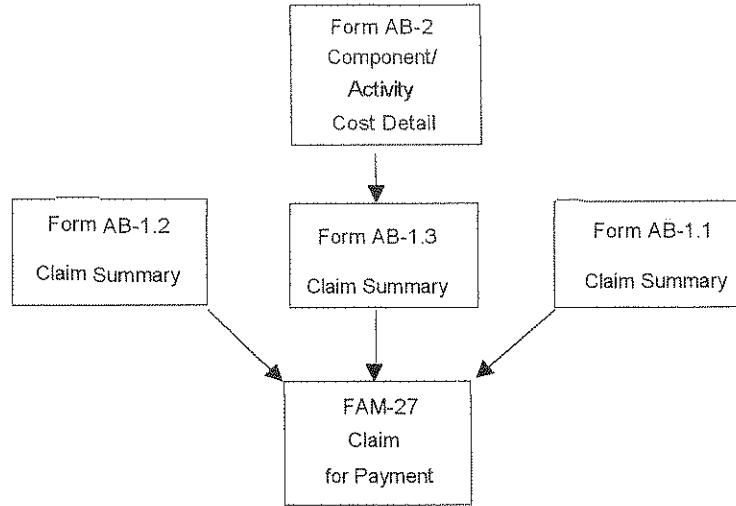
These forms are used to summarize costs for the mandate. Claim statistics shall identify the work performed for costs claimed. On forms AB-1.2 and AB-1.3 the claimant must show the following: (1) The number of ballots cast from 1/1/75 through 12/30/78, (2) the number of absentee ballots filed from 1/1/75 through 12/30/78, (3) the number of ballots cast in the fiscal year of claim, (4) the number of absentee ballots cast in the fiscal year of claim. Direct costs on form AB-1.3 are brought forward from form AB-2.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. The cost data on this form is carried forward to form FAM-27.

**C. Form FAM-27, Claim for Payment**

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form AB-1.1, AB-1.2, or AB-1.3 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>ABSENTEE BALLOTS</b>	For State Controller Use Only (19) Program Number 00002 (20) Date File _____/_____/_____ (21) LRS Input _____/_____/_____
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LABEL HERE

(01) Claimant Identification Number	Reimbursement Claim Data	
(02) Mailing Address	(22) AB-1.1, (03)	
Claimant Name	(23) AB-1.1, (06)	
County of Location	(24) AB-1.2, (03)(a)	
Street Address or P. O. Box	(25) AB-1.2, (03)(b)	
City State Zip Code	(26) AB-1.2, (03)(c)	

Type of Claim	Estimated Claim	Reimbursement Claim	
(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27) AB-1.2, (03)(d)	
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) AB-1.2, (05)	
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29) AB-1.3, (03)(a)	
		(30) AB-1.3, (03)(b)	
<b>Fiscal Year of Cost</b>	(06) 19___/19___	(12) 19___/19___	(31) AB-1.3, (03)(c)
<b>Total Claimed</b>	(07)	(13)	(32) AB-1.3, (03)(d)
<b>Less: 10% Late Penalty, but not to exceed \$1000</b>		(14)	(33) AB-1.3, (04)(d)
<b>Less: Estimated Claim Payment</b>		(15)	(34) AB-1.3, (05)
<b>Net Claimed Amount</b>		(16)	(35)
<b>Due from State</b>	(08)	(17)	(36)
<b>Due to State</b>		(18)	(37)

**(38) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 77, Statutes of 1978, and Chapter 920, Statutes of 1994; 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 77, Statutes of 1978, and Chapter 920, Statutes of 1994.

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 77, Statutes of 1978, and Chapter 920, Statutes of 1994, set forth on the attached statements.

Signature of Authorized Representative	Date
Type or Print Name	Title

(39) Name of Contact Person for Claim	Telephone Number



<p><b>ABSENTEE BALLOTS</b>  <b>Certification Claim Form</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>FAM-27</b></p>
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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. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the place shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If estimate exceeds the previous fiscal year's actual costs by more than 10%, complete form AB-1.1, 1.2, or 1.3, as applicable, and enter the total claimed amount.
- (08) Enter the same amount as shown in 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 AB-1.1, 1.2, or 1.3.
- (14) Filing Deadline. Initial Claims of Chs. 77/78 and 920/94. If the reimbursement claim for fiscal year 1996/97 is filed after June 17, 1998, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.  
  
Filing Deadline. Annually Thereafter. If the reimbursement claim is filed after November 30 following the fiscal year in which costs were incurred, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If you are filing a reimbursement claim and have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated 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 (37) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (34) for the reimbursement claim [e.g., AB-1.3, (03)(a), means the information is located on form AB-1.3, line (03)(a). Enter the information on the same line but in the right-hand column as applicable. Cost information should be rounded to the nearest dollar, (i.e., no cents). Indirect cost percentage should be shown as a whole number and without the percent symbol (i.e., 7.548% should be shown as 8). The claim cannot be processed for payment unless this data block is correct and complete.
- (38) Read the statement "Certification of Claim." If the statement is true, the claim must be dated, signed by the agency's authorized representative and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (39) Enter the name of the person and telephone number that this office should contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL AND A COPY OF FORM FAM-27, AND A COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

*Address, if delivered by  
U. S. Postal Service:*

**OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursement 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 Reimbursement Section  
 Division of Accounting and Reporting  
 3301 C Street, Suite 501  
 Sacramento, CA 95816**

<b>MANDATED COSTS ABSENTEE BALLOTS CLAIM SUMMARY</b>		<b>FORM AB-1.1</b>
(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	19 __/19 __
<b>Select Method 1, or 2 for Claiming Reimbursable Costs</b>		
<b>Method 1</b> This method is applicable when all calculations are done by the county election official then the school district is billed for the cost of election services.		
(03) Amount billed by the county for election costs (attach billing statement)		
<b>Method 2</b> In this method the percentage increase in absentee ballots is assumed to be uniform throughout the county so county-wide figures are used to determine the percentage of reimbursable costs.		
(04) Obtain data from the county election official on the number of reimbursable absentee ballots (attach the county's calculation)		
(05) Number of absentee ballots cast in the fiscal year		
(06) Amount billed by the county		
(07) Increased Costs	[Line (06) x {line (04) ÷ line (05)}]	
(08) Increased Costs	[From line (03) or line (07)]	
<b>Cost Reduction</b>		
(09) Less: Offsetting Savings, if applicable		
(10) Less: Other Reimbursements, if applicable		
(11) Total Claimed Amount	[Line (08) - {Line (09) + Line (10)}]	

<b>ABSENTEE BALLOTS CLAIM SUMMARY Instructions</b>	<b>FORM AB-1.1</b>
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Fill in (01), (02), and (08) through (11) for all methods. Fill in (03) for method 1 only. Fill in (04) through (07) for method 2 only.

- (01) Enter the name of the claimant.
- (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 AB-1.1 must be filed for a reimbursement claim. Do not complete form AB-1.1 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 AB-1.1 must be completed and a statement attached explaining the increased costs. Without this information, the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Amount billed by the county for election costs. Enter the amount billed by the county and attach a copy of the billing statement.
- (04) Enter the data obtained from the county election official on the number of reimbursable absentee ballots and attach a copy of the county's calculation showing how this amount was derived.
- (05) Number of absentee ballots cast in the fiscal year. Enter the number of ballots that were cast in the fiscal year.
- (06) Amount billed by the county. Enter the amount that was billed by the county.
- (07) Increased Costs. Multiply line (06) by the quotient derived from dividing line (04) by line (05).
- (08) Increased Costs. Enter the amount of increased costs from line (03), if method 1 was used, or line (07), if method 2 was used.
- (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, or 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. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Increased Costs, line (08). 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.

<b>MANDATED COSTS ABSENTEE BALLOTS CLAIM SUMMARY</b>		<b>FORM AB-1.2</b>
(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	19 __/19 __
<b>Method 3</b> This method requires the school district to have data on the number of ballots and absentee ballots filed in the district.		
<b>Claim Statistics</b>		
(03)(a) Number of ballots cast from 1/1/75 through 12/30/78		
(b) Number of absentee ballots cast from 1/1/75 through 12/30/78		
(c) Number of ballots cast in the fiscal year of claim		
(d) Number of absentee ballots cast in the fiscal year of claim		
(04) Number of Reimbursable Absentee Ballots Filed	[Line (03)(d) - {(03)(b) x (03)(c) ÷ (03)(a)}]	
(05) Amount Billed by County (attach billing statement)		
(06) Increased Costs	[Line (05) x {line (04) ÷ line (03)(d)}]	
<b>Cost Reduction</b>		
(07) Less: Offsetting Savings, if applicable		
(08) Less: Other Reimbursements, if applicable		
(09) Total Claimed Amount	[Line (06) - {line (07) + line (08)}]	

<b>ABSENTEE BALLOTS CLAIM SUMMARY Instructions</b>	<b>FORM AB-1.2</b>
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- (01) Enter the name of the claimant.
- (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 AB-1.2 must be filed for a reimbursement claim. Do not complete form AB-1.2 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 AB-1.2 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) (a) Enter the number of ballots that were cast from January 1, 1975 through December 30, 1978.  
 (b) Enter the number of absentee ballots cast from January 1, 1975 through December 30, 1978.  
 (c) Enter the number of ballots that were cast in the fiscal year of claim.  
 (d) Enter the number of absentee ballots cast in the fiscal year of claim.
- (04) Number of Reimbursable Absentee Ballots Filed. Enter the difference of the number of absentee ballots cast in the fiscal year of claim, line (03)(d), and the result of multiplying the number of absentee ballots cast from 1/1/75 to 12/30/78, line (03)(b), by the number of ballots cast in the fiscal year of claim, line (03)(c), and dividing by the number of ballots cast from 1/1/75 to 12/30/78, line (03)(a).
- (05) Amount Billed by County. Enter the amount that was billed to the school district by the county. Attach a copy of the billing statement.
- (06) Increased Costs. Enter the result of multiplying the amount billed by the county, line (05), by the quotient from dividing the number of reimbursable absentee ballots filed, line (04), by the number of absentee ballots cast in the fiscal year of claim, line (03)(d).
- (07) 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.
- (08) 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, or other state funds which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (09) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (07), and Other Reimbursements, line (08), from Increased Costs, line (06). 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.

<b>MANDATED COSTS ABSENTEE BALLOTS CLAIM SUMMARY</b>				<b>FORM AB-1.3</b>
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year		19 ___/19 ___
<b>Method 4</b> This method is used where the school district administers its own elections and information on the number of ballots and absentee ballots, and the cost per ballot is readily available.				
<b>Claim Statistics</b>				
(03)(a) Number of ballots cast from 1/1/75 through 12/30/78				
(b) Number of absentee ballots cast from 1/1/75 through 12/30/78				
(c) Number of ballots cast in the fiscal year of claim				
(d) Number of absentee ballots cast in the fiscal year of claim				
(04) Total Cost of Absentee Ballots in the Fiscal Year of Claim	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contracted Services	(d) Total Direct Costs
<b>Indirect Costs</b>				
(05) Indirect Cost Rate	[From J-380 or J-580]			%
(06) Total Indirect Costs	[Line (05) x {line (04)(d) - line (04)(c)}]			
(07) Total Cost of Absentee Ballots in the Fiscal Year of Claim	[Line (04)(d) + line (06)]			
(08) Cost per Absentee Ballot in the Fiscal Year of Claim	[Line (07) ÷ line (03)(d)]			
(09) Number of Additional Absentee Ballot Filings	[(Line (03)(d) - {line (03)(b) x line (03)(c)} ÷ line (03)(a))]			
(10) Total Cost of Additional Absentee Ballot Filings	[Line (08) x line (09)]			
<b>Cost Reduction</b>				
(11) Less: Offsetting Savings, if applicable				
(12) Less: Other Reimbursements, if applicable				
(13) Total Claimed Amount	[Line (10) - {Line (11) + Line (12)}]			

<p><b>ABSENTEE BALLOTS</b>  <b>CLAIM SUMMARY</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>AB-1.3</b></p>
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- (01) Enter the name of the claimant.
- (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 AB-1.3 must be filed for a reimbursement claim. Do not complete form AB-1.3 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 AB-1.3 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) (a) Enter the number of ballots that were cast from January 1, 1975 through December 30, 1978.  
 (b) Enter the number of absentee ballots cast from January 1, 1975 through December 30, 1978.  
 (c) Enter the number of ballots that were cast in the fiscal year of claim.  
 (d) Enter the number of absentee ballots cast in the fiscal year of claim.
- (04) Total Cost of Absentee Ballots in the Fiscal Year of Claim. Enter the totals from form AB-2, line (05), columns (d), (e), and (f) to form AB-1.3, block (04) columns (a), (b), and (c) in the appropriate row. Total the row.
- (05) Indirect Cost Rate. Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable, for the fiscal year of costs.
- (06) Total Indirect Costs. Enter the result of multiplying the difference of Total Direct Costs, line (04)(d), and the sum of Contracted Services, line (04)(c), by the Indirect Cost Rate, line (05).
- (07) Total Cost of Absentee Ballots in the Fiscal Year of Claim. Enter the sum of Total Direct Costs, line (04)(d), and Total Indirect Costs, line (06).
- (08) Cost per Absentee Ballot in the Fiscal Year of Claim. Enter the result of dividing line (07) by line (03)(d).
- (09) Number of Additional Absentee Ballot Filings. Multiply the number of absentee ballots cast from 1/1/75 to 12/30/78, line (03)(b), by the number of ballots cast in the fiscal year of claim, line (03)(c). Divide that product by the number of ballots cast 1/1/75 to 12/30/78, line (03)(a). Subtract the quotient from the number of ballots cast in the fiscal year of claim, line (03)(d). Enter the difference as the number of additional ballot filings.
- (10) Total Cost of Additional Absentee Ballot Filings. Enter the product of multiplying line (08) by line (09).
- (11) 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.
- (12) 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, or other state funds which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (13) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total Cost of Additional Absentee Ballot Filings, 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.

<b>MANDATED COSTS ABSENTEE BALLOTS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM AB-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Total Cost of Absentee Ballots in the fiscal year of claim

(04) Description of Expenses: Complete columns (a) through (h)	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contracted Services

(05) Total <input style="width: 50px;" type="text"/> Subtotal <input style="width: 50px;" type="text"/> Page: _____ of _____					
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<b>ABSENTEE BALLOTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>AB-2</b>
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year in which costs were incurred.
- (03) Leave blank.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs on form AB-1.3, line (04). To detail costs for the component activity box "checked" in line (03), enter the employee name(s), position title(s), a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, and contracted services. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed. If the descriptions are incomplete, the claim cannot be processed for payment.** 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. Such documents shall be made available to the State Controller's Office on request.

Object/ Subobject	Columns						Submit these supporting documents
	(a)	(b)	(c)	(d)	(e)	(f)	
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked			
Benefits	Title  Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries			
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity		
Contracted Services	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked  Inclusive Dates of Service			Itemized Cost of Services	Invoice

- (05) Total line (04), columns (d), (e), and (f) 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 for the component/activity, number each page. Enter the totals from line (05), columns (d), (e), and (f) to form AB-1.3, block (04), columns (a), (b), and (c).

# COLLECTIVE BARGAINING

## 1. Summary of Chapters 961/75 and 1213/91

The Rodda Act repealed Education Code Article 5 (commencing with § 13080), of Chapter 1 of Division 10 and added Chapter 10.7 (commencing with § 3540) to Division 4 of Title 1 of the Government Code, relating to public educational employment relations.

The Rodda Act which became operative July 1, 1976, repealed the Winton Act and enacted provisions requiring the employer and employee to meet and negotiate, thereby creating a collective bargaining atmosphere for public school employers. It also established the Public Employment Relations Board (PERB). PERB is responsible for issuing formal interpretations and rulings regarding collective bargaining under the act.

Government Code section 3547.5 as added by Chapter 1213, Statutes of 1991, requires school districts to publicly disclose major provisions of a collective bargaining agreement after negotiations but before the agreement becomes binding.

On July 17, 1978, the Commission on State Mandates, (formerly Board of Control), determined that Chapter 961, Statutes of 1975, resulted in state mandated costs which are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

On August 20, 1998, the Commission on State Mandates determined that Chapter 1213, Statutes of 1991, resulted in state mandated costs which are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

## 2. Eligible Claimants

Any school district (K-12), county office of education, or community college district that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

## 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. To determine if current funding is available for this program, refer to the schedule "Appropriation for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in October of each year to county superintendents of schools and superintendents of schools.

## 4. Types of Claims

### A. Reimbursement and Estimated Claims

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

### B. Minimum Claim

Government Code § 17564(a), provides that no claim shall be filed pursuant to Government Code § 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of one or more districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district. Once a combined

claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing a written notice to the county superintendent of schools and the State Controller's Office of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim.

## 5. Filing Deadline

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the annual cover letter for mandated cost programs issued annually in October, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_/19\_\_ Reimbursement Claim", and/or "19\_\_/19\_\_ Estimated Claim", claims may be filed as follows:

- A. An estimated claim must be filed with the State Controller's Office and postmarked by January 15 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the "Appropriation for State Mandated Cost Programs" in the previous fiscal year's annual claiming instructions.

- B. A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by January 15 following the fiscal year in which costs were incurred. If the claim is filed after the deadline but by January 15 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

## 6. Reimbursable Components

The objective of the reporting forms is to determine the Rodda Act costs incurred during the current year and compare them with the adjusted costs incurred in the base year under the Winton Act. The first three claim components listed below apply to both the Winton Act and Rodda Act. Components D through F, which apply only to the Rodda Act, represent activities that were not required under the Winton Act.

### A. Determining Bargaining Units and Exclusive Representation

The cost of determining appropriate bargaining units, exclusive representation and representatives are reimbursable. Activities determined to be eligible reimbursements for this component are as follows:

#### (1) Bargaining Unit Lists

Developmental costs of proposed lists for the bargaining unit determination hearing.

(a) Contracted services necessary for development of proposed lists.

(b) Salaries and benefits of district employees and related costs necessary to develop proposed lists.

## (2) PERB Hearings

Representation cost for the school employer at PERB hearings held to determine the bargaining units and their exclusive representative.

(a) Salaries and benefits of district employees used to prepare for and represent employer at hearings.

(b) Contracted services used to prepare for and represent the employer at hearings.

## (3) Substitutes

The cost of hiring substitutes to replace the employer and exclusive bargaining unit witnesses required to testify at PERB hearings. The claimant must include with the claim, a list of teacher witnesses, their job classifications and the date they were required to testify.

**The cost of substitute release time for employee witnesses asked to attend PERB hearings by bargaining units, but not required to testify, is not eligible for reimbursement in this component.**

## (4) Travel Costs

Travel expenses incurred by district employer representatives required to attend PERB hearings. Reimbursement shall comply with the rate specified by the regulations governing employees of the local school district. However, the reimbursement cannot exceed the rate adopted by the Board of Control for state employees.

## (5) Transcripts

The cost of preparing one transcript for each PERB hearing.

**B. Election of Unit Representation**

The cost of elections and decertification elections of unit representatives are reimbursable in the event PERB determines that a question of representation exists and orders an election by secret ballot. The claimant must include with the claim, any PERB agreements or orders which state how the election must be held.

Activities determined to be eligible reimbursements for this component are as follows:

## (1) Precinct Voting List

The salaries, benefits, and related cost of developing and preparing a precinct voting list, if required by PERB.

## (2) Ballot Tally Observers

The salary and benefits of a school employer representative required by PERB to observe the ballot count.

**C. Cost of Negotiations**

The cost associated with the receipt of the exclusive representative's initial contract proposal, holding of public hearings, providing a reasonable number of copies of the employer's contract proposal to the public, development and presentation of the initial district contract proposal, negotiation of the contract, and reproduction and distribution of the final contract agreement are reimbursable. The claimant must include with the claim, a listing of the dates of all negotiation sessions held during the period for which the claim is being filed.

Activities determined to be eligible reimbursements for this component are as follows:

(1) Representative's Contract Proposal

The employer's cost of analyzing the exclusive representative's initial contract proposal.

- (a) Salaries and benefits for public school district employer representatives and supporting personnel participating in planning sessions and related contracted services.

(2) Public Hearings

The cost of holding public hearings related to the contract negotiations.

(3) Public Distribution of Proposed Contract

The cost of providing a reasonable number of copies of the district's proposed contract to the public.

- (a) Reproduction of copies of the initial contract proposal for the district's supervisory, management, and confidential representatives are reimbursable.
- (b) A reasonable number of copies of the initial contract for distribution to the public is reimbursable.

(4) District Contract Proposal

The cost of employer salaries and benefits necessary for development and presentation of the initial district contract proposal and related contracted services.

(5) Negotiation

The cost of negotiating a contract with the employee representatives.

- (a) Salaries and benefits for district employer representatives participating in negotiations and related contracted services. Reimbursable costs for a maximum of five school district representatives per unit per negotiating session will be reimbursed.
- (b) Substitutes hired so that exclusive bargaining unit representatives can attend negotiations. List the job classification of the bargaining unit representative that required a substitute. List the dates and time the substitute worked. Substitute cost for a maximum of five representatives per unit negotiating per session are reimbursable.

(6) Public Distribution of Final Contract

The cost of reproduction of the contract and distribution of the final contract agreement.

- (a) Reproduction of copies of the initial contract for distribution to the district's supervisory, management, and confidential employee representatives.
- (b) A reasonable number of copies of the final contract for purposes of public information.

**The following costs are not eligible for reimbursement for this component:**

- (c) The cost of copies of the final contract provided to the collective bargaining unit members.
- (d) The salaries of union representatives.

**D. Impasse Proceedings**

The cost of impasse proceedings are reimbursable. Activities determined to be reimbursable for this component are as follows:

**(1) Mediation**

Representation costs for the school employer at mediation sessions are reimbursable.

- (a) Salaries and benefits for district employees to prepare and represent the employer at the sessions.
- (b) Contracted services used to prepare for and represent the employer at the sessions.
- (c) Substitutes hired to allow exclusive bargaining unit representatives to attend impasse proceedings. List the job classification of the employee witnesses and the dates and time of their attendance at mediation sessions. Reimbursements to a public school district employer are limited to the cost of hiring a maximum of five substitutes to replace five representatives so they can attend a mediation session.
- (d) The cost of renting facilities for the sessions.

**(2) Fact Finding**

The cost of development and publication of the findings of the panel.

- (a) All the costs of the district employer representative serving on the fact finding panel.
- (b) Fifty percent of the cost of the fact finding panel mutually incurred by the employer representative and the employee bargaining unit representative. This may include the cost of teacher substitutes so that witnesses can attend fact finding proceedings and the rental of facilities required to conduct the fact finding hearing.
- (c) Special costs imposed on the district for the development of unique data required by a fact finding panel. Describe the special costs and explain why this data would not have been required by a fact finding panel under the Winton Act.
- (d) **Cost of the mediator is not eligible for reimbursement for this component.**

**E. Collective Bargaining Agreement Disclosure**

Disclosure of the collective bargaining agreement after negotiation and before adoption by the governing body, as required by Government Code section 3547.5 and California State Department of Education Management Advisory 92-01 (or subsequent replacement), attached to the amended parameters and guidelines.

- (1) Prepare the disclosure forms and documents.
- (2) Distribute a copy of the disclosure forms and documents to board members with a copy of the proposed agreement.
- (3) Make a copy of the disclosure forms and documents of the proposed agreement available to the public, prior to the day of the public meeting.
- (4) Train employer's personnel on the preparation of the disclosure forms and documents.
- (5) Supplies necessary to prepare the disclosure forms and documents.

For items (1) through (3) above, list the date(s) of the public hearings at which the major provisions of the agreement were disclosed in accordance with the requirements

of Government Code section 3547.5 and Department of Education Advisory 92-01 (or subsequent replacement).

**Procedures or formats that exceed those or which duplicate activities required under any other statute or executive order are not reimbursable under this item.**

#### F. Contract Administration

The cost of contract administration and adjudication of contract disputes either by arbitration or litigation are reimbursable.

Activities determined to be reimbursable for this component are as follows:

##### (1) Training Sessions

Reasonable costs incurred for a reasonable number of training sessions held for supervisory and management personnel regarding contract administration and interpretation of the negotiated contract.

##### (2) Grievances

(a) Salaries and benefits of public school district personnel involved in adjudication of contract disputes along with related contracted services.

(b) Substitutes hired so that representatives of an exclusive bargaining unit can attend adjudication hearings regarding contract disputes. List the job classifications of the employee witnesses and the dates and time they were required to attend adjudication hearings.

(c) The cost of one transcript per hearing is reimbursable.

##### (3) Contract Disputes Presented Before PERB

(a) Public school employer costs regarding contract disputes which are presented before PERB.

(b) Litigation costs incurred by a public school employer as a defendant in a court suit involving contract disputes may be reimbursable. (See (4), "Appeal of PERB Ruling", below, if claimant is the plaintiff).

(c) Expert witness fees if the witness is called by the public school employer.

(d) Reasonable reproduction costs for copies of a new contract which are required as a result of a dispute.

(e) A public school employer's portion of an arbitrator's fees (50% of costs) for adjudicating grievances.

##### (4) Appeal of PERB Ruling

Reasonable claimant costs associated with a contract dispute are reimbursable when the claimant is the plaintiff in a court suit to appeal a PERB ruling and the claimant is the prevailing party.

(a) The costs incurred become eligible for reimbursement in the fiscal year in which the appeal process has been exhausted.

(b) The claimant must include with the claim a copy of the court's ruling.

(c) If the claim includes costs associated with more than one appeal, the costs associated with each appeal must be shown separately.

No reimbursement is allowed where the public school employer has filed action directly with the courts without first submitting the dispute to PERB, if required.

No reimbursement shall be provided for filing of a brief with the court by a person who is not party to a litigation (i.e., amicus curiae).

**The following costs are not eligible for reimbursement of this component.**

- (d) Contract interpretations conducted at staff meetings.
- (e) Personal development and informational programs (i.e., classes, conferences, seminars, workshops) and time spent by employees attending such meetings.
- (f) Labor/management non-adversarial training sessions.
- (g) Purchase of books and subscriptions for personal development and information purposes.

**G. Unfair Labor Practice Charges**

The cost of unfair labor practice adjudication process and public notice complaints are reimbursable.

Activities determined to be eligible for reimbursement for this component are as follows:

- (1) Unfair Labor Practice Presented to PERB
  - (a) Salaries and benefits of public school district employer representatives and related contract services.
  - (b) The cost of substitutes hired to replace representatives of an exclusive bargaining unit required to attend adjudication hearings regarding unfair labor practice charges.
  - (c) The cost of one transcript for each PERB hearing.
  - (d) Reasonable reproduction costs.
  - (e) Expert witness fees if the witness is called by the public school employer.

(2) Appeal of a PERB Ruling

Claimant costs associated with the appeal of a PERB unfair labor practice decision are reimbursable if the claimant is the prevailing party.

- (a) The costs incurred become eligible for reimbursement in the fiscal year in which the appeal process has been exhausted.
- (b) The claim must include a copy of the court's ruling.
- (c) If the claim includes costs associated with more than one appeal, the costs associated with each appeal must be shown separately.

**The following costs are not eligible for reimbursement for this component .**

- (d) Appeal of an unfair labor practice decision if PERB is the prevailing party.
- (e) The filing of a brief with the court by a person who is not party to the litigation (i.e., amicus curiae).

**7. Reimbursement Limitations**

**A. Fringe Benefits**

The actual fringe benefit costs may be claimed if supported by an itemized list of the costs, such as for : Retirement, Social Security, health and dental insurance, workers compensation, etc.. If no itemization is submitted, twenty one percent of direct salary may be used for computing the fringe benefit costs.



**B. Contracted Services**

The contracted services guidelines in Claiming Forms and Instructions [See 8.A.(3)] shall prevail, except that the reimbursable fee for collective bargaining contracted services will not exceed \$100 per hour. Additionally, annual retainer fees shall be based on a fee not greater than \$100 per hour. Those claims which are based on annual retainers shall contain a certification that the fee is no greater than \$100 per hour. Reasonable expenses will also be paid if identified on the monthly billings of consultants. However, travel expenses for consultants and experts (including attorneys) hired by the claimant shall not be reimbursed in an amount higher than that received by State employees. Prior to the 1987/88 fiscal year, the contracted service fee was at a rate no greater than \$65 per hour.

**C. Travel Expenses**

Reimbursement for business and travel expenses is limited in an amount and type to those that can be claimed by State Employees. Refer to Appendix A, State of California, Travel Expense Guidelines, for current per diem rates.

**D. Other Revenue Sources**

Any offsetting savings or reimbursement the claimant received from any source (e.g. service fees collected, federal funds, other state funds, etc.) as a result of this mandate shall be identified and deducted so only net local costs are claimed.

**E. Governing Authority**

Salaries and expenses of the governing authority, for example, the Board of Trustees and the Superintendent of Schools, are not reimbursable as a direct cost.

**8. Claiming Forms and Instructions**

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms CB-1 and CB-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

**A. Form CB-2, Component/Activity Cost Detail**

This form is used to segregate the detailed costs by claim component. A separate form CB-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

**(1) Salaries and Benefits**

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

Reimbursement for personal services include 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 of 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.

Source documents may include, but are not limited to, time logs evidencing actual costs claimed under Reimbursable Activities, time sheets, payroll records, canceled payroll warrants, organization charts, duty statements, pay rate schedules, and other documents evidencing the expenditure.

(2) Materials and Supplies

Only expenditures that can be identified as a direct cost of this mandate may be claimed. List the cost of 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.

Source documents may include, but are not limited to, general and subsidiary ledgers, invoices, purchase orders, receipts, canceled warrants, inventory records, and other documents evidencing the expenditure.

(3) Contract Services

Provide the name(s) of contractor(s) who performed the service(s), including any fixed contracts 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 actual dates when services were performed and itemize all costs for those services. Attach consultant invoices with the claim.

Source documents may include, but are not limited to, general and subsidiary ledgers, contracts, invoices, canceled warrants, and other documents evidencing the expenditure.

(4) Travel Expenses

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

Source documents may include, but are not limited to, employee travel expense claims, receipts, and other documents evidencing the travel expenses.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

**B. Form CB-1, Claim Summary**

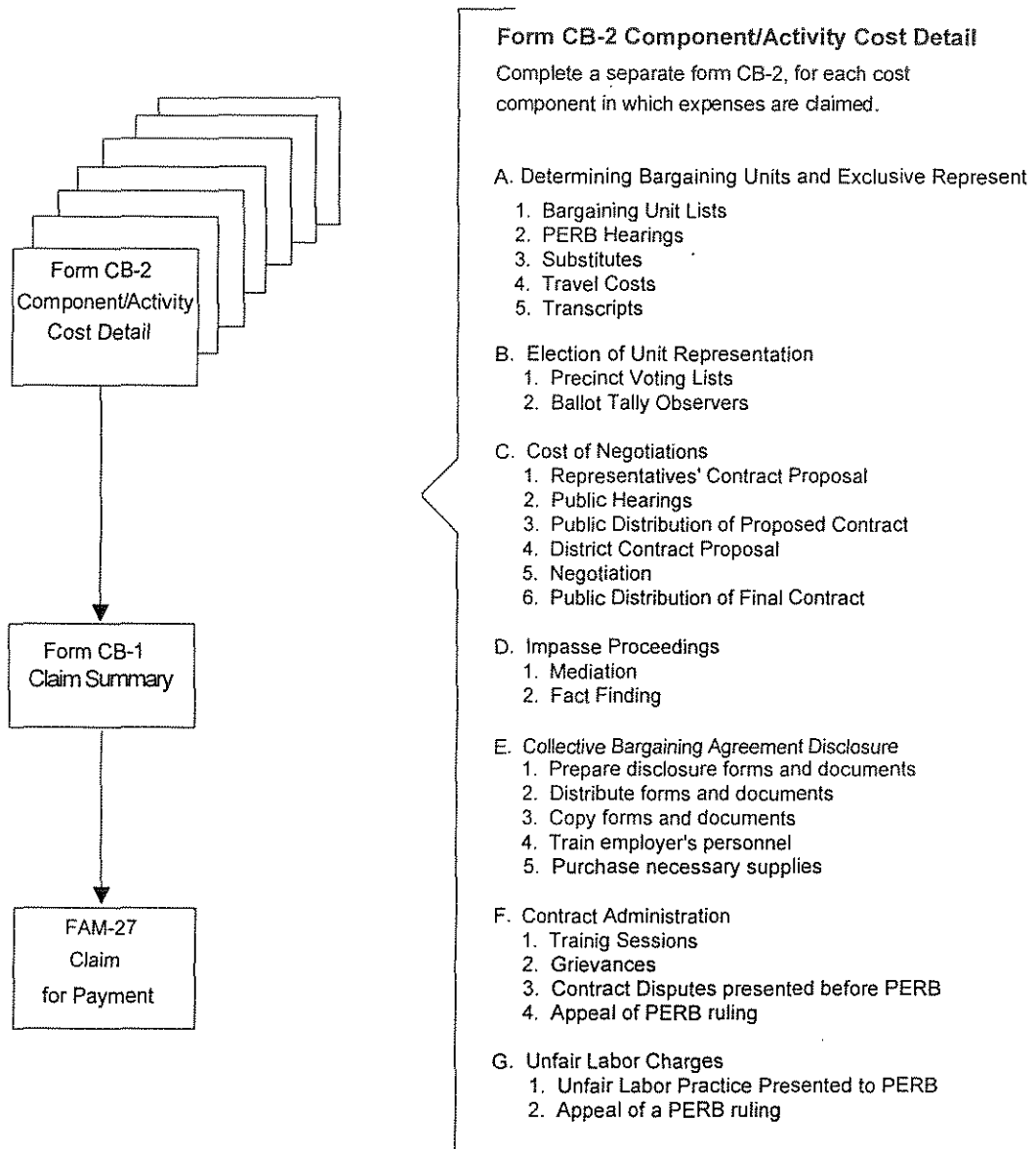
This form is used to summarize direct costs by claim component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from CB-2 and are carried forward to form FAM-27.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. Community college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21,) or form FAM-29C. The cost data on this form is carried forward to form FAM-27.

**C. Form FAM-27, Claim for Payment**

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form CB-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

**Illustration of Claim Forms**



**7. Reimbursement Limitations**

Any offsetting savings or reimbursement the claimant received from any source (e.g. service fees collected, federal funds, other state funds, etc.) as a result of this mandate shall be identified and deducted so only net local costs are claimed.

**8. Claiming Forms and Instructions**

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms PCS-1 and PCS-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

**A. Form PCS-2, Component/Activity Cost Detail**

This form is used to segregate the detailed costs by claim component. A separate form PCS-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

**(1) Salaries and Benefits**

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed and specify the actual time devoted to each function by each employee, the productive hourly rates and related fringe benefits. In lieu of actual hours, the average number of hours devoted to each reimbursable activity can be claimed if supported by a documented time study. At present no instructions are available for performing a time study. Therefore, it is suggested that claims be based on actual costs.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate. If a documented time study is the basis for claimed time spent, attach the time records with the claim. The State Controller's Office will review the documented time study for precision and reliability.

**(2) Materials and Supplies**

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

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders and other documents evidencing the validity of the expenditures.

**(3) Contract Services**

Give the name(s) of contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

**B. Form PCS-1, Claim Summary**

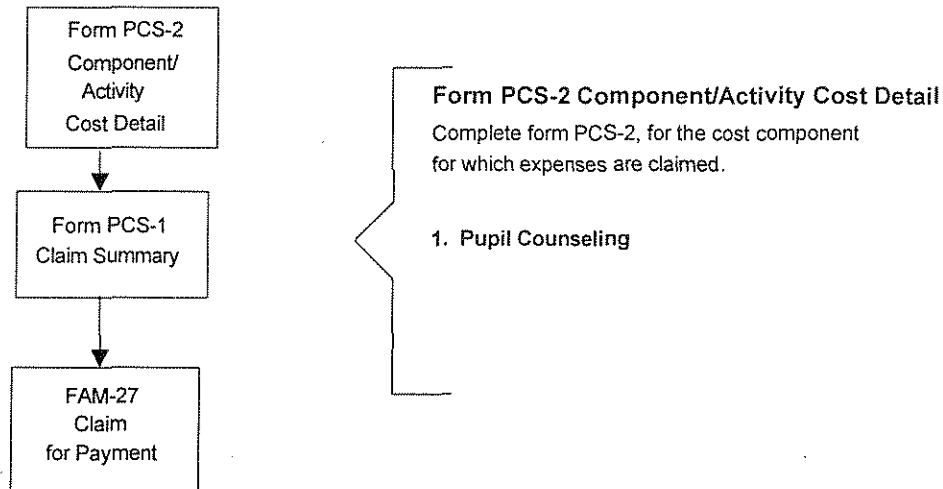
This form is used to summarize direct costs by claim component and compute allowable indirect costs for the mandate. Claim statistics shall identify the work performed for costs claimed. The claimant must give the average daily attendance, the number of parent-teacher conferences for pupils suspended from class (not from school), the number of counseling personnel attending these conferences, and the actual time claimed by counseling personnel for these services.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. The cost data on this form are carried forward to form FAM-27.

**C. Form FAM-27, Claim for Payment**

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form PCS-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

**Illustration of Claim Forms**



**CLAIM FOR PAYMENT**  
**Pursuant to Government Code Section 17561**  
**COLLECTIVE BARGAINING**

For State Controller Use Only

(19) Program Number 00011  
 (20) Date File \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 (21) LRS Input \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

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A  
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L  
  
H  
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R  
E

(01) Claimant Identification Number  
 (02) Mailing Address  
 Claimant Name  
 County of Location  
 Street Address or P. O. Box  
 City State Zip Code

Reimbursement Claim Data	
(22) CB-1, (03)(1)(e)	
(23) CB-1, (03)(2)(e)	
(24) CB-1, (03)(3)(e)	
(25) CB-1, (03)(4)(e)	
(26) CB-1, (03)(5)(e)	
(27) CB-1, (03)(6)(e)	
(28) CB-1, (04)(d)	
(29) CB-1, (04)(e)	
(30) CB-1, (05)(e)	
(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 type="checkbox"/>	(11) Amended <input type="checkbox"/>
Fiscal Year of Cost	(06) 19__/___	(12) 19__/___
Total Claimed	(07)	(13)
Less: 10% Late Penalty, but not to exceed \$1000 (if applicable)		(14)
Less: Estimated Claim Payment Received		(15)
Net Claimed Amount		(16)
Due from State	(08)	(17)
Due to State		(18)

**(38) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 961, Statutes of 1975; 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 961, Statutes of 1975.

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 961, Statutes of 1975, set forth on the attached statements.

Signature of Authorized Representative \_\_\_\_\_ Date \_\_\_\_\_

Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(39) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number \_\_\_\_\_ Ext. \_\_\_\_\_

<p><b>COLLECTIVE BARGAINING</b>  <b>Certification Claim Form</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>FAM-27</b></p>
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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. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the place shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If estimate exceeds the previous fiscal year's actual costs by more than 10%, complete form CB-1 and enter the amount from line (11). If more than one form CB-1 is completed due to multiple department involvement in this mandate, add line (11) of each form CB-1.
- (08) Enter the same amount as shown in 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 CB-1, line (11). If more than one form CB-1 is completed due to multiple department involvement in this mandate, add line (11) of each form CB-1.
- (14) If a reimbursement claim is filed after November 30 of the fiscal year in which costs were incurred, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If you are filing a reimbursement claim and have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated 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 (37) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (30) for the reimbursement claim [e.g., CB-1, (03), means the information is located on form CB-1, line (03). 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 cost percentage should be shown as a whole number and without the percent symbol (i.e., 7.548% should be shown as 8). The claim cannot be processed for payment unless this data block is correct and complete.
- (38) Read the statement "Certification of Claim." If the statement is true, the claim must be dated, signed by the agency's authorized representative and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (39) Enter the name of the person and telephone number that this office should contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL AND A COPY OF FORM FAM-27, AND A COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

**Address, if delivered by:**  
**U.S. Postal Service**

**OFFICE OF THE STATE CONTROLLER**  
**ATTN: Local Reimbursement 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 Reimbursement Section**  
**Division of Accounting and Reporting**  
**3301 C Street, Suite 501**  
**Sacramento, CA 95816**

<b>MANDATED COSTS COLLECTIVE BARGAINING CLAIM SUMMARY</b>					<b>FORM CB-1</b>
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>			Fiscal Year 19__/19__	
<b>Rodda Act Direct Costs</b>		<b>Cost Elements</b>			
(03) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Travel	(d) Contracted Services	(e) Total
1. Determination of Bargaining Units and Exclusive Representation					
2. Election of Unit Representation					
3. Cost of Negotiations					
4. Impasse Proceedings					
5. Contract Administration					
(04) Total Rodda Act Direct Costs					
<b>Winton Act Direct Costs</b>					
(05) Base Year, 1974/75 Direct Costs					
(06) Base Year Direct Costs Adjusted by IPD	[Line (05)(e) x 2.841] for 1996/97 f.y.				
(07) Increased Direct Costs	[Line (04)(e) - line (06)]				
<b>Indirect Costs</b>					
(08) Total Rodda Act Direct Costs less Contracted Services	[Line (04)(e) - line (04)(d)]				
(09) Base Year Costs less Contracted Services adjusted by IPD	[Line (05)(e) - line (05)(d)] x 2.841				
(10) Increased Direct Costs less Contracted Services	[Line (08) - line (09)]				
(11) Indirect Cost Rate	From J-380, J-580 or FAM-27C				
	%				
(12) Increased Indirect Costs	[Line (10) x line (11)]				
(13) Total Increased Direct and Indirect Costs	[Line (07) + line (12)]				
<b>Cost Reduction</b>					
(14) Less: Offsetting Savings, if applicable					
(15) Less: Other Reimbursements, if applicable					
(16) Total Claimed Amount	[Line (13) - {Line (14) + line (15)}]				



**COLLECTIVE BARGAINING  
CLAIM SUMMARY  
Instructions**

**FORM  
CB-1**

- (01) Enter the name of the claimant.
- (02) **Type of Claim.** Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.
- Form CB-1 must be filed for a reimbursement claim. Do not complete form CB-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 CB-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) For each of the reimbursable components, enter the total allowable cost from form CB-2, line (05) columns (d) through (g) onto form CB-1, block (03), lines (1) through (6), columns (a) through (d). Total each line and enter in column (e).
- (04) Add columns (d) and (e) for Cost Elements, block (03) and enter the totals on this line.
- (05) **Method A.** Enter the 1974/75 Winton Act (base year) costs on line (05)(e). Enter on line (05)(d) any contracted services costs included in line (05)(e).
- Method B.** Enter the amount from form CB-1.1, line (04)(b) onto line (05)(e). Enter on line (05)(d) any contracted services costs included in line (05)(e).
- (06) **Method A.** Multiply the base year cost on line (05)(e) by the implicit price deflator (IPD). The 1996/97 implicit price deflator is 2.841.
- Method B.** Enter the amount from form CB-1.1, line (04)(d).
- (07) Subtract the Base Year Direct Costs Adjusted by the Implicit Price Deflator, line (06), from Total Rodda Act Direct Cost, line (04)(e).
- (08) Subtract Total Contracted Services, line (04)(d), from Total Rodda Act Direct Costs, line (04)(e).
- (09) Subtract Base Year Contracted Services, line (05)(d) from Base Year, 1974/75 Direct Costs, line (05)(e) and multiply the remainder by the Implicit Price Deflator.
- (10) Subtract Base Year Costs less Contracted Services adjusted by IPD, line (09) from Total Rodda Act Direct Costs less Contracted Services, line (08).
- (11) Enter the indirect cost rate. School districts (K-12) may compute the amount of indirect costs to claim by multiplying their total direct costs by the State Department of Education forms J-380 or J-580 rate applicable to the fiscal year of costs. Community college districts may use the federally approved OMB A-21 rate, or the rate computed using form FAM-29C.
- (12) Multiply Incremental Direct Costs less Contracted Services, line (10), by Indirect Cost Rate, line (11).
- (13) Enter the sum of Incremental Costs, line (07), and Incremental Indirect Costs, line (12).
- (14) **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.
- (15) **Less: Other Reimbursements, if applicable.** Enter the amount of **fees that could have been collected** by the school district as authorized under the California Public Records Act (Government Code § 6250 et. seq.) for providing information requested by interested persons regarding its schools. In addition, enter the amount of any other reimbursements received from any source (i.e., service fees collected, federal funds, other state funds, etc.,) which reimbursed any portion of the mandated cost program. Submit a detailed schedule of the reimbursement sources and amounts.
- (16) **Total Claimed Amount.** Subtract the sum of Offsetting Savings, line (14), and Other Reimbursements, line (15), from Total Increased Direct and Indirect Costs, line (13). Enter the remainder of this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim, or line (13) for the Reimbursement Claim.

<b>MANDATED COSTS COLLECTIVE BARGAINING DETERMINING WINTON ACT COSTS</b>		<b>FORM CB-1.1</b>
(01) Claimant	(02) Fiscal Year 19__/__	

**NOTE:** Beginning with the 1992/93 claims, a school district has the option of using Method A or Method B for this segment of the claim to determine increased costs due to the Rodda Act.

Method A: School districts have been using this method in previous fiscal years to determine increased costs. The school district reduces the current Rodda Act costs by the total 1974/75 Winton Act (base year) cost adjusted by annual changes in the implicit price deflator. Rodda Act costs in excess of the adjusted Winton Act costs are claimable. If a school district chooses to continue with this method, do not complete form CB-1.1.

Method B: This method is new. It may be advantageous for a school district to use this method if the district can provide cost documentation for each 1974/75 Winton Act cost component listed below. The Rodda Act has the three similar matching cost components. Under each matched component, report only the amount of Winton Act costs adjusted by changes in the implicit price deflator for which current Rodda Act costs exist. Examples: (1) If the Rodda Act costs exceed the adjusted Winton Act costs for the component, all Winton Act costs of the component must be reported for purposes of reducing the Rodda Act costs. (2) If the adjusted Winton Act costs exceed current Rodda Act costs for the component, residual Winton Act costs do not have to be applied against current Rodda Act costs of other components. If Method B is chosen, the claimant must complete the following:

- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs are being filed.
- (03) Complete the following schedule to determine the amount of Winton Act base year costs for offset against the current Rodda Act costs.
  - (a) Enter in column (a) the current Rodda Act costs for each of the three cost components, if any.
  - (b) Enter in column (b) the amount of 1974/75 Winton Act costs applicable to each of the three components. The total on line (4) column (b) should be the same as shown on form CB-1, line (5)(e).
  - (c) Enter in column (c) the product of multiplying the 1974/75 Winton Act cost component in column (b) by the implicit price deflator specified for the fiscal year of the claim.
  - (d) Enter in each row, column (d), the lesser amount of column (a) or column (c). Total column (d) and forward the amount to form CB-1, line (06).

Similar Cost Components of the Rodda Act and Winton Act	(a) Current Rodda Act Costs	(b) 1974/75 Winton Act Costs Applied	(c) 1974/75 Winton Act Costs Adjusted by IPD	(d) Winton Act Costs to be Applied
1. Determination of Bargaining and Exclusive Representation	\$	\$	\$	\$
2. Election of Unit Representation				
3. Meet and Confer (Cost of Negotiations)				
4. Totals	\$	\$	\$	\$

<b>MANDATED COSTS COLLECTIVE BARGAINING COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM CB-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
---------------	--------------------------------------

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

<input type="checkbox"/> 1. Determination of Bargaining Units and Exclusive Representation	<input type="checkbox"/> 4. Election of Unit Representation
<input type="checkbox"/> 2. Cost of Negotiations	<input type="checkbox"/> 5. Contract Administration
<input type="checkbox"/> 3. Impasse Proceedings	<input type="checkbox"/> 6. Unfair Labor Practice Charges

(04) Description of Expenses: Complete columns (a) through (g).	<b>Object Accounts</b>
---	------------------------

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

(05) Total <input style="width: 40px;" type="text"/>	Subtotal <input style="width: 40px;" type="text"/>	Page: _____ of _____				
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<b>COLLECTIVE BARGAINING COMPONENT/ACTIVITY COST DETAIL Instructions</b>	<b>FORM CB-2</b>
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year in 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 CB-2 shall be prepared for each component which applies.
- (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 line (03), enter the employee names, position titles, a brief description of their activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contracted services, etc. 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. Such documents shall be made available to the State Controller's Office on request.

Object/ Subobject Accounts	Columns							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
<b>Benefits</b>	Title  Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity			
<b>Contracted Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Itemized Cost for Services Performed		Invoice
<b>Travel</b>	Purpose of Trip Name and Title  Departure and Return Date	Per Diem Rate Mileage Rate  Transportation Cost	Days Miles  Transportation Mode				Rate x Days or Miles Total Transportation Cost	

- (05) Total line (04), columns (d), (e), (f) and (g) 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 for the component/activity, number each page. Enter totals from line (05), columns (d), (e), (f) and (g) to form CB-1, block (04), columns (a), (b), (c) and (d).

# HEALTH FEE ELIMINATION

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

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

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

## 2. Eligible Claimants

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

## 3. Appropriations

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

## 4. Types of Claims

### A. Reimbursement and Estimated Claims

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

### B. Minimum Claim

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

## 5. Filing Deadline

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

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

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

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

## 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

## 7. Reimbursement Limitations

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

## 8. Claiming Forms and Instructions

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

**A. Form HFE-2, Health Services**

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

**B. Form HFE-1.1, Claim Summary**

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

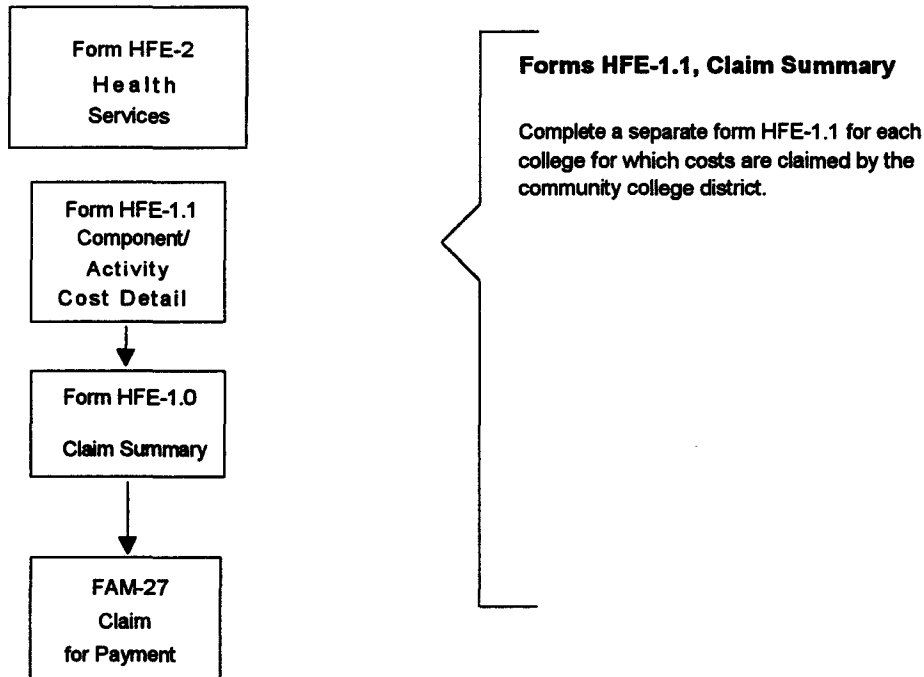
**C. Form HFE-1.0, Claim Summary**

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

**D. Form FAM-27, Claim for Payment**

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

**Illustration of Claim Forms**



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

For State Controller Use Only

(19) Program Number 00029  
 (20) Date File \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
 (21) LRS Input \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

L  
A  
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E

(01) Claimant Identification Number \_\_\_\_\_

(02) Mailing Address \_\_\_\_\_

Claimant Name \_\_\_\_\_

County of Location \_\_\_\_\_

Street Address or P. O.. Box \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**Reimbursement Claim Data**

(22) HFE-1.0, (04)(b) \_\_\_\_\_

(23) \_\_\_\_\_

(24) \_\_\_\_\_

(25) \_\_\_\_\_

(26) \_\_\_\_\_

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	(27)
(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(28)	
(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(29)	
(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(30)	
<b>Fiscal Year of Cost</b>	(08) 19___/19___	(12) 19___/19___	(31)
<b>Total Claimed Amount</b>	(07)	(13)	(32)
<b>Less: 10% Late Penalty, not to exceed \$1000</b>		(14)	(33)
<b>Less: Estimated Claim Payment Received</b>		(15)	(34)
<b>Net Claimed Amount</b>		(16)	(35)
<b>Due from State</b>	(08)	(17)	(36)
<b>Due to State</b>		(18)	(37)

**(38) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Representative \_\_\_\_\_ Date \_\_\_\_\_

Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(39) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) \_\_\_\_\_ Ext. \_\_\_\_\_



<p><b>HEALTH FEE ELIMINATION</b>  <b>Certification Claim Form</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>FAM-27</b></p>
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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. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the place shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If estimate exceeds the previous fiscal year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown in line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) If the reimbursement claim is filed after November 30 following the fiscal year in which costs were incurred, the claim must be reduced by 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 you are filing a reimbursement claim and have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated 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 (37) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of line (22) for the reimbursement claim [e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04)(b)]. Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, (i.e., no cents). Indirect cost percentage should be shown as a whole number and without the percent symbol (i.e., 7.548% should be shown as 8). The claim cannot be processed for payment unless this data block is correct and complete.
- (38) Read the statement "Certification of Claim." If the statement is true, the claim must be dated, signed by the agency's authorized representative and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (39) Enter the name of the person and telephone number that this office should contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL AND A COPY OF FORM FAM-27, AND A COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

**Address, if delivered by:**  
**U.S. Postal Service**

**OFFICE OF THE STATE CONTROLLER**  
**ATTN: Local Reimbursement 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 Reimbursement Section**  
**Division of Accounting and Reporting**  
**3301 C Street, Suite 501**  
**Sacramento, CA 95816**

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
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<b>(01) Claimant</b>	<b>(02) Type of Claim</b> Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	<b>Fiscal Year</b> 19__/19__
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**(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)**

(a) Name of College	(b) Claimed Amount
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

<p style="text-align: center;"><b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b></p>	<p style="text-align: center;"><b>FORM HFE-1.0</b></p>
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(01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.

(02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.

(04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.1</b>
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(01) Claimant	(02) Type of Claim  Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  19__/19__
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(03) Name of College

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

LESS       SAME       MORE

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

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

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

(09) Total health fee that could have been collected	[Line (8.1g) + (8.2g) + .....(8.6g)]
(10) Sub-total	[Line (07) - line (09)]

**Cost Reduction**

(11) Less: Offsetting Savings, if applicable	
(12) Less: Other Reimbursements, if applicable	
(13) Total Amount Claimed	[Line (10) - {(line (11) + line (12))}]

**HEALTH FEE ELIMINATION  
CLAIM SUMMARY  
Instructions**

**FORM  
HFE-1.1**

- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.

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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:	(02) Fiscal Year costs were incurred:		
(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
<ul style="list-style-type: none"> <li>Child Abuse</li> <li>Birth Control/Family Planning</li> <li>Stop Smoking</li> <li>Library, Videos and Cassettes</li> </ul>			
First Aid, Major Emergencies			
First Aid, Minor Emergencies			
First Aid Kits, Filled			
Immunizations <ul style="list-style-type: none"> <li>Diphtheria/Tetanus</li> <li>Measles/Rubella</li> <li>Influenza</li> <li>Information</li> </ul>			
Insurance <ul style="list-style-type: none"> <li>On Campus Accident</li> <li>Voluntary</li> <li>Insurance Inquiry/Claim Administration</li> </ul>			
Laboratory Tests Done <ul style="list-style-type: none"> <li>Inquiry/Interpretation</li> <li>Pap Smears</li> </ul>			
Physical Examinations <ul style="list-style-type: none"> <li>Employees</li> <li>Students</li> <li>Athletes</li> </ul>			
Medications <ul style="list-style-type: none"> <li>Antacids</li> <li>Antidiarrheal</li> <li>Aspirin, Tylenol, Etc</li> <li>Skin Rash Preparations</li> <li>Eye Drops</li> <li>Ear Drops</li> <li>Toothache, oil cloves</li> <li>Stingkill</li> <li>Midol, Menstrual Cramps</li> <li>Other, list</li> </ul>			
Parking Cards/Elevator Keys <ul style="list-style-type: none"> <li>Tokens</li> <li>Return Card/Key</li> <li>Parking Inquiry</li> <li>Elevator Passes</li> <li>Temporary Handicapped Parking Permits</li> </ul>			

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:	(02) Fiscal Year costs were incurred:		
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b> Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
<b>Tests</b> Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list			
<b>Miscellaneous</b> Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
<b>Committees</b> Safety Environmental Disaster Planning			



# MANDATE REIMBURSEMENT PROCESS

## 1. Summary of Chapters 486/75 and 1459/84

On March 27, 1986, the Commission on State Mandates determined that both Chapter 486, Statutes of 1975, and Chapter 1459, Statutes of 1984, resulted in State mandated costs that are reimbursable pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code. Chapter 486, Statutes of 1975, established the Board of Control's authority to hear and make determinations on claims submitted by local governments that allege costs mandated by the State. In addition, Chapter 486/75 contained provisions authorizing the State Controller's Office to receive, review, and pay reimbursement claims for mandated costs submitted by local governments.

Chapter 1459, Statutes of 1984, created the Commission on State Mandates which replaced the Board of Control with respect to hearing mandate cost claims. This law established the "sole and exclusive procedure" by which a local agency or school district is allowed to claim reimbursement as required by Section 6 of Article XIII B of the California Constitution for State mandates under the Revenue and Taxation Code (Government Code Section 17552).

Together these laws established the process by which local agencies and school districts are to receive reimbursement for State mandated programs. They also dictated reimbursement activities by requiring localities to file claims according to instructions issued by the State Controller's Office.

## 2. Eligible Claimants

Any school district, county office of education or community college district that incurs increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

## 3. Appropriations

Claims may only be filed with the State Controller's Office for programs that have been funded in the state budget, the State Mandates Claims Fund, or in special legislation. To determine funding available for the current fiscal year, refer to the schedule "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September of each year to county superintendents of schools and superintendents of schools.

## 4. Types of Claims

### A. Reimbursement and Estimated Claims

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

### B. Minimum Claim

A claim for reimbursement or an estimate must exceed \$200 per year. However, a county superintendent of schools, as fiscal agent for the district, may submit a combined claim in excess of \$200 on behalf of school districts within the county even if the individual district's claim does not exceed \$200. The combined claim must show the individual claim costs for each district. Once a combined claim is filed, all subsequent claims for the same mandate must be filed in a combined form. A school

district may withdraw from the combined claim form by providing a written notice to the county superintendent of schools and the State Controller's Office, of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim.

#### 5. Filing Deadline

- (1) Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.
- (2) After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year regardless whether the payment was more or less than the actual costs. If the district fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the district may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

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

#### 6. Reimbursable Components

Eligible claimants will be reimbursed for costs incurred in the filing of successful test claims and reimbursement claims. The purpose of a test claim is to establish that local governments (counties, cities, school districts, special districts, etc.) cannot be made financially whole unless all state mandated costs, both direct and indirect, are reimbursed. Since local costs would not have been incurred for test claims and reimbursement claims but for implementing State imposed mandates, all resulting costs are recoverable.

##### A. Test Claims

All costs of successful test claims presented to the Commission on State Mandates are reimbursable, including unsuccessful test claims if an adverse Commission ruling is later reversed as a result of a court order. The following costs would be reimbursable:

Accumulated costs (current and prior years) for presenting a test claim which was successful shall be claimed in the fiscal year in which the Commission determined a reimbursable mandate exists for the program. After a successful test claim, costs incurred for developing parameters and guidelines, and necessary cost data for the program shall be claimed in the fiscal year in which costs were incurred.

##### (1) Preparing and Presenting Test Claims

The costs of preparing and presenting test claims to the Commission and the additional costs of litigation, if an unsuccessful test claim is later revised by a court order.

##### (2) Developing Parameters and Guidelines

The costs of developing parameters and guidelines for the successful test claim.

##### (3) Collection of Cost Data

The collection of cost data to determine the statewide impact of the successful test claim.

**(4) Drafting Claiming Instructions**

The costs of assisting the State Controller's Office in drafting the required claiming instructions.

**B. Reimbursement Claims****(1) Preparation of the Claim**

All costs incurred for the preparation and submission of successful reimbursement claims to the State Controller's Office are claimable.

**(2) Classes for Claim Preparation**

The costs of attending classes designed to assist the claimant in identifying and correctly preparing the required documentation for a specific mandate are reimbursable. Allowable costs include, but are not limited to, salaries and benefits, transportation, registration fees and per diem.

Please note that costs of preparing and submitting reimbursement claims should be claimed in the fiscal year in which costs were incurred rather than in the fiscal year of the program cost.

For example, the initial filing deadline for Chapter 1117/84, Airport Land Use, for the increased costs incurred in the 1985/86 through 1988/89 fiscal years was May 15, 1990. The costs would be incurred in the 1989/90 fiscal year to prepare and file reimbursement claims for all four fiscal years. Therefore, the costs should be identified in the 1989/90 Mandate Reimbursement Process claim.

**C. Incorrect Reduction Claims**

If a claimant files a successful appeal with the Commission on State Mandates regarding the incorrect reduction of a claim and the Commission rules for the claimant, the following costs are reimbursable:

**(1) Preparation of the Claim**

All costs incurred for the preparation and submission of a claim to the State Controller's Office.

**(2) Presentation to the Commission**

The cost of presenting a successful incorrect reduction claim to the Commission.

Accumulated costs (current and prior years ) to present a successful incorrect reduction claim shall be claimed in the fiscal year in which the Commission determined that the claim was incorrectly reduced.

**7. Reimbursement Limitations**

- A.** Legal costs not exceeding \$90 per hour will be considered reimbursable, subject to proper documentation. Any amount exceeding \$90 per hour will be subject to review and subsequent approval by the State Controller's Office.
- B.** Reimbursement limitation for independent contractor costs is detailed under Item 8.A.(3) of these claiming instructions for the preparation and submission of reimbursement claims.
- C.** Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate shall be identified and deducted so only net costs are claimed.

## 8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a general graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for form MRP-1 and form MRP-2 provided the format of the report and data fields contained within the report are identical to the claim forms included with these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

### A. Form MRP-2, Component/Activity Cost Detail

This form is used to segregate the detailed costs by claim component. A separate form MRP-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

#### (1) Salaries and Benefits

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

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on the mandate.

#### (2) Materials and Supplies

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

Source documents required to be maintained by the claimant may include but are not limited to, invoices, receipts, purchase orders and other documents evidencing the validity of the expenditures.

#### (3) Contracted Services

Give the name(s) of contractor(s) who performed the service. Describe the activities performed by each named contractor, inclusive dates when services were performed, and actual time spent performing the mandate. Itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices and other documents evidencing the validity of the expenditures.

#### **Limitation on reimbursement for independent contractor costs for the preparation and submission of reimbursement claims.**

- (a) If a school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the

claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the school district.

The maximum amount of reimbursement provided for an independent contractor may be exceeded only if the school district establishes, by appropriate documentation and governing board certification, that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the school district.

- (b) Costs incurred for contract services for the preparation, submission and/or presentation of claims are recoverable within the limitations imposed under (a) above. Provide copies of the contractor's invoices that were paid. For the preparation and submission of claims pursuant to Government Code Sections 17561 and 17564, submit an estimate of the actual costs that would have been incurred for that purpose if performed by employees of the school district. **This cost estimate is to be certified by the governing body or its designee.**

If reimbursement is sought for independent contractor costs that are in excess of [Test (1)] ten percent of the claims prepared and submitted by the independent contractor or [Test (2)] the actual costs that necessarily would have been incurred for that purpose if performed by employees of the school district. Appropriate documentation must be submitted to show that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the district. Appropriate documentation includes the record of dates and time spent by staff of the contractor for the preparation and submission of claims on behalf of the school district, the contractor's billed rates, and an explanation of reasons for exceeding Test (1) and/or Test (2). In the absence of appropriate documentation, reimbursement is limited to the lesser of Test (1) and/or Test (2). No reimbursement shall be permitted for the cost of contracted services without the submission of an estimate of actual costs by the district.

(4) Training

Only the cost for a reasonable number of employees attending the training is reimbursable. Give the class title, dates, location and name(s) of employee(s) attending training on the preparation of claims. Reimbursable costs include salaries and benefits for time spent, the registration fee, transportation, lodging and per diem. Reimbursement for travel expenses, lodging and per diem shall not exceed those rates which are applicable to State employees. Refer to the Appendix: State of California Travel Expense Guidelines.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

**B. Form MRP-1, Claim Summary**

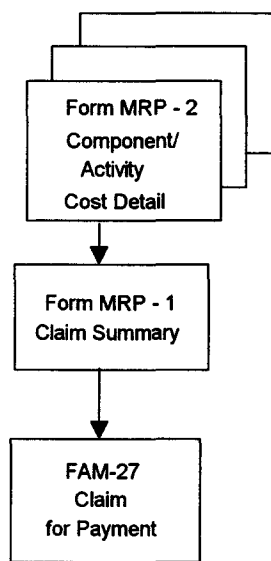
This form is used to summarize direct costs by claim component and compute the allowable indirect costs for the mandate. Claim statistics shall identify the work performed for which costs are claimed. The claimant must give the chapter/statute and name of each mandated program. If claiming the cost of a successful test claim or incorrect reduction claim, give the date when the claim was heard by the Commission On State Mandates. Direct costs on this form are carried forward from form MRP-2.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report, J-380 or J-580 rate. Community college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles in the Office of Management and Budget Circular A-21) or form FAM-29C to determine the amount of indirect costs.

**C. Form FAM-27, Claim for Payment**

This form contains a certification that must be signed by an authorized representative of the school district. All applicable information from form MRP-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

**Illustration of Claim Forms**



**Form MRP-2 Component/Activity Cost Detail**

Complete a separate form for each cost component listed below. Claimable activities (i.e., A,B,C, ..) are identified for each cost component.

1. Test Claims
  - A. Preparing and Presenting Test Claims
  - B. Developing Parameters and Guidelines
  - C. Collection of Cost Data
  - D. Drafting Claiming Instructions
2. Reimbursement Claims
  - A. Preparation of the Claim
  - B. Classes for Claim Preparation
3. Incorrect Reduction Claim
  - A. Preparation of the Claim
  - B. Presentation to the Commission

**CLAIM FOR PAYMENT**  
 Pursuant to Government Code Section 17561  
**MANDATE REIMBURSEMENT PROCESS**

For State Contribution Only  
 (19) Program Number 0042  
 (20) Date File \_\_\_\_/\_\_\_\_/\_\_\_\_  
 (21) LRS Input \_\_\_\_/\_\_\_\_/\_\_\_\_

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(01) Claimant Identification Number			Reimbursement Claim Data	
(02) Mailing Address			(22) MRP-1, (03)(a)	
Claimant Name			(23) MRP-1, (03)(b)	
County of Location			(24) MRP-1, (03)(c)	
Street Address or P. O.. Box			(25) MRP-1, (04)(1)(d)	
City	State	Zip Code	(26) MRP-1, (04)(2)(d)	
Type of Claim	Estimated Claim	Reimbursement Claim	(27) MRP-1, (04)(3)(d)	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(28) MRP-1, (06)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(29)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(30)	
Fiscal Year of Cost	(06) 19__/__	(12) 19__/__	(31)	
Total Claimed	(07)	(13)	(32)	
Less: 10% Late Penalty, but not to exceed \$1000 (if applicable)		(14)	(33)	
Less: Estimated Claim Payment Received		(15)	(34)	
Net Claimed Amount		(16)	(35)	
Due from State	(08)	(17)	(36)	
Due to State		(18)	(37)	

**(38) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 486, Statutes of 1975 and Chapter 1459, Statutes of 1984; 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 for nor any grant or payment received, other than from the claimant, 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 486, Statutes of 1975, and Chapter 1459, Statutes of 1984.

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 486, Statutes of 1975, and Chapter 1459, Statutes of 1984, set forth on the attached statements.

Signature of Authorized Representative \_\_\_\_\_ Date \_\_\_\_\_

Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(39) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number (\_\_\_\_) \_\_\_\_\_ Ext. \_\_\_\_\_

**MANDATE REIMBURSEMENT PROCESS**  
**Certification Claim Form**  
**Instructions**

**FORM**  
**FAM-27**

- (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. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the place shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If estimate exceeds the previous fiscal year's actual costs by more than 10%, complete form MRP-1 and enter the amount from line (11).
- (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. Leave boxes (09) and (10) blank.
- (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 MRP-1, line (11).
- (14) If a reimbursement claim is filed after November 30 of the fiscal year in which costs were incurred, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If you are filing a reimbursement claim and have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated 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) through (21) for State Controller's use only. Leave blank.
- (22) through (37) for the Reimbursement Claim
- Bring forward the cost information as specified on the left-hand column of lines (22) through (28) for the reimbursement claim [e.g., MRP-1, (03)(a), means the information is located on form MRP-1, line (03)(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 cost percentage should be shown as a whole number and without the percent symbol (i.e. 7.548% should be shown as 8). The claim cannot be processed for payment unless this data block is correct and complete.
- (38) Read the statement "Certification of Claim." If the statement is true, the claim must be dated, signed by the agency's authorized representative and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (39) Enter the name of the person and telephone number that this office should contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL AND A COPY OF FORM FAM-27, AND A COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

**Address, if delivered by:  
U.S. Postal Service**

**OFFICE OF THE STATE CONTROLLER  
ATTN: Local Reimbursement Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250-5875**

**Address, if delivered by:  
Other delivery service**

**OFFICE OF THE STATE CONTROLLER  
ATTN: Local Reimbursement Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816**



<b>MANDATED COSTS</b> <b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>MRP-1</b>
---	-----------------------------

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

**Claim Statistics**

(03) Chapter Name and Number of Mandates	(a) Test Claims	(b) Reim- bursement Claims	(c) Incorrect Reduction Claims
Total Number of Claims Filed			

Direct Costs	Object Accounts			
--------------	-----------------	--	--	--

(04) Reimbursable Components:	(a) Salaries & Benefits	(b) Materials & Supplies	(c) Contracted Services	(d) Total
1. Test Claims				
2. Reimbursement Claims				
3. Incorrect Reduction Claims				
(05) Total Direct Costs				

**Indirect Costs**

(06) Indirect Cost Rate	From J-380, J-580 or FAM-29C	%
(07) Total Indirect Costs	[Line (06) x {(line (05)(d) - line(05)(c))}]	
(08) Total Direct and Indirect Costs	[Line (05)(d) + line (07)]	

**Cost Reduction**

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

**MANDATE REIMBURSEMENT PROCESS**  
**CLAIM SUMMARY**  
**Instructions**

**FORM**  
**MRP-1**

- (01) Enter the name of the claimant.
- (02) **Type of Claim.** Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred. Form MRP-1 must be filed for a reimbursement claim. Do not complete form MRP-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 MRP-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) **Test Claims:** Enter the chapter/statute or state regulation and program name. Give the date when the successful test claim was heard by the Commission on State Mandates. Enter an "X" in column (a) for each program.
- Reimbursement Claims:** List each chapter/statute or state regulation and program name that is included in the claim preparation costs. Enter an "X" in column (b) for each program.
- Incorrect Reduction Claims:** Enter the chapter/statute or state regulation and program name. Give the date when the successfully appealed incorrect reduction claim was heard by the Commission on State Mandates. Enter an "X" in column (a) for each program.
- Total the "X"s in each column. (Attach a separate schedule if more space is needed to meet your requirements).
- (04) **Reimbursable Components.** For each reimbursable component, enter the totals from form MRP-2, line (05) columns (d), (e) and (f) to form MRP-1, block (04) columns (a), (b) and (c) in the appropriate row. Total each row and enter in column (d).
- (05) **Total Direct Costs.** Total columns (a) through (d).
- (06) **Indirect Cost Rate.** Enter the indirect cost rate from the Department of Education form J-380 or J-580 or FAM-29C, as applicable, for the fiscal year of the costs.
- (07) **Total Indirect Costs.** Enter the result of multiplying the difference of Total Direct Costs, line (05)(d) and Contracted Services, line (05)(c) by the Indirect Cost Rate, line (06).
- (08) **Total Direct and Indirect Costs.** Enter the sum of Total Direct Costs, line (05)(d) 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 (i.e., federal, state grants, foundations, etc.) which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) **Total Claimed Amount.** Subtract the sum of Offsetting Savings, line (09) and Other Reimbursements, line (10) from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry forward the amount to form FAM-27, line (07) for the Estimated Claim, or line (13) for the Reimbursement Claim.

<b>MANDATED COSTS</b> <b>MANDATED REIMBURSEMENT PROCESS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>MRP-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
---------------	--------------------------------------

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

1. Test Claims

2. Reimbursement Claims

3. Incorrect Reduction Claims

(04) Description of Expenses: Complete columns (a) through (f). **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 and Benefits	(e) Materials and Supplies	(f) Contracted Services

(05) Total	<input type="text"/>	Subtotal	<input type="text"/>	Page: _____ of _____
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<b>MANDATED REIMBURSEMENT PROCESS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>MRP-2</b>
---	-----------------------------

- (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 form MRP-2 should be completed for each department.
- (02) Enter the fiscal year in which costs were incurred.
- (03) Reimbursable Components. Check only one box per form to indicate the cost component being claimed. A separate form MRP-2 shall be prepared for each component which applies.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. Allowable costs for the following cost components include, but are not limited to:

Test Claim - Salaries and benefits, supplies, consultants and legal services, travel, etc.

Reimbursement Claim - Salaries and benefits, supplies, contracted services, training, etc.

Incorrect Reduction Claim - Salaries and benefits, supplies, contracted services, etc.

To detail costs under each cost component activity heading, 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, travel costs, contracted services costs, training costs, etc. If attorney fees are claimed, costs not exceeding \$90 per hour will be considered reimbursable, subject to proper documentation. Any amount over \$90 per hour will be subject to review and approval by the State Controller's Office. For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. 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)	
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked			
Benefits	Title	Benefit Rate		Benefits = Benefit Rate x Salaries			
Services and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used		
Office Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used		
Travel	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Transportation Cost	Days Miles Travel Mode			Rate x Days or Miles Total Transportation Cost	
Contracted Services	Name of Contractor Specific Tasks	Hourly Rate	Period of Contract Hours Worked			Total Cost Claimed	Invoice
Training	Employee Name Title Name of Class		Dates Attended			Registration Fee	

- (05) Total line (04), columns (d), (e) and (f) and enter the sum of this line. Check the appropriate box to indicate if the amount is a total or subtotal. If more than one form is needed for the component/activity, number each page. Enter totals from line (05), columns (d), (e) and (f) to form MRP-1, block (04) columns (a), (b) and (c) in the appropriate row.

## OPEN MEETINGS ACT

### 1. Summary of Chapter 641/86

On October 22, 1987, the Commission on State Mandates determined that Chapter 641, Statutes of 1986, added Section 54954.2 to the Government Code to require that the legislative body of the local agency, or its designee, post a single agenda containing a brief general description of each item of business to be transacted or discussed at the meeting and specify the time and location of the regular meeting. The agenda must be posted at least 72 hours before the meeting in a location freely accessible to the public.

The Commission further determined that Chapter 641, Statutes of 1986, added Section 54954.3 to the Government Code to provide an opportunity for members of the public to address the legislative body on specific agenda items or any item of interest that is within the subject matter jurisdiction. This opportunity for comment must be stated on the posted agenda. The Commission found these additions to the Government Code imposed a new program on local agencies and resulted in costs mandated by the State.

### 2. Eligible Claimants

Any school district or local office of education which incurs increased costs as a result of this mandate is eligible to claim reimbursement of those costs.

### 3. Appropriations

Claims may only be filed with the State Controller's Office for programs that have been funded in the State Budget Act or in special legislation. To determine if current funding is available for this program, refer to the schedule "Appropriations for State Mandated Cost Programs" presented in the "Annual Claiming Instructions for State Mandated Costs" issued in mid-September each year to superintendents of schools.

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

A claim for reimbursement or an estimate must exceed \$200. However, any county superintendent, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of one or more districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual claim costs for each district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing a written notice to the county superintendent and the State Controller's Office, at least 180 days prior to the deadline for filing the claim, of its intent to file a separate claim.

**B. Filing Deadline**

- (1) Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim may be filed.

An estimated claim must be filed with the State Controller's Office and postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

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

If the school district received payment for an estimated claim, a reimbursement claim must be filed by November 30 regardless if the amount received was more or less than the actual costs. If the district fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the district may file a reimbursement claim by November 30 detailing the actual costs incurred for the fiscal year. See item 3 above.

**5. Reimbursable Components**

Eligible claimants will be reimbursed for the increased costs incurred to prepare and post, at a site accessible to the public and at least 72 hours before the meeting, a single agenda containing a brief general description of each item of business to be transacted or discussed at the regular meeting and citing the time and location of the regular meeting. Further, every agenda for a regular meeting must state that there is an opportunity for members of the public to address the legislative body on items of interest to the public that are within the subject matter jurisdiction of the legislative body, subject to exceptions stated therein.

More specifically, reimbursable activities of Government Code sections 54954.2 and 54954.3, Chapter 641/86, in accordance with the provisions of Government Code section 54954.4 of Chapter 238/91 are:

- A. Increased costs to prepare a single agenda for a regular meeting of the legislative body of a local agency containing a brief general description (generally need not exceed 20 words) of each item of business to be transacted or discussed at a regular meeting and citing the time and location of the regular meeting.
  - (1) Writing, composing, drafting
  - (2) Typing, word processing
  - (3) Editing, reviewing
- B. Costs to post a single agenda 72 hours before a regular meeting in a location freely accessible to the public.
  - (1) Post a brief agenda at one location only.

## 6. Reimbursement Limitations

- A. Non-reimbursable activities include, but are not limited to, selecting items for the agenda, researching and compiling information to support the agenda items, preparing staff reports for agenda items, and copying and distributing the agenda packets to members of the legislative body or the public. Meetings or time spent to discuss agenda recommendations, as well as time spent to post an agenda in more than one location is also not reimbursable.
- B. Any offsetting savings or reimbursement the claimant received from any source as a result of this mandate must be deducted from the amount claimed.

## 7. Claim Forms and Instructions

The diagram, "Illustration of Claim Form" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms OMA-1, OMA-2 and OMA-3, provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated and reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

Chapter 238, Statutes of 1991, directs the State Controller's Office "to rigorously review each claim and authorize only those claims, or parts thereof, which represent costs which are clearly and unequivocally incurred as the direct and necessary result of compliance with Chapter 641, Statutes of 1986, and for which complete documentation exists." A claim without documentation cannot be processed for payment.

In an effort to reduce the amount of paper flow, the review of claims will be based on a sampling of the full year's costs. Submit with the claim, a copy of original documents showing the actual time spent on the required activities for the first regular meeting held in the months of August, November, February and May. If no regular meeting was held in the specified months, use the succeeding month. Documents upon which the information is recorded may include, but are not limited to, detailed time records, project work logs, calendars, time studies, etc. Such documents must be of original entries, recorded during or immediately following the performance of the activities.

Of the months indicated, highlight the original entries which show the date, time spent, and the activity of preparing a brief general description of agenda items (e.g., writing, typing, proofreading, etc.) and the name(s) of person(s) who performed the activities. Also highlight the entries for the activity of posting the agenda, if claimed.

Highlighting will assist the Controller's staff in easily locating the claimed activity in those specified months. These costs are subject to review. In addition, submit a copy of posted agendas relating to the meetings for which documentation is submitted. Time documentation must be performed throughout the fiscal year. The months to be used for sampling the claim may vary from year to year at the discretion of the State Controller's Office.

### A. Form OMA-3, Time/Work Documentation

This form is used to document the name of persons, work activities, and time spent on preparation and posting the brief agenda. Information on this form must be carried forward to form OMA-2. A copy of form OMA-3 or other time record forms must be submitted with the claim.

**B. OMA-2, Component/Activity Cost Detail**

This form is used to segregate the cost detail by claim component. A separate form OMA-2 must be completed for each cost component being claimed.

Costs reported on this form must be supported by the following:

**(1) Salaries and Benefits**

Identify the employees, and/or show the classification of the employees involved. Describe the mandated functions performed and specify the actual number of hours devoted to each function, the productive hourly rate, and the related fringed benefits. In-lieu of actual hours, the average number of hours devoted to each function may be claimed, if supported by a documented time study. At the present, no instructions are available for performing a time study. Therefore, it is suggested that claims be based on actual costs.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records, which show the employee's actual time spent on the mandate.

**(2) Office Supplies**

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

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

**(3) Contracted Services**

Give the names of contractors who performed the service. Describe the activities performed by each named contractor, actual hours spent on activities, and show the inclusive dates when services were performed. Itemize all costs for those services performed. Attach consultant invoices with the claim.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

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. Such documents shall be made available to the State Controller's Office on request.



**C. Form OMA-1, Claim summary**

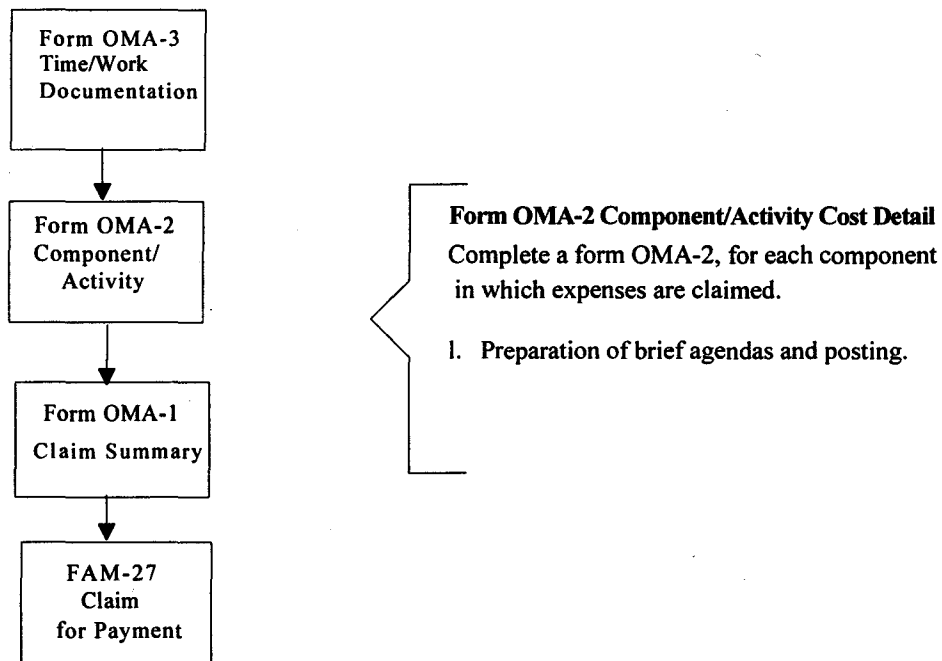
This form is used to summarize direct costs by claim component and compute allowable indirect costs for the mandate. Claim statistics shall identify the amount of work performed during the claim period for which costs are claimed. The claim must show the number of regular public meetings for which a brief agenda was prepared and posted. Direct costs on this form are carried forward from form OMA-2.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Date Report J-380 or J-580 rate, respectively. The cost data on this form is carried forward to form FAM-27.

**D. Form FAM-27, Claim for Payment**

This form contains a certification that must be signed by an authorized representative of the school district. All applicable information from form OMA-1 must be carried forward to this form in order for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



**CLAIM FOR PAYMENT  
Pursuant to Government Code Section 17561  
OPEN MEETINGS ACT**

For State Controller Use Only

(19) Program Number 00092  
(20) Date File \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_  
(21) Signature Present

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(01) Claimant Identification Number \_\_\_\_\_

(02) Mailing Address \_\_\_\_\_

Claimant Name \_\_\_\_\_

County of Location \_\_\_\_\_

Street Address or P.O. Box \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

**Reimbursement Claim Data**

(22) OMA-1,(03) \_\_\_\_\_

(23) OMA-1,(04)(d) \_\_\_\_\_

(24) OMA-1,(05) \_\_\_\_\_

(25) \_\_\_\_\_

(26) \_\_\_\_\_

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) 19 ___/___	(12) 19 ___/___
Total Claimed Amount	(07) _____	(13) _____
Less: 10% Late Penalty, but not to exceed \$1,000 (if applicable)		(14) _____
Less: Estimated Claim Payment Received		(15) _____
Net Claimed Amount		(16) _____
Due from State	(08) _____	(17) _____
Due to State	<input type="checkbox"/>	(18) _____

(27) \_\_\_\_\_

(28) \_\_\_\_\_

(29) \_\_\_\_\_

(30) \_\_\_\_\_

(31) \_\_\_\_\_

(32) \_\_\_\_\_

(33) \_\_\_\_\_

(34) \_\_\_\_\_

(35) \_\_\_\_\_

(36) \_\_\_\_\_

(37) \_\_\_\_\_

**(38) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the school district to file claims with the State of California for costs mandated by Chapter 641, Statutes of 1986; 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 were no applications for nor any grants or payments received, other than from the claimant, for reimbursement of costs claimed herein; and such costs are for a new program or increased level of service of an existing program mandated by Chapter 641, Statutes of 1986.

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 641, Statutes of 1986 set forth on the attached statements.

Signature of Authorized Representative \_\_\_\_\_

\_\_\_\_\_

Type or Print Name

Date \_\_\_\_\_

\_\_\_\_\_

Title

(39) Name of Contact Person for Claim \_\_\_\_\_

\_\_\_\_\_

Telephone Number \_\_\_\_\_

( ) \_\_\_\_\_ EXT. \_\_\_\_\_

<p><b>OPEN MEETINGS ACT Certification Claim Form Pursuant to Government Code Section 17561</b></p>	<p><b>FORM FAM-27</b></p>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address have been enclosed with the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the place shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your district'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 claim to an original estimated or combined, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the current fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim from form OMA-1, line (10).
- (08) Enter the same amount as shown in 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 claim to an original reimbursement claim or a combined claim on behalf of districts within the county, enter an "X " in the box on line (11) Amended. Leave boxes (09) and (10) blank.
- (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 OMA-1, line (10).
- (14) If the reimbursement claim is filed after November 30 of the fiscal year in which the costs were incurred, the claim must be reduced by a late penalty amount. Enter the result of the multiplication of the 10% late penalty times line (13) or \$1,000 whichever is less.
- (15) If filing a reimbursement claim and have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated claim, otherwise enter a zero.
- (16) Enter the result of subtracting the sum of 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) through (21) For State Controller's use only. Leave blank
- (22) through (37) For the Reimbursement Claim.

Bring forward cost information as specified on the left-hand column of line (22) through (24) for the reimbursement claim [e.g., OMA-1,(03) means the information is located on form OMA-1, line (03)]. Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, (i.e., no cents). Indirect costs percentage should be shown as a whole number and without the percent symbol (i.e., 7.548% should be shown as 8). The claim cannot be processed for payment unless this data block is correct and complete.

- (38) Read the statement "Certification of Claim." If the statement is true, the claim must be dated, signed by the district's authorized representative and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by an original signed certification.
- (39) Enter the name of the person and telephone number may be contacted if additional information is required.

**SUBMIT A SIGNED ORIGINAL AND A COPY OF FORM FAM-27 AND A COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

*Address, if delivered by:  
U.S. Postal Service*

**KATHLEEN CONNELL  
Controller of California  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250-5875**

*Address, if delivered by:  
Other delivery service*

**KATHLEEN CONNELL  
Controller of California  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816**

MANDATED COSTS OPEN MEETINGS ACT CLAIM SUMMARY			FORM OMA-1	
(01) Claimant	(02) Type of Claim	Fiscal Year		
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	19 __/__		
<b>Claim Statistics</b>				
(03) Number of regular meetings for which a brief agenda was prepared and posted				
<b>Direct Costs</b>		<b>Object Accounts</b>		
(04) Reimbursable Components:	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contracted Services	(d) Total
Preparation of Brief Agenda and Posting				
<b>Indirect Costs</b>				
(05) Indirect Cost Rate		[From J-380 or J-580, as applicable]		
(06) Total Indirect Costs		[Line (05) x line (04)(d)]		
(07) Total Direct and Indirect Costs		[Line (04)(d) + line (06)]		
<b>Cost Reduction</b>				
(08) Less: Offsetting Savings, if applicable				
(09) Less: Other Reimbursements, if applicable				
(10) Total Cost		[Line (07) - (line (08) + line (09))]		

<b>OPEN MEETINGS ACT CLAIM SUMMARY Instructions</b>	<b>FORM OMA- 1</b>
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- (01) Enter the name of the claimant.
- (02) **Type of Claim.** Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.
- Form OMA-1 must be filed for a reimbursement claim. Do not complete form OMA-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 OMA-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) **Claim Statistics.** Enter the number of regular meetings for which a brief agenda was prepared and posted.
- (04) **Reimbursable Components.** Enter all the totals from form OMA-2, line (05) columns (d), (e), and (f) to form OMA-1, block (04) columns (a), (b), and (c) in the appropriate row. Total the row and enter in column (d).
- (05) **Indirect Cost Rate.** Enter the Indirect Cost Rate from the Department of Education form J-380 or J-580, as applicable to the fiscal year of costs.
- (06) **Total Indirect Costs.** Enter the result of multiplying line (05) Indirect Cost Rate times line (04)(d) Total Direct Costs. If the cost of contracted services is included in Total Direct Costs, the amount for contracted services must be subtracted from the Total Direct Costs before multiplying the Indirect Cost Rate.
- (07) **Total Direct and Indirect Costs.** Enter the sum of line (04)(d) and line (06).
- (08) **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.
- (09) **Less: Other Reimbursements, if applicable.** Enter the amount of other reimbursements received from any source, (i.e., service fees collected, federal funds, other state funds, etc.,) which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (10) **Total Cost.** Subtract the sum of Offsetting Savings, line (08) and Other Reimbursements, line (09) from Total Direct and Indirect Costs line (07).

<b>MANDATED COSTS OPEN MEETINGS ACT COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM OMA-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Component: Preparation of Brief Agenda and Posting

(04) Description of Expenses: Complete columns (a) through (f). **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 and Benefits	(e) Materials and Supplies	(f) Contracted Services

(05) Total	<input type="text"/>	Subtotal	<input type="text"/>	Page: _____ of _____
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<p><b>OPEN MEETINGS ACT</b>  <b>COMPONENT/ACTIVITY COST DETAIL</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>OMA-2</b></p>
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- (01) Enter the name of the claimant.
- (02) 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 OMA-2 shall be prepared for each component which applies.
- (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 their activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, contract services, etc. 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. Such documents shall be made available to the State Controller's Office on request.

Object/ Subobject Accounts	Columns						Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked			
<b>Benefits</b>	Title  Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries			
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Consumed		
<b>Contracted Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked  Inclusive Dates for Service			Itemized Cost for Services Performed	Invoice

- (05) Total line (04), columns (d), (e) and (f) 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 for the component/activity, number each page. Enter totals from line (05), columns (d), (e) and (f) to form OMA-1, block (04) columns (a), (b) and (c) in the appropriate row.

<b>MANDATED COSTS OPEN MEETINGS ACT TIME/WORK DOCUMENTATION</b>	<b>FORM OMA-3</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Time/Work Log

**Reimbursable Activities**

Date and Type of Meetings	Employee Names and Titles	Writing, Composing, Drafting		Typing, Word-processing		Editing, Reviewing		Post (at 1 location only)	
		Date	Time	Date	Time	Date	Time	Date	Time

(04) Certification:

I hereby certify the above activities and recording of time spent are true and correct.

Prepared by: \_\_\_\_\_ Title \_\_\_\_\_ Date \_\_\_\_\_

Signature: \_\_\_\_\_ Page \_\_\_\_\_ of \_\_\_\_\_



<p><b>OPEN MEETINGS ACT</b>  <b>TIME/WORK DOCUMENTATION</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>OMA-3</b></p>
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- (01) Claimant: Enter the name of the claimant.
- (02) Fiscal Year Costs Were Incurred: Enter the fiscal year in which costs were incurred.

This form should be used continuously throughout the fiscal year for recording time spent on reimbursable Open

- (03) Time/Work Log: Enter the dates when meetings were held and types of meeting (regular, etc.). Give the employee names and titles who prepared brief general descriptions for agenda items (writing, composing, drafting, typing, word processing, editing, reviewing, etc.), and indicate dates and times for performing the activities. Information on this form must be carried forward to form OMA-2, line (04) columns (a) and (c).

The Open Meetings Act--Chapter 641, Statutes of 1986, requires that school district post a single agenda for each open meeting held. The agenda must contain a brief description (generally not exceeding 20 words) of each item of business to be transacted or discussed. The agenda must be posted 72 hours before the meeting in a location freely accessible to the public.

For reimbursement purposes, time spent for agenda preparation and posting must be recorded on the time/work log immediately following the performance of the activities. Time should be recorded to the nearest minute or tenth of an hour (0.1 hour = 6 minutes). Costs without time documentation will not be reimbursed.

Non-reimbursable activities include, but are not limited to, selecting items for the agenda, researching and compiling information to support the agenda items, preparing staff reports of agenda items, and copying and distributing the agenda packets to members of the legislative body or the public. Meetings or time spent to discuss agenda recommendations, as well as time spent to post in more than one location is also not reimbursable.

- (04) Certification: Read the certification. If the statement is true, enter the name, title, date and signature for the preparer of form OMA-3.

If more than one form is needed for recording employees' time, number each page.

# THREATS AGAINST PEACE OFFICERS

## 1. Summary of the Mandate

Chapter 1249, Statutes of 1992, added Penal Code section 832.9. This statute requires school districts employing peace officers to reimburse the officer or any member of his or her immediate family for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer or his or her immediate family as a result of the peace officer's employment.

Chapter 666, Statutes of 1995, amended Penal Code section 832.9, by specifying guidelines for reimbursement.

On April 24, 1997, the Commission determined that the requirements of Penal Code section 832.9, as added by Chapter 1249, Statutes of 1992 and amended by Chapter 666, Statutes of 1995, imposed upon school districts, a new program or higher level of service, within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code.

## 2. Eligible Claimants

Any school district (K-12), county board of education, or community college, employing peace officers pursuant to Penal Code section 830, and incurring increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

## 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal years 1995-96, 1996-97, and 1997-98 may be made available in a future appropriation act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the "Annual Claiming Instructions for State Mandated Costs" issued in September of each year to county superintendents of schools and superintendents of schools.

## 4. Types of Claims

### A. Reimbursement and Estimated Claims

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

### B. Minimum Claim

Government Code section 17564(a) provides that no claim shall be filed pursuant to Government Code section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district. Once a combined claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by

providing a written notice of its intent to file a separate claim, to the county superintendent of schools and the State Controller's Office at least 180 days prior to the deadline for filing the claim.

## 5. Filing Deadline

### A. Initial Claims

Pursuant to Government Code section 17561, subdivision (d)(3), initial claims must be filed within 120 days from the issuance of claiming instructions. Accordingly:

- (1) Reimbursement claims detailing the actual costs incurred for the 1995-96, and 1996-97 fiscal years must be filed with the State Controller's Office and postmarked by September 1, 1998. If the reimbursement claim is filed after the deadline of September 1, 1998, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.
- (2) Estimated claims for costs to be incurred during the 1997-98 fiscal year must be filed with the State Controller's Office and postmarked by September 1, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997-98 reimbursement claim must be filed by November 30, 1998.

### B. Annually Thereafter

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the annual cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_-19\_\_ Reimbursement Claim", and/or "19\_\_-19\_\_ Estimated Claim", claims may be filed as follows:

- (1) An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the previous fiscal year's annual claiming instructions.

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

## 6. Reimbursable Components

For each eligible claimant, the direct and indirect cost of labor, supplies, and services incurred for the following mandated components are reimbursable:

**A. Moving and Relocation Expenses from July 1, 1995 through December 31, 1995****(1) Review and Approval of Claims**

Review and approve claims for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer, or his, or her immediate family as a result of the peace officer's employment. Costs incurred before and after the change of residence, including the cost of moving household effects either by commercial household goods carrier or by the employee, are reimbursable.

**(2) Payment of Expenses**

Payment of the approved reimbursement to the peace officer or member of the immediate family residing with the officer for actual and necessary moving and relocation expenses.

**B. Moving and Relocation Expenses from January 1, 1996 to Present****(1) Notification of a Threat**

Receipt of notification of a credible threat. (Penal Code section 832.9, subdivisions (b)(5) and (c)).

**(2) Approval of Relocation Plans**

Approval of relocation plans and if necessary, verification of residency of any immediate family member. (Penal Code section 832.9, subdivisions (a), (b)(3), and (d)).

**(3) Review and Approval of Claims**

Review and approval of claims for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer, or his, or her immediate family as a result of the peace officer's employment. Costs incurred before and after the change of residence, including the cost of moving household effects either by commercial household goods carrier or by the employee. Approval of "actual and necessary relocation costs" is subject to the limitations set forth in Penal Code section 832.9, as amended by Chapter 666, Statutes of 1995.

**(4) Payment of Expenses**

Payment of the approved reimbursement to the peace officer or member of the immediate family for actual and necessary moving and relocation expenses.

**7. Reimbursement Limitations**

**A.** Litigation expenses "allowable as costs" and "not allowable as costs" pursuant to section 1033.5 of the Code of Civil Procedure, are not reimbursable if incurred by claimants and/or local law enforcement agencies responding to and/or defending claims or actions brought under Penal Code section 832.9.

**B.** After January 1, 1996, the following costs are not reimbursable:

**(1) Moving Costs**

Moving Costs that are not included in the Department of Personnel Administration rules governing promotional relocations, (Penal Code section 832.9, subdivision (b)(1). Refer to DPA Article 7, beginning on page 7.)

**(2) Loss/Decrease in Value**

Loss or decrease in value of a peace officer's residence due to a forced sale, (Penal Code section 832.9, subdivision (b)(2).)

**(3) Unapproved Expenses**

Costs incurred by a peace officer or the immediate family without prior approval of the appointing authority, (Penal Code section 832.9, subdivision (b)(3).)

**(4) Unauthorized Payment of Salaries**

Unauthorized payment of the peace officer's salary while moving, (Penal Code section 832.9, subdivision (b)(4).)

**(5) Temporary Housing**

Temporary relocation housing which exceeds 60 days, (Penal Code section 832.9, subdivision (b)(6).)

**(6) Relocation Costs**

Relocation costs incurred 120 days after the original notification of a viable threat if the peace officer has failed to relocate, (Penal Code section 832.9, subdivision (b)(7).)

- C. Any offsetting savings or reimbursement the claimant received from any source including but not limited to, service fees collected, federal funds, and other state funds as a direct result of this mandate, shall be identified and deducted so only net local costs are claimed.

**8. Claiming Forms and Instructions**

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms TAP-1 and TAP-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

**A. Form TAP-2, Component/Activity Cost Detail**

This form is used to segregate the detailed costs by claim component. A separate form TAP-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

**(1) Salaries and Benefits**

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee, and specify the actual time spent, the productive hourly rates, and related fringe benefits.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

**(2) Services and Supplies**

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

Source documents to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

(3) Contracted Services

Contracting costs are reimbursable to the extent that the function to be performed requires special skill or knowledge that is not readily available from the claimant's staff or the service to be provided by the contractor is cost effective.

Give the name(s) of contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

(4) Employee Reimbursement

Reimbursement to the peace officer or member of his or her immediate family for actual and necessary moving and relocation expenses must provide the following:

- (a) Show the dates when the claimant received notification of the threat, when moving and relocation expenses were incurred, and when the officer or member of his or her immediate family was reimbursed.
- (b) Submit with the claim, a copy of the contract, invoices, and receipts for the cost of moving and relocation. Identify the independent contractor or employee who provided services for moving and relocation.
- (c) If confidentiality is involved, to protect the officer's relocation, mark out sensitive areas of the contract, invoices, and receipts.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim 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.

**B. Form TAP-1, Claim Summary**

This form is used to summarize direct costs by claim component and compute allowable indirect costs for the mandate. Claim statistics shall identify the work performed for costs claimed. The claimant must give the number of peace officers who were relocated in the fiscal year of claim as a result of credible threats received.

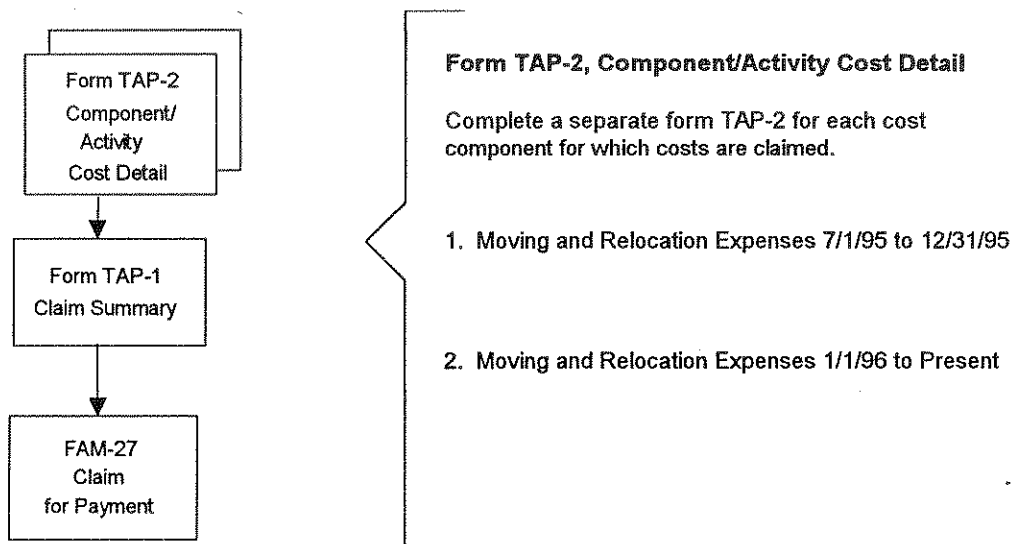
The Commission on State Mandates requests that claimants send a copy of form TAP-1 for each of the initial years' reimbursement claims by mail or facsimile to the Commission on State Mandates, 1300 I Street, Suite 950, Sacramento, CA 95814, Facsimile: (916) 445-0278. Although providing this information is not a condition of payment, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. The cost data on this form is carried forward to form FAM-27.

**C. Form FAM-27, Claim for Payment**

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form TAP-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

**Illustration of Claim Forms**



## DEPARTMENT OF PERSONNEL ADMINISTRATION RULES

## Moving and Relocation Expenses

Effective January 1, 1996

**599.714.1 Scope**

(a) Whenever a permanent state officer or employee is required by any appointing power because of a change in assignment promotion or other reason related to his/her duties, to change his/her place of residence, such officer, agent or employee shall receive reimbursement of his/her actual and necessary moving and relocation expenses incurred by him/her both before and after and by reason of such change of residence, subject to the provisions and limitations of this article.

(b) For the purposes of this article, a move occurs on the official reporting date to the new headquarters, and when a change in residence is reasonable to be required. Relocation shall be paid, when the following conditions are met:

(1) The officer's or employee's officially designated headquarters is changed for the advantage of the State, which includes the following:

(A) A promotion offered by any appointing authority, not including those movements that the employee could make through transfer, reinstatement, or reemployment eligibility; or

(B) An involuntary transfer initiated by and at the discretion of the appointing authority,

(C) Any involuntary transfer required to affect a mandatory reinstatement following:

- termination of a career executive or exempt appointment
- leave of absence
- rejection from probation

(D) any involuntary transfer required to affect a mandatory reinstatement following the expiration or involuntary termination of a temporary appointment, limited term appointment, or training and development assignment when:

- the employee did not relocate to accept the appointment or assignment, or
- the employee did relocate, at State expense, to accept the appointment or assignment.

(2) The move must be a minimum of 50 miles plus the number of miles between the old residence and the old headquarters.

(3) Relocations that meet the above criteria will be fully reimbursed to the extent and limitations in this article.

(c) A change of residence is not deemed reasonable to be required for voluntary transfers or permissive reinstatements, with or without a salary increase, in response to general requests which specify that moving and relocation expenses will not be paid, or for any non-promotional transfer which is primarily for the benefit of the officer or employee.

(d) When an appointment does not meet the criteria in (a) and (b) the appointing power may, at his/her discretion, determine in advance that it is in the best interest of the State to reimburse all or part of the actual reasonable and necessary relocation expenses provided in this article as an incentive to recruit employees to positions that are designated by the appointing power as difficult to fill or because of outstanding qualifications of the appointee, or due to unusual and unavoidable hardship to the employee by reason of the change of residence.

(1) Relocations that meet this criteria shall be reimbursed only for the items in this article specifically authorized by the appointing power, and may be subject to further limitations designated by the appointing power.



(2) Upon determination that any reimbursement will be made, the appointing power shall:

(A) Determine which provisions will apply to the relocation and establish any additional limitations to those provisions such as dollar limits, weight limits, or time limits.

(B) Notify the employee in writing, of specific allowable reimbursements prior to the move.

(e) Requirements and limitations specified in this article may not be waived or exceeded by the appointing power.

(f) Unauthorized relocation expenses and relocation expenses incurred prior to receipt of a written notice of allowable relocation expenses are the responsibility of the employee.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

#### 599.715.1 Reimbursement for Miscellaneous Expenses

An officer or employee who is required to change his/her place of residence according to Section 599.714.1 may receive reimbursement for up to \$200 for miscellaneous expenses upon submittal of documentation of the payment of all such expenses and certification that the expenses were related to dissolution of the old household and/or the establishment of a new household and were not otherwise reimbursed.

(a) Reimbursement for the installation and/or connection of appliances or antennas purchased after the change of residence shall be allowed provided no claim is made for installation and/or connection of a similar item in the movement of household goods, and installation and/or connection occurs within sixty days of the establishment of a new residence.

(b) Deposits are not reimbursable.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

#### 599.716.1 Reimbursement for Sale of a Residence

(a) Whenever a state officer or employee is required, as defined in Section 599.714.1 to change his/her officially designated headquarters and this requires the sales of his/her residence the officer or employee shall be reimbursed only for actual and necessary selling costs as determined by prevailing practices within the area of sale. Claims for reimbursement must be substantiated by the seller's closing escrow statement and other pertinent supportive documents. Seller's points are not eligible for reimbursement. Claims will include only those items which are listed in the following subsection.

(b) Actual and necessary selling costs are:

- (1) Brokerage commission
- (2) Title insurance
- (3) Escrow fees
- (4) Prepayment penalties
- (5) Taxes, charges or fees fixed by local authority required to consummate the sale of the residence
- (6) Miscellaneous sellers costs customary to the area, not to exceed \$200.

(c) Actual and necessary selling costs will be reimbursed for that portion of the dwelling the employee actually occupies if the employee or officer owns and resides in a multi-family dwelling.

(d) Commissions and fees will not be reimbursed if paid to the employee, the employee's spouse or spouse's employer, or to any member of the household.

(e) Claims for the sale of a residence must be submitted within two years following the date the officer or employee reports to the new official headquarters. No extensions will be allowed thereafter.

(f) Rebates to employees will be deducted from the claim prior to reimbursement.

NOTE: Authority cited: Sections 3517.8, 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

#### **599.717.1 Settlement of a Lease**

(a) Whenever an officer or employee is required, as defined by Section 599.714.1(a) to change his/her place of residence and such change requires the settlement of a lease on the employee's old residence, the officer or employee shall receive the actual and necessary cost of settlement of the unexpired lease to a maximum of one year. In no event shall the lease settlement include any costs, deposits, or fees.

(1) Reimbursement shall not be allowed if it is determined that the officer or employee knew or reasonably should have known that a transfer according to Section 599.714.1 was imminent before entering into a lease agreement.

(2) Claims for settlement of a lease shall include a lease agreement signed by both the employee and the lessor, and shall be itemized and submitted within nine months following the new reporting date.

(b) If an employee is required under 599.714.1(a) to change his/her place of residence and such notice to the employee is insufficient to provide the employee the notice period required by a month to month rental agreement, reimbursement may be claimed for the number of days penalty paid by the employee to a maximum of 30 calendar days.

(1) Reimbursement shall not be allowed for days that the employee failed to notify the landlord after notification by the employer of the reassignment.

(2) Claims shall be accompanied by a copy of the rental agreement, an itemized receipt for the penalty, and the name and address of the individual or company to which the rental penalty has been paid.

(c) No reimbursement shall be made for forfeiture of cleaning or security deposits, or for repair, replacement, or damages of rental property.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

#### **599.718.1 Expenses for Moving Household Effects**

(a) For the purpose of these regulations, household or personal effects include items such as furniture, clothing, musical instruments, household appliances, food, and other items which are usual or necessary for the maintenance of one household.

(b) Household effects shall not include items connected to a for profit business, items from another household, items that are permanently affixed to the property being vacated or items that would normally be discarded or recycled.

(c) At the discretion of the appointing power, other items may be considered household effects based on a consideration of the estimated cost of the move and a review of the items listed on the inventory. Expenses related to moving items other than those described in (a) that have not been approved by the appointing power shall be the responsibility of the employee.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code, Reference: Section 19841, Government Code.

**599.719.1 Reimbursement for Moving Household Effects**

Reimbursement shall be allowed for the cost of moving an employee's effects either via commercial household goods carrier or by the employee. Reimbursements under this rule shall not exceed the cost of moving the employee's household goods from the old residence to the new headquarters plus 50 miles unless the appointing authority determines that a longer move is in the best interest of the State. Any additional expense associated with an interstate or intercountry move shall be approved in advance by the appointing power. No reimbursement will be allowed for the hiring of casual labor.

(a) When the employee retains a commercial mover, reimbursement for actual and necessary expenses incurred by a commercial mover under this article for the packing, insurance, one pickup, transportation, storage-in-transit (not including warehouse handling charges except when required by interstate tariffs), one delivery, unpacking, and installation at the new location of an employee's household effects shall be allowed subject to the following:

(1) Weight of household effects for which expenses may be reimbursed shall not exceed 5,000 kilograms (11,000 pounds).

(2) Duration of storage-in-transit for which charges may be reimbursed shall not exceed 60 calendar days unless a longer period of storage is approved in advance by the appointing authority based on hardship to the employee.

(3) Rates at which reimbursement is allowed shall not exceed the minimum rates, at the minimum declared valuation, established by the California Public Utilities Commission for household goods carriers, unless a higher rate is approved by the Department of General Services.

(4) Cost of insurance for which reimbursement is allowed shall not exceed the cost of insurance coverage at \$2.00 valuation for each pound of household effects shipped by household goods carrier.

(5) Claims for exceptions to the 11,000 pounds statutory limit will be considered by the appointing authority up to a maximum of 23,000 pounds, only when it has been determined that every reasonable effort had been made to conform to the limit. Exceptions to the number of pick-ups and deliveries may be made by the appointing power when it is reasonably necessary and in the best interest of the state.

(b) When the employee does not retain a commercial mover, reimbursement shall be allowed as follows for expenses related to the movement by the employee of his/her household effects in a truck or trailer.

(1) Rental of a truck or trailer from a commercial establishment. When not included in the truck rental rate, the cost of gasoline, rental of a furniture, dolly, packing cartons and protective pads will be reimbursed. If the total costs exceed \$1,000 the claim must be accompanied by at least one written commercial rate quote. Reimbursement will be made at the rate (including gasoline) which results in the lowest cost; or

(2) Mileage reimbursement at the rates provided in Section or 599.631.1 (b) for noncommercial privately-owned motor vehicles used in transporting the employee's household effects.

(3) Reimbursement for more than one trip by the method described in (b)(1) or (2) above may be allowed if the employee's agency has determined that the total cost would be less than the cost of movement by a commercial household goods carrier.

(c) If household goods are moved exclusively in the employee's personal vehicle, reimbursement for mileage may be claimed at the State mileage rate. No other mileage or moving expense shall be allowed.

(d) All claims for the reimbursement of the movement of household goods require receipts. Unless an exception is granted by the appointing authority, claims shall be submitted no later than 2 years and 60 days from the effective date of appointment or 15 days prior to voluntary separation, whichever is first.

NOTE: Authority cited: Sections 19815.4(d), 19816, and 19820, Government Code. Reference: Section 19841, Government Code.

**599.720.1 Reimbursement for Movement of a Mobile Home**

For the movement of a mobile home which contains the household effects of an officer or employee, and has served as the employee's residence at the previous location at the time of notification of relocation, reimbursement will be allowed as follows:

(a) Where transportation of the trailer coach is by a commercial mobile home transporter and receipts are submitted:

(1) For tolls, taxes, charges, fees, or permits fixed by the State or local authority required for the transportation or assembly of trailer coaches actually incurred by the employee.

(2) Charges for disassembly and assembly of the trailer, including but not limited to, disassembly and assembly of trailer, skirts, awnings, porch, the trailer coach itself and other miscellaneous documented, itemized expenses related to the dissolution of the old household and/or the establishment of the new household, up to \$2,500 unless an exception is approved by the appointing power.

(3) Reimbursement will be allowed for the actual cost supported by voucher of rental and installation of wheels and axles necessary to comply with the requirements of Chapter 5, Article 1 of the California Vehicle Code.

(4) Three competitive bids shall be obtained and reimbursement will be approved at the lowest bid. Based on information documenting the attempt to obtain three bids as provided by the employee, the appointing power may waive the three bid requirement.

(5) Reimbursement received under this section precludes any additional reimbursement for miscellaneous expenses under Section 599.715.1.

(6) Movement of the trailer coach at rates not exceeding the minimum rates established by the California Public Utilities Commission for mobile home transporters:

(7) Charges at P.U.C. minimum rates to obtain permits identified above;

(8) Storage-in-transit for up to 60 calendar days at P.U.C. minimum rates, unless an extension is approved by the appointing authority.

(b) Where transportation of the coach is by the employee, expenses may be claimed for a one-way trip by submitting gasoline receipts.

(c) Reimbursement will not be allowed for:

(1) Purchase of parts and materials except for those items necessary to comply with minimum requirements of the California Administrative Code, Title 25, Chapter 5.

(2) Repairs including tires and tubes, and breakdown in transit.

(3) Costs associated with maintenance or repair of the trailer coach.

(4) Costs for separate shipment of household effects by a household goods carrier unless that is determined to be the most economical method of transport.

(5) Costs associated with the movement or handling of permanent structures.

(d) All claims related to the movement of a trailer coach and the household goods therein require receipts and shall be submitted no later than 2 years and 60 days from the effective date of appointment, or 15 days prior to voluntary separation, whichever is first. No extensions will be granted:

NOTE: Authority cited: Sections 19815.4(d), 19816, and 19820, Government Code. Reference: Section 19841, Government Code.

**599.722.1 Relocation Subsistence Reimbursement and Mileage**

(a) If eligible under Section 599.714(a), an officer or employee shall be reimbursed for actual lodging, supported by a receipt, and meal and incidental expenses in accordance with and not to exceed the rate established in Section 599.619(a)(1) and (2), while locating a permanent residence at the new location. Employees who do not furnish receipts for lodging may be reimbursed for meals only in accordance with 599.619(a). A permanent residence is typically an abode that is purchased, or rented on a monthly basis, of a type that provides long-term living accommodations, where any utilities are hooked up (gas, electric, cable, phone), and mail is delivered.

(1) Reimbursement may be claimed for up to 60 days, except an extension of up to 30 days may be granted when the appointing power has determined in advance that the delay of change of residence is a result of unusual and unavoidable circumstances that are beyond the control of the officer or employee. The maximum reimbursement to be received by said officer, or employee shall not exceed the equivalent dollar amount of 60 days of full meals, incidentals, and receipted lodging.

(2) Interruptions in relocation caused by sick leave, vacation, or other authorized leaves of absence shall be reimbursable at the option of the employee providing the employee remains at the new location and is actively seeking a permanent residence.

(3) The relocation subsistence claim shall terminate immediately upon establishment of a permanent residence. The appointing power shall determine when a permanent residence has been established.

(4) Partial days shall count as full days for the purpose of computing the 60-day period.

(b) Upon approval of the Appointing Power, meals and/or lodging expenses, for up to fourteen days, arising from trips to the new location for the sole purpose of locating housing shall be reimbursed in accordance with Section 599.619(a)(1) and (2), or 599.619(c)(1) or 599.619(d). Claims for reimbursement of meals/lodging expenses in this item are limited to those incurred after receipt of formal written authorization for relocation and prior to the effective date of appointment. The period claimed shall be included in the computation of the 60-day relocation period.

(c) Reimbursement for travel from the old residence to the new headquarters may be claimed one way one time and shall not exceed the mileage rate allowed in 599.631(a).

Note: Authority cited: Section 3539.5, Government Code. Reference: Section 19841, Government Code.

**599.724.1 Payment of Claims for Moving and Relocation Expenses**

(a) The Department of Personnel Administration shall be responsible for prescribing any specific procedures necessary for effective and economical operation of this article. Claims shall be made on authorized forms, scheduled in the normal manner and submitted through regular channels to the State Controller for payment. All claims must be substantiated by invoices, receipts, or other evidence for each item claimed.

(b) Agencies may contract directly with the carrier for movement of household effects of officers and employees at state expense, subject to the same restrictions as if the shipment was arranged by the officer or employee and reimbursed by the State.

(c) If the change in residence results in the salary of the officer or employee being paid by a different appointing power, all allowable moving and relocation expenses shall be paid by the new appointing power except where the old appointing power agrees to pay all or part of the expenses allowable under this Article.

(d) Each department shall be responsible for insuring that upon notice to the employee of an impending move a copy of these rules shall be given to the officer or employee.

(e) When exceptions have been granted by an appointing authority, the written justification of those exceptions shall be maintained with the applicable claims.

NOTE: Authority cited: Sections 19815.4(d), 19816, and 19820, Government Code, Reference: Section 19841 and 19842, Government Code.

**599.619 Reimbursement for Meals and Lodging**

The employee on travel status shall be reimbursed actual expenses for receipted lodging , and for meals and incidentals as provided in this section, unless directed to travel under the provisions of 599.624.1. Lodging and/or meals provided by the State or included in hotel expenses or conference fees, or in transportation costs, such as airline tickets, or otherwise provided shall not be claimed for reimbursement. Snacks and continental breakfasts, such as rolls, juice, and coffee, are not considered to be meals. The circumstances of travel will determine the rate allowed.

(a) Short-term Travel. Reimbursement for short-term subsistence will be authorized only when the traveler incurs expenses arising from the use of reasonable, moderately priced commercial lodging and meal establishments, such as hotels, motels, bed and breakfast inns, campgrounds, restaurants, cafes, diners, etc. that cater to the general public. Employees who stay with friends or relatives may claim meals only in accordance with the rates and time frames set forth below. Lodging receipts are required. The short-term rate is intended for trips of such duration that weekly or monthly rates are not obtainable and will be discontinued after the 30th consecutive day assigned to one location unless an extension has been previously documented and approved by the appointing power. In extending short-term travel, the appointing power shall consider the expected remaining length of travel assignment.

(1) In computing reimbursement for continuous short-term travel of more than 24 hours and less than 31 consecutive days, the employee will be reimbursed for actual costs up to the maximum allowed for each meal, incidental, and lodging expense for each complete 24 hours of travel, beginning with the traveler's time of departure and return, as follows:

(A) On the first day of travel on a trip of 24 hours or more:

Trip begins at or before 6 a.m. : breakfast may be claimed on the first day

Trip begins at or before 11 a.m.: lunch may be claimed on the first day

Trip begins at or before 5 p.m.: dinner may be claimed on the first day

(B) On the fractional day of travel at the end of the trip of more than 24 hours:

Trip ends at or after 8 a.m.: breakfast may be claimed

Trip ends at or after 2 p.m.: lunch may be claimed

Trip ends at or after 7 p.m.: dinner may be claimed

If the fractional day includes an overnight stay, receipted lodging may be claimed. No meal or lodging expense may be claimed or reimbursed more than once on any given date or 24 hour period.

(C) Reimbursement shall be for actual expenses, subject to the following maximum rates:

Meals:

Breakfast.....	\$ 6.00
Lunch.....	10.00
Dinner.....	18.00
Incidentals.....	6.00

Receipts are not required for regular short term travel meals.

Lodging:

Statewide, with receipts.....Actual up to \$79.00 plus tax

If lodging receipts are not submitted, reimbursement shall be for meals only at the rates and time frames set forth in this section.

(2) In computing reimbursement for continuous travel of less than 24 hours, actual expenses, up to the maximums in (C) above, will be reimbursed for breakfast and/or dinner and/or lodging in accordance with the following time frames:

Travel begins at or before 6 a.m. and ends at or after 9 a.m.: breakfast may be claimed

Travel begins at or before 4 p.m. and ends at or after 7 p.m.: dinner may be claimed

If the trip of less than 24 hours includes an overnight stay, receipted lodging may be claimed.

No lunch or incidentals may be reimbursed on travel of less than 24 hours.

(b) Long-term Travel. Reimbursement for long-term meals and receipted lodging will be authorized when the traveler incurs expenses in one location comparable to those arising from the use of commercial establishments catering to the long-term visitor. Meals and/or lodging provided by the State shall not be claimed for reimbursement. With approval of the appointing power and upon meeting the criteria in (3) below, an employee on long-term field assignment who is living at the long term location may claim either:

(1) \$24.00 for meals and incidentals and up to \$24.00 for receipted lodging for travel of 12 hours up to 24 hours; either \$24.00 for meals or up to \$24.00 for receipted lodging for travel less than 12 hours, or

(2) reimbursement for actual individual expense, substantiated by receipts for lodging, utility gas, and electricity, up to a maximum of \$1,130.00 per calendar month while on a long term assignment, and \$10.00 for incidentals, without receipts, for each period of 12 to 24 hours; \$5.00 for meals and incidentals for periods of less than 12 hours at the long term location.

(3) To claim expenses under either (1) or (2) above, the employee must meet the following criteria:

(A) The employee continues to maintain a permanent residence at the primary headquarters and

(B) The permanent residence is occupied by the employee's dependents, or

(C) The permanent residence is maintained at a net expense to the employee exceeding \$200 per month.

(D) The employee must submit substantiating evidence of these conditions to the appointing power in accordance with its requirements.

(4) Employees who do not meet the criteria to claim (1) or (2) above may claim \$12,00 for meals and incidentals and \$12,00 for receipted lodging for every 12 to 24 hours at the long term location; \$12.00 for meals or \$12.00 receipted lodging for periods of less than 12 hours at the long term location.

(5) With the approval of the appointing power, the reimbursement of long term lodging may continue when the employee is away from the long term location on short term business travel or other absences from the location as approved by the appointing authority.

(c) Out-of-State Travel. Out-of-State travel is any kind of travel outside the State of California for the purpose of conducting business outside the State of California. For short-term out-of-state travel, employees will be reimbursed for actual lodging expenses, supported by receipt, and will be reimbursed for meal and incidental expenses as defined in section 599.619(a). Failure to furnish lodging receipts will limit reimbursement to meals only at the rates specified in (a). Long-term out-of-state travel will be reimbursed according to section 599.619(c).

(d) Out-of-Country Travel. For short-term out-of-country travel, employees will be reimbursed for actual lodging expenses, supported by a receipt, and will be reimbursed for actual meal and incidental expenses subject to maximum rates in accordance with the published Government meal and incidental rates for foreign travel for the dates of travel. Failure to furnish lodging receipts will limit reimbursement to meals only in accordance with the published Government meal and incidental rates for foreign travel. Long-term out-of-country travel will be reimbursed according to section 599,619(a) through (c).

(e) Exceptions to reimburse in excess of the maximum lodging rate cited in (a) of this rule may be granted by the appointing power only in an emergency, or when there is no lodging available at the State maximum rate or when it is cost effective. The appointing power shall document the reasons for each exception and shall keep this documentation on file for three calendar years from the date of exception.

NOTE: Authority cited: sections 3539.5, 19815.4(d), 19816 and 19820, Government Code. Reference: Sections 3527(b) and 11030, Government Code.

### 599.631 TRANSPORTATION BY PRIVATELY OWNED AUTOMOBILE

(a) Where the employee is authorized to use a privately owned automobile on official state business the reimbursement rate shall be up to 31 cents per mile . Claims for reimbursement for private vehicle expenses must include the vehicle license number and the name of each state officer, employee, or board, commission, or authority, member transported on the trip. No reimbursement of transportation expense shall be allowed any passenger in any vehicle operated by another state officer, employee, or member.

(1) Expenses arising from travel between home and headquarters or garage shall not be allowed, except as provided in 599.626(d)(2) or 599.626.1(c), regardless of the employee's normal mode of transportation.

(2) When a trip is commenced or terminated at a claimant's home on a regularly scheduled work day, the distance traveled shall be computed from either his or her residence or headquarters, whichever shall result in the lesser distance except as provided in 599.626.1(c).

(3) However, if the employee commences or terminates travel on a regularly scheduled day off, mileage may be computed from his or her residence.

(b) Where the employee's use of a privately owned automobile is authorized for travel to or from a common carrier terminal, and the automobile is not parked at the terminal during the period of travel, the employee may claim double the number of miles between the terminal and the employee's headquarters or residence, whichever is less, at a rate defined in section 599.631(a), while the employee occupies the automobile for the distance between the terminal and his or her residence or headquarters. If the employee commences or terminates travel one hour before or after his/her regularly scheduled work day, or on a regularly scheduled day off, mileage may be computed from his/her residence.

(c) All ferry, bridge, or toll road charges will be allowed with any required receipts.

(d) All necessary parking charges while on state business will be allowed, with any required receipts, for:

(1) Day parking on trips away from the headquarters office and employee's primary residence.

(2) Overnight parking on trips away from the headquarters and employee's primary residence, except that parking shall not be claimed if expense-free overnight parking is available.

(3) Day parking adjacent to either a headquarters office, a temporary job site, or training site, but only if the excluded employee had other reimbursable private or state automobile expenses for the same day. An employee may not prorate weekly or monthly parking fees.



(e) Gasoline, maintenance, and automobile repair expenses will not be allowed.

(f) The mileage reimbursement rates include the cost of maintaining liability insurance at the minimum amount prescribed by a law and collection insurance sufficient to cover the reasonable value of the automobile, less a deductible. When a privately owned automobile operated by a state officer, agent, or employee is damaged by collision or is otherwise accidentally damaged, reimbursement for repair or the deductible to a maximum of \$500.00 will be allowed if:

(1) The damage occurred while the automobile was used on official state business by permission or authorization of the employing agency; and

(2) The automobile was damaged through no fault of the state officer, agent, or employee; and

(3) The amount claimed is an actual loss to the state officer, agent, or employee, and is not recoverable directly from or through the insurance coverage of any party involved in the accident; and

(4) The loss claimed does not result from a decision of a state officer, agent, or employee not to maintain collision coverage; and

(5) The claim is processed in accordance with the procedures prescribed by the Department of Personnel Administration.

(g) Specialized Vehicles. An employee with a physical disability who must operate a motor vehicle on official state business and who can operate only specially equipped or modified vehicles may claim a rate of 24 cents per mile without certification. Where travel is authorized to and from a common carrier terminal, as specified in section 599.631(b) the employee may compute the mileage as defined in section 599.631(b). Supervisors approving these claims must determine the employee's need for the use of such vehicles.

#### AUTHORIZED RELOCATION EXPENSES

Per Diem - Employees may claim up to 60 days while at the new location until a new permanent residence is found. Specific per diem allowance for excluded employee are attached. Extensions of the per diem may be granted by the Department of Personnel Administration if the employee suffers unusual hardship. Requests for extensions must be submitted to the Relocation Liaison, on a Std. 256 prior to the expiration of the 60 day period. The Relocation Liaison will review the Std. 256 for completeness then forward to the Department of Personnel Administration.

Shipment of Household Goods - The State will pay for the packing, transportation, insurance, storage-in-transit, unpacking and installation of employee's household effects. The employer will issue the relocating employee a "Moving Service Authorization" which the employee will give to any licensed mover. The Moving Service Authorization authorizes the mover to bill the State directly. There is no actual dollar limitation, (the State only pays minimum tariff rates), however there is an 11,000 pound weight limit. If the mover estimates the weight of the household goods to be more than 11,000 pounds, the employee should immediately submit a Std. 256 with the mover's estimate to the Relocation Liaison. The Department of Personnel Administration may approve excess weight provided the employee requests the exception in advance of the actual move.

The State will not pay for the shipment of the following prohibited items:

- automobiles
- other motor vehicles
- farm tractor, implements and equipment
- trailers with or without other property
- boats
- all animals, livestock, or pets
- belongings which are not the property of the immediate family of the officer or employee
- belongings related to commercial enterprises engaged in by the officer or employee
- firewood, fuels

bricks, sand ceramic wall tile  
wire fence or other building materials  
wastepaper and rags

Storage in Transit - The State will pay for the storage of household goods for up to 60 days. Storage is limited to 11,000 pounds of household goods unless the excess weight has been previously approved by DPA. The storage company should bill the State directly using the authorization of the Moving Service Authorization. Miscellaneous items taken out of storage prior to the moving company delivering all household goods is not reimbursable and must be paid by the employee.

Sale of Residence - The State will pay for certain costs associated with the sale of the employee's dwelling which was his/her residence at the time of notification of the transfer.

Reimbursable costs are:

- Brokerage Commission
- Escrow fees
- Title insurance
- Prepayment penalties
- Local taxes, charges or fees required to consummate the sale
- Miscellaneous sellers costs up to \$200.00

Nonreimbursable costs are:

- Seller's Points
- Property tax
- Repair work and re-inspection fees

Excluded employees have two years from the reporting date at the new headquarters to submit a claim for reimbursement of seller's costs. There is no extension of the time limit for Non-represented employees.

Settlement of a Lease - The State will pay for the settlement of a lease which was entered into prior to notification of the transfer. Claims for payment of the lease settlement must be submitted within 9 months from the reporting date at the new headquarters.

Movement of a Trailer Coach - The State will pay for the actual cost of transporting the mobile home to the new location plus up to \$2,500 for disassembly and assembly of the trailer. Request for reimbursement in excess of \$2,500 must be submitted to DPA on a Std. 256 prior to the move; approval will only be given for the lowest of three bids. Household goods must be shipped in the mobile home unless DPA approves a separate shipment.

Miscellaneous - There is a \$200.00 miscellaneous allowance with documentation and certification, which is intended to assist the employee in establishing the new household. This allowance should be used to pay utility installation fees, appliance hook-up fees and the like. It is appropriate to use this allowance for cable hook-up. This allowance may not be used to satisfy deposit requirements. The allowance may not be claimed if moving a mobile home; hook-up, etc., are included in the mobile home set-up charge.

Mileage - The employee may be reimbursed 24 cents per mile for one vehicle to make one one-way trip between the old residence and the new residence. Anything over locating cents is considered taxable income.

Private car mileage for the purpose of locating housing at the new location is not reimbursable.

EXPENSES INCURRED PRIOR TO THE OFFICIAL TRANSFER CANNOT BE CLAIMED.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>THREATS AGAINST PEACE OFFICERS</b>			For State Controller Use Only			
			(19) Program Number 00163 (20) Date File                  /                  / (21) LRS Input                    /                  /			
LABEL  HERE	(01) Claimant Identification Number		Reimbursement Claim Data			
	(02) Mailing Address		(22) TAP-1, (03)			
	Claimant Name		(23) TAP-1, (04)(1)(e)			
	County of Location		(24) TAP-1, (04)(2)(e)			
	Street Address or P. O. Box		(25) TAP-1, (06)			
	City	State	Zip Code	(26)		
	<b>Type of Claim</b>  (03) Estimated <input type="checkbox"/> (04) Combined <input type="checkbox"/> (05) Amended <input type="checkbox"/>		<b>Estimated Claim</b>  (09) Reimbursement <input type="checkbox"/> (10) Combined <input type="checkbox"/> (11) Amended <input type="checkbox"/>		<b>Reimbursement Claim</b>  (27) _____ (28) _____ (29) _____ (30) _____	
<b>Fiscal Year of Cost</b>	(06) 19__/19__	(12) 19__/19__	(31)			
<b>Total Claimed Amount</b>	(07)	(13)	(32)			
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(33)			
<b>Less: Estimated Claim Payment Received</b>		(15)	(34)			
<b>Net Claimed Amount</b>		(16)	(35)			
<b>Due from State</b>	(08)	(17)	(36)			
<b>Due to State</b>		(18)	(37)			
<b>(38) CERTIFICATION OF CLAIM</b>						
<p>In accordance with the provisions of Government Code § 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1249, Statutes of 1992, and Chapter 666, Statutes of 1995, 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 1249, Statutes of 1992, and Chapter 666, Statutes of 1995.</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 1249, Statutes of 1992, and Chapter 666, Statutes of 1995, set forth on the attached statements.</p>						
Signature of Authorized Representative			Date			
_____			_____			
Type or Print Name			Title			
_____			_____			
(39) Name of Contact Person for Claim 			Telephone Number (     )                     Ext.			

<p><b>THREATS AGAINST PEACE OFFICERS</b>  <b>Certification Claim Form</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>FAM-27</b></p>
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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. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form TAP-1 and enter the amount from line (11).
- (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 TAP-1, line (11).
- (14) Filing Deadline. Initial Claims of Ch. 1249/92 and 666/95. If the reimbursement claim for 1995-96 or 1996-97 is filed after September 1, 1998, the claim must 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.  
  
Filing Deadline. Annually Thereafter. If the reimbursement claim is filed after November 30 following the fiscal year in which costs were incurred, the claim must 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 have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated 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 (37) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (25) for the reimbursement claim e.g. TAP-1, (03), means the information is located on form TAP-1, line (03). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, (i.e., no cents). Indirect costs percentage should be shown as a whole number and without the percent symbol (i.e., 7.548% should be shown as 8). The claim cannot be processed for payment unless this data block is correct and complete.
- (38) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized representative and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (39) Enter the name of the person and telephone number that this office should contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL AND ONE COPY OF FORM FAM-27, AND ONE COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

*Address, if delivered by U.S. Postal Service:*

*Address, if delivered by other delivery service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursement Section  
 Division of Accounting and Reporting  
 P.O. Box 942850  
 Sacramento, CA 94250

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursement Section  
 Division of Accounting and Reporting  
 3301 C Street, Suite 500  
 Sacramento, CA 95816

MANDATED COSTS THREATS AGAINST PEACE OFFICERS CLAIM SUMMARY					FORM TAP-1
(01) Claimant	(02) Type of Claim			Fiscal Year	
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>			19__ - 19__	
(03) Number of peace officers relocated in the fiscal year of claim					
<b>Direct Costs</b>					
(04) Reimbursable Components:	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contracted Services	(d) Employee Reimburse ment	(e) Total
1. Moving and Relocation Expenses (7/1/95 - 12/31/95)					
2. Moving and Relocation Expenses (1/1/96 - Present)					
(05) Total Direct Costs					
<b>Indirect Costs</b>					
(06) Indirect Cost Rate	[From J-380 or J-580]				%
(07) Total Indirect Costs	[Line (06) x {line (05)(e) - < line (05)(c) + line (05)(d) >}]				
(08) Total Direct and indirect Costs	[Line (05)(d) + line (07)]				
<b>Cost Reduction</b>					
(09) Less: Offsetting Savings, if applicable					
(10) Less: Other Reimbursements, if applicable					
(11) Total Claimed Amount	[Line (08) - (Line (09) + Line (10))]				

<b>THREATS AGAINST PEACE OFFICERS CLAIM SUMMARY Instructions</b>	<b>FORM TAP-1</b>
--	-----------------------

- (01) Enter the name of the claimant.
- (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 TAP-1 must be filed for a reimbursement claim. Do not complete form TAP-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by 10%, do not complete form TAP-1. 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 TAP-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 peace officers relocated in the fiscal year of claim due to credible threats.
- (04) **Reimbursable Components.** For each reimbursable component, enter the totals from form TAP-2, line (05) columns (d), (e), and (f) to form TAP-1, block (04) columns (a), (b), and (c) in the appropriate row. Total the row.
- (05) **Total Direct Costs.** Total columns (a) through (d).
- (06) **Indirect Cost Rate.** Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable, for the fiscal year of costs.
- (07) **Total Indirect Costs.** Enter the result of multiplying the Indirect Cost Rate, line (06) by the Total Direct Costs, line (05)(d) reduced by the sum of Contracted Services, line (05)(c) and Employee Reimbursement, line (05)(d).
- (08) **Total Direct and Indirect Costs.** Enter the sum of Total Direct Costs, line (05)(d) 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.** Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

<b>MANDATED COSTS THREATS AGAINST PEACE OFFICERS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM TAP-2</b>
---	-----------------------

(01) Claimant \_\_\_\_\_

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

Moving and Relocation Expenses (7/1/95) - 12/31/95

Moving and Relocation Expenses (1/1/96 - Present)

(04) Description of Expenses: Complete columns (a) through (f)			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 and Benefits	(e) Material and Supplies	(f) Contracted Services	(g) Employee Reimburse ment

(05) Total  Subtotal  Page: \_\_\_\_\_ of \_\_\_\_\_

<b>THREATS AGAINST PEACE OFFICERS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> Instructions	<b>FORM</b> <b>TAP-2</b>
--	-----------------------------

- (01) Enter the name of the claimant.
- (02) 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 TAP-2 shall be prepared for each component which applies.
- (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), list separately costs associated with each officer's relocation. Enter the employee name(s), position title(s), a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, and contracted services. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed. If the descriptions are incomplete, the claim cannot be processed for payment.** 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 claim at the time the claim was filed, supporting documents must be retained for two years from the date of the initial 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)	
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
Benefits	Title Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries				
Material and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
Contracted Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates			Itemized Cost of Services Performed		Invoices
Employee Reimbursement	Name of Peace Officer	Date of Receipt of Notification of Threat	Date Moving and Relocation Expenses Were Incurred				Amount of Reimburse ment	Invoices

- (05) Total line (04), columns (d), (e), and (f) 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 for the component/activity, number each page. Enter totals from line (05), columns (d), (e), and (f) to form TAP-1, block (04) columns (a), (b), and (c) in the appropriate row.

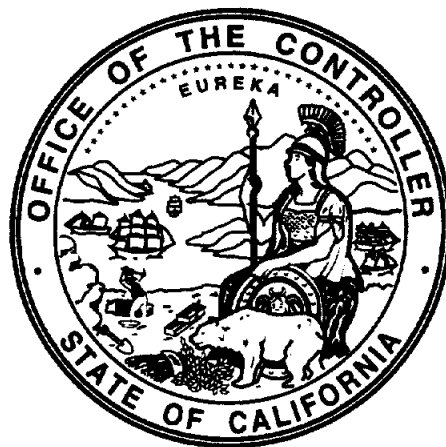


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# MANDATED COST MANUAL FOR SCHOOL DISTRICTS

STATE OF CALIFORNIA



**KATHLEEN CONNELL**  
STATE CONTROLLER

## FOREWORD

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controller's Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, unless otherwise specified, these instructions should not be construed in any manner to be statutes, regulations, or standards.

If you have any questions concerning the enclosed material, write to the address below or call the Local Reimbursements Section at (916) 324-5729.

State Controller's Office  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

Prepared by the State Controller's Office  
Updated September 28, 2001

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- B State of California Travel Expense Guidelines
- C Government Code Sections 17500 - 17616

## FILING A CLAIM

### 1. Introduction

The law in the State of California provides for the reimbursement of costs incurred by local agencies and school districts for costs mandated by the State. Costs mandated by the State means any increased costs which a local agency or school district is required to incur after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service of an existing program.

Estimated claims that show costs to be incurred in the current fiscal year and reimbursement claims that detail the costs actually incurred for the prior fiscal year may be filed with the State Controller's Office (SCO). Claims for on-going programs are filed annually by January 15. Claims for new programs are filed within 120 days from the date claiming instructions are issued for the program. A penalty is assessed for late claims. The SCO may audit the records of any local agency or school district to verify the actual amount of mandated costs and may reduce any claim which is excessive or unreasonable.

When a program has been reimbursed for three or more years, the Commission On State Mandates (COSM) may approve the program for inclusion in the State Mandates Apportionment System (SMAS). For programs included in SMAS, the SCO determines the amount of each claimant's entitlement based on an average of three consecutive fiscal years of actual costs adjusted by any changes in the implicit price deflator. Claimants with an established entitlement receive an annual apportionment adjusted by any changes in the implicit price deflator and, under certain circumstances, by any changes in workload. Claimants with an established entitlement do not file further claims for the program.

The SCO is authorized to make payments for costs of mandated programs from amounts appropriated by the State Budget Act, by the State Mandates Claims Fund, or by specific legislation. In the event the appropriation is insufficient to pay claims in full, claimants will receive prorated payments in proportion to the dollar amount of approved claims for the program. Balances of prorated payments will be made when supplementary funds are made available.

The instructions contained in this manual are intended to provide general guidance for filing a mandated cost claim. Since each mandate is administered separately, it is important to refer to the specific program for information relating to established policies on eligible reimbursable costs.

### 2. Types of Claims

A claimant may file a reimbursement claim for mandated costs incurred during the previous fiscal year or may file an estimated claim for mandated costs to be incurred during the current fiscal year. For mandates included in SMAS, a claimant who had established a base year entitlement would automatically be reimbursed by the SCO for the mandate.

All claims received by the SCO will be reviewed to verify costs. Adjustments to the claims will be made if the amounts claimed are determined to be excessive, improper or unreasonable. Claims must be filed with sufficient documentation to support the costs claimed. The types of documentation required to substantiate a claim are identified in the "Cost Elements of a Claim" section of this manual. The certification on Form FAM-27 must be signed and dated by the entity's authorized representative in order for the SCO to make payment on the claim.

#### A. Reimbursement Claim

A reimbursement claim is defined by Government Code Section (GC §) 17522 as any claim for costs incurred by a local agency or school district and filed with the SCO against an appropriation made for the purpose of paying the claim.

- A claimant may file an annual reimbursement claim by January 15 following the fiscal year in which costs were incurred for an on-going program. A reimbursement claim must detail the costs actually incurred for a fiscal year. The claim must include supporting documentation to substantiate the costs claimed.
- Prior to January 1, 1990, if a claimant submitted an otherwise valid reimbursement claim after the deadline, the Controller would have paid the claim in an amount equal to 80 percent of the amount that would have been paid had the claim been timely filed. Any reimbursement claim submitted more than one year after the deadline would not be paid.
- After January 1, 1990, the late penalty provision was changed by Chapter 589/89. Any reimbursement claim with a filing deadline that is after January 1, 1990, will be reduced by 10 percent of the approved costs, but not to exceed \$1,000 if it is filed after the deadline. Any reimbursement claim submitted more than one year after the deadline will not be paid.
- As added by Chapter 643/99, on October 10, 1999, all initial claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty.

#### **B. Estimated Claim**

An estimated claim is defined by GC § 17522 as any claim filed with the SCO during the fiscal year in which the mandated costs are to be incurred by the local agency or school district against an appropriation made to the SCO for the purpose of paying those costs.

- A claimant may file an estimated claim for mandated costs to be incurred during the fiscal year. Estimated claims are due by January 15 of the fiscal year in which the costs are to be incurred or by a date specified in the claiming instructions. After having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year. The reimbursement claim must detail the actual costs incurred for the fiscal year in which the estimated claim was filed. If actual costs are greater than or less than the estimated claim, the balance is either the amount due to the claimant or due from the claimant.

#### **C. Entitlement Claim**

An entitlement claim is defined by GC § 17522 as any claim filed by a local agency or school district with the SCO for the sole purpose of establishing or adjusting a base year entitlement for a mandate that has been included in SMAS. School mandates included in SMAS are listed in Appendix A.

Once a mandate has been included in SMAS and the claimant has established a base year entitlement, the claimant will receive automatic payments from the SCO for the mandate. The automatic apportionment is determined by adjusting the claimant's base year entitlement for changes in the implicit price deflator of costs of goods and services to governmental agencies, as determined by the State Department of Finance. For programs approved by the COSM for inclusion in SMAS on or after January 1, 1988, the payment for each year succeeding the three year base period is adjusted according to any changes by both the deflator and average daily attendance. Annual apportionments for programs included in the system are paid on or before November 30 of each year.

- A base year entitlement is determined by computing an average of the claimant's costs for fiscal years 1982-83, 1983-84, 1984-85 or any three consecutive years thereafter. The amount is first adjusted according to any changes in the deflator. The deflator is applied separately to each year's costs for the three years which comprise the base year. The SCO will perform this computation for each claimant who has filed claims for three consecutive years. If a claimant has incurred costs for three consecutive years but has not filed a claim in each of those years, the claimant may file an entitlement claim, form FAM-43, to

establish a base year entitlement. An entitlement claim does not result in the claimant being reimbursed for the costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.

Claims should be rounded to the nearest dollar. Submit a signed, original form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary). Use the following mailing addresses:

If delivered by

U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by

Other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

### 3. Minimum Claim Amount

GC Section 17564 provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds two hundred dollars (\$200), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds \$200, even if the individual school district's, direct service district's, or special district's claims do not each exceed \$200. The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the SCO, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

### 4. Eligibility of Costs

Unless specified in the statutes, regulations, or parameters and guidelines, the determination of allowable and unallowable costs for mandates is based on generally accepted accounting principles. The determination of allowable reimbursable mandated costs for unfunded mandates is made by the COSM. The SCO determines allowable reimbursable costs, subject to amendment by the COSM, for mandates funded by special legislation. Unless specified, allowable costs are those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. In order for costs to be allowable and thus eligible for reimbursement, the costs must meet the following general criteria:

- The cost is necessary and reasonable for proper and efficient administration of the mandate and not a general expense required to carry out the overall responsibilities of government.
- The cost is allocable to a particular cost objective.
- The cost is net of any applicable credits that offset or reduce expenses of items allocable to the mandate.

The SCO has identified certain costs that, for the purpose of claiming mandated costs, are unallowable and should not be claimed on the claim forms unless specified as reimbursable under the program. These expenses include, but are not limited to, subscriptions, depreciation, memberships, conferences, workshops, and general education.

**5. Cost Elements of a Claim**

Claims for reimbursement of mandated costs are comprised of allowable costs that are either direct or indirect. Because each mandate is unique, the cost element guidelines in this chapter are provided as a general reference. If the requirements of a specific mandate differ from these cost guidelines, the requirements outlined under the specific mandate shall take precedence.

**A. Direct Costs**

A direct cost is a cost that can be identified specifically with a particular program or activity. Costs that are typically classified as direct costs are:

**Table 1 Annual Billable Hours**

	<b>Days</b>	<b>Hours Per Day</b>	<b>Total Hours</b>
Gross Hours	365	8	2,920
Weekends	104	8	(832)
Holidays	11	8	(88)
Vacation	14	8	(112)
Sick Leave, Misc.	11	8	(88)
<b>Annual Billable Hours</b>			<b>1,800</b>

- As illustrated in Table 1, a claimant may use 1,800 hours for a full-time employee. If a claimant uses an amount less than 1,800 hours as annual billable hours, a computation of how these hours were computed must be included with the claim.
- Compensation of employees for time devoted specifically to the execution of the mandate.
- Cost of materials acquired, consumed, or expended specifically for the purpose of the mandate.
- Services furnished specifically for the mandate by other entities.

**(1) Employee Wages, Salaries, and Fringe Benefits**

For each of the mandated activities performed, the claimant must list the names of the employees who worked on the mandate, their job classification, hours worked on the mandate, and rate of pay. The claimant may in-lieu of reporting actual compensation and fringe benefits use an hourly rate:

- (a) Compute a billable hourly rate for salaried employees to include actual fringe benefit costs. The methodology for converting a salary to a billable hourly rate is to compute the employee's annual salary and fringe benefits and divide by the annual billable hours. Annual billable hours equal the gross annual hours less non-work hours.

**Table 2 Annual Billable Rate, Salary + Benefits Method**

<b>Formula:</b>	<b>Description:</b>
$[(EAS + Benefits) \div ABH] = ABR$	EAS = Employee's Annual Salary
	ABH = Annual Billable Hours
$[(\$26,000 + \$7,750)] \div 1,800 \text{ hrs} = \$18.75$	ABR = Annual Billable Rate

- As illustrated in Table 2, if you assume an employee's compensation was \$26,000 and \$7,750 for annual salary and fringe benefits, respectively, using the "Salary + Benefits Method," the annual billable rate would be \$18.75.



- (b) A claimant may also compute the annual billable rate by using the "Percent of Salary Method."

**Table 3 Annual Billable Rate, Percent of Salary Method**

<b>Example:</b>		
<b>Step 1: Fringe Benefits as a Percent of Salary</b>		<b>Step 2: Annual Billable Rate</b>
Retirement	15.00 %	<b>Formula:</b>
Social Security	6.30	$[(EAS \times (1 + FBR)) \div ABH] = ABR$
Health & Dental Insurance	5.25	
Workers Compensation	3.25	$[(\$26,000 + (1.2698)) \div 1,800 ] = \$18.75$
<b>Total</b>	<b>29.80 %</b>	
<b>Description:</b>		
EAS = Employee's Annual Salary		ABH = Annual Billable Hours
FBR = Fringe Benefit Rate		ABR = Annual Billable Rate

- As illustrated in Table 3, both methods produce the same annual billable rate.

Reimbursement for personnel services includes, but is not limited to, compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include regular compensation paid to employees during periods of authorized absences (i.e., annual leave, sick leave, etc.) and employer's contributions for social security, pension plans, insurance, workmen's compensation insurance and similar payments. These benefits are eligible for reimbursement as long as they are distributed equitably to all activities. Whether these costs are allowable is based on the following presumptions:

- The amount of compensation is reasonable for the service rendered.
- The compensation paid and benefits received are appropriately authorized by the governing board.
- Amounts charged for personnel services are based on payroll documents that are supported by time and attendance or equivalent records for individual employees.
- The methods used to distribute personnel services should produce an equitable distribution of direct and indirect allowable costs.

For each of the employees included in the claim, the claimant must use reasonable rates and hours in computing the wage cost. If a person of a higher-level job position performs an activity which normally would be performed by a lower-level position, reimbursement for time spent is allowable at the average salary range for the lower-level position. The salary rate of the person at the higher level position may be claimed if it can be shown that it was more cost effective in comparison to the performance by a person at the lower-level position under normal circumstances and conditions. The number of hours charged to an activity should reflect the time expected to complete the activity under normal circumstances and conditions. The number of hours in excess of normal expected hours are not reimbursable.

(2) Materials and Supplies

Only those materials and supplies not included in the overhead rate and used exclusively for the mandated activity are reimbursable under this cost element. The claimant must list the materials and supplies that were used to perform the mandated activity, the number of units consumed, the cost per unit, and the dollar amount claimed as a cost. Material and supplies purchased to perform a particular mandated activity are expected to be reasonable in quality, quantity and costs. Purchases in excess of reasonable quality, quantity and costs are not reimbursable. Materials and supplies that are withdrawn from inventory must be charged to the mandated activity based upon a recognized method of pricing, consistently applied.

(3) Contracted Services

For each of the activities performed, the claimant must list the name of the consulting firm that was contracted with to provide the service and describe the specific mandated activities performed by the consultant. The claimant must also provide the inclusive dates when the service was performed, the number of hours spent to perform the mandate, and the consultant's hourly billing rate. The hourly billing rate shall not exceed the rate specified in the claiming instructions for the mandated program. The consultant's statement, which includes an itemized list of costs for services performed, must accompany the claim.

(4) Equipment Rental Costs

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the claiming instructions for a particular mandate. Equipment rentals used solely for the mandate are reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. For each of the activities performed, the claimant must identify the equipment that was rented, the time period for which the equipment was rented and the cost of the rental.

(5) Capital Outlays

Capital outlays for land, building, equipment, furniture and fixtures may be claimed only if the claiming instructions specify them as allowable for the program. If the capital outlays are allowable, the claiming instructions for the mandated program will specify the basis for the reimbursement.

(6) Travel Expenses

Travel expenses are normally reimbursable in accordance with travel rules and regulations of local jurisdictions, except for programs which must be reimbursed in accordance with the State Board of Control travel standards (Refer to Appendix B, State of California Travel Expense Guidelines, for current rates.). For each activity performed, the claimant must identify the purpose of the trip, the name and address of the person incurring the expense, the date and time of departure and return for each trip, a description of each expense claimed, the cost of commercial transportation or number of private auto miles traveled, and amount of tolls and parking with receipts over \$10.00.

(7) Documentation

It is the responsibility of the claimant to make available to the SCO, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, contracts, canceled warrants, equipment usage records, land deeds, receipts, employee time sheets, agency travel guidelines, inventory records, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

## B. Indirect Cost

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases which produce an equitable result in relation to the benefits derived by the mandate.

### (1) Indirect Costs for Schools

School districts and county superintendents of schools may claim indirect costs incurred for mandated costs. For fiscal years prior to 1986-87, school districts and county superintendents of schools may use the Department of Education Form Nos. J41A or J-73A, respectively, applicable to the fiscal year of the claim. The rate, however, must not be applied to items of direct costs claimed in complying with the mandate if those same costs are included in cost centers identified as General Support (i.e., EDP Codes 400, 405, 410 in Column 3). For the 1986-87 and subsequent fiscal years, school districts and county superintendents of schools may use the Annual Program Cost Data Report, Department of Education Form Nos. J-380 or J-580, respectively, applicable to the fiscal year of the claim.

The amount of indirect costs the claimant is eligible to claim is computed by multiplying the rate by direct costs. When applying the rate, multiply the rate by direct costs not included in total support services EDP No. 422 of the J-380 or J-580. If there are any exceptions to this general rule for applying the indirect cost rate, they will be found in the individual mandate instructions.

### (2) Indirect Cost Rate for Community Colleges

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

- The elimination of unallowable costs from the expenses reported on the financial statements.
- The segregation of the adjusted expenses between those incurred for direct and indirect activities.
- The development of a ratio between the total indirect expenses and total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those indirect costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified as indirect costs are: Planning and Policy Making, Fiscal Operations, General Administrative Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employee performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Services, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher expense percentage is allowable if the college can support its allocation basis.

The rate, derived by determining the ratio of total indirect expenses and total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.

Table 4 Indirect Cost Rate for Community Colleges

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration	6000					
Academic Administration	301	2,941,386	105,348	2,836,038	0	2,836,038
Course Curriculum & Develop.	302	21,595	0	21,595	0	21,595
Instructional Support Service	6100					
Learning Center	311	22,737	863	21,874	0	21,874
Library	312	518,220	2,591	515,629	0	515,629
Media	313	522,530	115,710	406,820	0	406,820
Museums and Galleries	314	0	0	0	0	0
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300	1,679,596	54,401	1,625,195	0	1,625,195
Other Student Services	6400					
Financial Aid Administration	321	391,459	20,724	370,735	0	370,735
Health Services	322	0	0	0	0	0
Job Placement Services	323	83,663	0	83,663	0	83,663
Student Personnel Admin.	324	289,926	12,953	276,973	0	276,973
Veterans Services	325	25,427	0	25,427	0	25,427
Other Student Services	329	0	0	0	0	0
Operation & Maintenance	6500					
Building Maintenance	331	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	332	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance	333	596,257	70,807	525,450	0	525,450
Utilities	334	1,236,305	0	1,236,305	0	1,236,305
Other	339	3,454	3,454	0	0	0
Planning and Policy Making	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	341	0	0	0	0	0
Fiscal Operations	342	634,605	17,270	617,335	553,184	(a) 64,151
Subtotal		\$32,037,201	\$1,856,299	\$30,180,902	\$1,118,550	\$29,062,352

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Administrative Services	343	\$1,244,248	\$219,331	\$1,024,917	\$933,494	(a) \$91,423
Logistical Services	344	1,650,889	126,935	1,523,954	1,523,954	0
Staff Services	345	0	0	0	0	0
Noninstr. Staff Benefit & Incent.	346	10,937	0	10,937	0	10,937
Community Services	6800					
Community Recreation	351	703,858	20,509	683,349	0	683,349
Community Service Classes	352	423,188	24,826	398,362	0	398,362
Community Use of Facilities	353	89,877	10,096	79,781	0	79,781
Ancillary Services	6900					
Bookstores	361	0	0	0	0	0
Child Development Center	362	89,051	1,206	87,845	0	87,845
Farm Operations	363	0	0	0	0	0
Food Services	364	0	0	0	0	0
Parking	365	420,274	6,857	413,417	0	413,417
Student Activities	3663	0	0	0	0	0
Student Housing	67	0	0	0	0	0
Other	379	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	381	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	382	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$38,608,398	\$3,092,778	\$35,515,620	\$3,575,998	\$31,939,622
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				11.1961%		
(07) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

**C. Offset Against Mandated Claims**

As noted previously, allowable costs are defined as those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. When all or part of the costs of a mandated program are specifically reimbursable from local assistance revenue sources (e.g., state, federal, foundation, etc.), only that portion of any increased costs payable from school district funds is eligible for reimbursement under the provisions of GC § 17561.

**Example 1:**

As illustrated in Table 5, this example shows how the "Offset Against State Mandated Claims" is determined for school districts receiving block grant revenues not based on a formula allocation. Program costs for each of the situations equals \$100,000.

**Table 5 Offset Against State Mandates, Example 1**

	<b>Program Costs</b>	<b>Actual Local Assistance Revenues</b>	<b>State Mandated Costs</b>	<b>Offset Against State Mandated Claims</b>	<b>Claimable Mandated Costs</b>
1.	\$100,000	\$95,000	\$2,500	\$-0-	\$2,500
2.	100,000	97,000	2,500	-0-	2,500
3.	100,000	98,000	2,500	500	2,000
4.	100,000	100,000	2,500	2,500	-0-
5.	100,000 *	50,000	2,500	1,250	1,250
6.	100,000 *	49,000	2,500	250	2,250

\* School district share is \$50,000 of the program cost.

Numbers (1) through (4), in Table 5, show intended funding at 100% from local assistance revenue sources. Numbers (5) and (6) show cost sharing on a 50/50 basis with the district. In numbers (1) through (6), included in the program costs of \$100,000 are state mandated costs of \$2,500. The offset against state mandated claims is the amount of actual local assistance revenues which exceeds the difference between program costs and state mandated costs. This offset cannot exceed the amount of state mandated costs.

In (1), local assistance revenues were less than expected. Local assistance funding was not in excess of the difference between program costs and state mandated costs. As a result, the offset against state mandated claims is zero and \$2,500 is claimable as mandated costs.

In (4), local assistance revenues were fully realized to cover the entire cost of the program, including the state mandate activity; therefore, the offset against state mandated claims is \$2,500.

In (5), the district is sharing 50% of the project cost. Since local assistance revenues of \$50,000 were fully realized, the offset against state mandated claims is \$1,250.

In (6), local assistance revenues were less than the amount expended and the offset against state mandated claims is \$250. Therefore, the claimable mandated costs are \$2,250.

**Example 2:**

As illustrated in Table 6, this example shows how the offset against state mandated claims is determined for school districts receiving special project funds based on approved actual costs. Local assistance revenues for special projects must be applied proportionately to approved costs.

**Table 6 Offset Against State Mandates, Example 2**

	Program Costs	Actual Local Assistance Revenues	State Mandated Costs	Offset Against State Mandated Claims	Claimable Mandated Costs
1.	\$100,000	\$100,000	\$2,500	\$2,500	\$-0-
2.	100,000 **	75,000	2,500	1,875	625
3.	100,000 **	45,000	1,500	1,125	375

\*\* School district share is \$25,000 of the program cost.

In (2), the entire program cost was approved. Since the local assistance revenue source covers 75% of the program cost, it also proportionately covered 75% of the \$2,500 state mandated costs, or \$1,875.

If in (3) local assistance revenues are less than the amount expected because only \$60,000 of the \$100,000 program costs were determined to be valid by the contracting agency, then a proportionate share of state mandated costs is likewise reduced to \$1,500. The offset against state mandated claims is \$1,125. Therefore, the claimable mandated costs are \$375.

**6. Federal and State Funding Sources**

The listing in Appendix C is not inclusive of all funding sources that should be offset against mandated claims but contains some of the more common ones. State school fund apportionments and federal aid for education, which are based on average daily attendance and are part of the general system of financing public schools as well as block grants which do not provide for specific reimbursement of costs (i.e., allocation formulas not tied to expenditures), should not be included as reimbursements from local assistance revenue sources.

**7. Governing Authority**

The costs of salaries and expenses of the governing authority, such as the school superintendent and governing board, are not reimbursable. These are costs of general government as described by the federal guideline entitled "Cost Principle and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government," A-87.

**8. Payment of Claim by State Controller's Office**

All claims submitted to the SCO are reviewed to determine if the claim was prepared in accordance with the claiming instructions. If any adjustments are made to a claim, the claimant will receive a "Notice of Claim Adjustments" detailing adjustments made by the SCO.

**9. Audit of Claim by State Controller's Office**

The SCO has the authority to audit the records of a claimant and may reduce any claim which is determined by the SCO to be excessive or unreasonable. The claimant has the responsibility of retaining, for a period of two years after the end of the calendar year in which the reimbursement claim is filed or last amended, all supporting documents (books of original entry, general and subsidiary ledgers, purchase orders, invoices, canceled warrants and payroll records). In those instances where no funds are appropriated for the program for the fiscal year which the claim is made, the time for the SCO to initiate an audit commence to run from the date of initial payment of the claim. The claimant also has the responsibility of organizing the claim, supporting work papers and source documents in a manner which provides the auditor with a clear audit trail from the claim to supporting documents.



**10. Claim Forms and Instructions**

A claimant may submit a computer generated report in substitution for Form-1 and Form-2, provided the format of the report and data fields contained within the report are identical to the claim forms included with these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file an estimated or reimbursement claim. The SCO will revise the manual and claim forms as necessary.

**A. Form-2, Component/Activity Cost Detail**

This form is used to segregate the detail costs by claim component. In some mandates, specific reimbursable activities have been identified for each component. The expenses reported on this form must be supported by the official financial records of the claimant and copies of supporting documentation, as specified in the claiming instructions, must be submitted with the claims. All supporting documents must be retained for a period of not less than two years after the calendar year in which the reimbursement claim is filed or last amended.

**B. Form-1, Claim Summary**

This form is used to summarize direct costs by component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from Form-2 and are carried forward to form FAM-27.

Community colleges have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from Office of Management and Budget Circular A-21) or form FAM-29C.

**C. Form FAM-27, Claim for Payment**

This form contains a certification that must be signed by an authorized representative of the county. All applicable information from Form-1 must be carried forward onto this form in order for the SCO to process the claim for payment.

# ABSENTEE BALLOTS

## 1. Summary of Chapters 77/78 and 920/94

Elections Code § 3003, as added and amended by Chapter 77, Statutes of 1978, and Chapter 920, Statutes of 1994, requires that absentee ballots be available to any registered voter without the prerequisite of certain conditions as required under prior law.

On June 17, 1981, the Board of Control, predecessor to the Commission on State Mandates, determined that Chapter 77, Statutes of 1978, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

## 2. Eligible Claimants

Any school district (K-12), county board of education, or community college, that administers an election program and incurs increased costs as a result of this mandate is eligible to claim reimbursement of these costs.

## 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal years 1996-97 and 1997-98, may be made available in a future appropriation act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the "Annual Claiming Instructions for State Mandated Costs" issued in September of each year to county superintendents of schools and superintendents of schools.

## 4. Types of Claims

### A. Reimbursement and Estimated Claims

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

### B. Minimum Claim

Government Code § 17564(a) provides that no claim shall be filed pursuant to Government Code § 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of two or more districts within the county even if an individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district. Once a combined claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing a written notice to the county superintendent of schools and the State Controller's Office of its intent to file a separate claim, at least 180 days prior to the deadline for filing the claim.

**5. Filing Deadline****A. Initial Claims**

Initial claims must be filed within 120 days from the issuance of claiming instructions. Accordingly:

- (1) Reimbursement claims detailing the actual costs incurred for the 1996/97 fiscal year must be filed with the State Controller's Office and postmarked by June 17, 1998. If the reimbursement claim is filed after the deadline of June 17, 1998, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.
- (2) Estimated claims for costs to be incurred during the 1997/98 fiscal year must be filed with the State Controller's Office and postmarked by June 17, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997/98 reimbursement claim must be filed by November 30, 1998.

**B. Annually Thereafter**

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_/19\_\_ Reimbursement Claim", and/or "19\_\_/19\_\_ Estimated Claim", claims may be filed as follows:

- (1) An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the schedule, "Appropriation for State Mandated Cost Programs" in the previous fiscal year's annual claiming instructions.

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

**6. Reimbursement**

Eligible claimants will be reimbursed for costs associated with an increase in absentee ballot filings using one of the recommended methods listed below.

Methods 1, 2, and 3, are intended for use where a school district or county board of education election is done by the county election official and billed to the district. Method 1 is the simplest and is applicable when the county election official does all calculations and provides a billing which distinguishes the reimbursable amount and the non-reimbursable amount billed.

Method 2 is under the assumption that the percentage increase in absentee ballots is uniform throughout the county and uses county-wide figures to determine the percentage of reimbursable costs.

Method 3 is more complex and requires the school district or county board of education to have data on the number of ballots and absentee ballots filed in the district. This method requires the collection of more data which, may or may not be readily available.

Method 4 is the most complex and is intended for use where school districts or county boards of education do their own elections and have the information on the number of ballots and absentee ballots as well as the per-ballot cost information needed for this method.

#### A. Method 1

If the county election official determines the claimant's pro rata share of reimbursable costs and reports these costs in a separate bill or as a line item on a bill, the claimant may claim the amount paid to the county for the reimbursable costs.

#### B. Method 2

(1) Obtain data from the county election official on the number of reimbursable absentee ballots ( $n$ ), the number of absentee ballots cast ( $z$ ) for the fiscal year, and the amount billed to the school district or county board of education by the county for the total absentee ballot costs.

(2) Calculate the Reimbursable Cost Percentage

$$\frac{n}{z} \cdot 100 = \text{Reimbursable Cost Percentage (p)}$$

(3) Calculate the Reimbursable Costs

$$\frac{p}{100} \cdot \text{Amount billed by county} = \text{Amount of Reimbursable Costs}$$

#### C. Method 3

(1) Base Year Calculation (remains the same for all fiscal years claimed)

w) Number of ballots cast in the district from January 1, 1975 through December 30, 1978 ( $w$ ).

x) Number of absentee ballots cast in the district from January 1, 1975 through December 30, 1978 ( $x$ ).

(2) Calculation for Fiscal Year Claimed (compute for each fiscal year claimed)

y) Number of ballots cast in the district in the fiscal year claimed ( $y$ ).

z) Number of absentee ballots cast in the district in the fiscal year claimed ( $z$ )

(3) Formula for Calculating Number of Reimbursable Absentee Ballots Filed

$$z - \frac{(x - y)}{w} = \text{Number of Reimbursable Absentee Ballots (n)}$$

(4) Calculation of Reimbursable Cost Percentage

$$\frac{n}{z} \cdot 100 = \text{Reimbursable Cost Percentage (p)}$$

(5) Calculation of Reimbursable Costs

$$\frac{p}{100} \cdot \text{Amount billed by county} = \text{Amount of Reimbursable Costs}$$

**D. Method 4**

(1) Base Year Calculation (remains the same for all fiscal years claimed)

w) Number of ballots cast in the district from January 1, 1975 through December 30, 1978 (w).

x) Number of absentee ballots cast in the district from January 1, 1975 through December 30, 1978 (x)

(2) Calculation for Fiscal Year Claimed (compute for each claim)

y) Number of ballots cast in the district in the fiscal year claimed (y)

z) Number of absentee ballots cast in the district in the fiscal year claimed (z)

(3) Formula for Calculating Number of Reimbursable Absentee Ballots Filed

$$z - \frac{(x - y)}{w} = \text{Number of reimbursable absentee ballots (n)}$$

(4) Calculation of Cost per Absentee Ballot Filing

- a. Material \$
- b. Postage \$
- c. Labor \$
- d. Overhead \$
- e. Cost per Absentee Ballot \$
- (a+b+c+d)

(5) Computation of Reimbursement

A. Number of Reimbursable Filings (Item 3)	_____
B. Cost per Filing (Item 4e) \$	_____
Total Reimbursement (A x B)	\$ _____

**7. Reimbursement Limitations**

Any offsetting savings or reimbursement the claimant received from any source including but not limited to, service fees collected, federal funds, other state funds as a result of this mandate shall be identified and deducted so only net local costs are claimed.

**8. Claiming Forms and Instructions**

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms AB-1.1, AB-1.2, AB-1.3 and AB-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>ABSENTEE BALLOTS</b>	For State Controller Use Only (19) Program Number 00002 (20) Date File _____/_____/_____ (21) LRS Input _____/_____/_____
--	--

LABEL HERE

(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
(02) Mailing Address	(22) AB-1.1, (03)	
Claimant Name	(23) AB-1.1, (06)	
County of Location	(24) AB-1.2, (03)(a)	
Street Address or P. O.. Box	(25) AB-1.2, (03)(b)	
City State Zip Code	(26) AB-1.2, (03)(c)	

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27) AB-1.2, (03)(d)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) AB-1.2, (05)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29) AB-1.3, (03)(a)
			(30) AB-1.3, (03)(b)
<b>Fiscal Year of Cost</b>	(06) 19___/19___	(12) 19___/19___	(31) AB-1.3, (03)(c)
<b>Total Claimed</b>	(07)	(13)	(32) AB-1.3, (03)(d)
<b>Less: 10% Late Penalty, but not to exceed \$1000</b>		(14)	(33) AB-1.3, (04)(d)
<b>Less: Estimated Claim Payment</b>		(15)	(34) AB-1.3, (05)
<b>Net Claimed Amount</b>		(16)	(35)
<b>Due from State</b>	(08)	(17)	(36)
<b>Due to State</b>		(18)	(37)

**(38) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code 17561, I certify that I am the person authorized by the local agency to file claims with the State of California for costs mandated by Chapter 77, Statutes of 1978, and Chapter 920, Statutes of 1994; 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 77, Statutes of 1978, and Chapter 920, Statutes of 1994.

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 77, Statutes of 1978, and Chapter 920, Statutes of 1994, set forth on the attached statements.

Signature of Authorized Representative \_\_\_\_\_ Date \_\_\_\_\_

Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(39) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number \_\_\_\_\_  
 \_\_\_\_\_ ( ) \_\_\_\_\_ Ext. \_\_\_\_\_

<p><b>ABSENTEE BALLOTS</b>  <b>Certification Claim Form</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>FAM-27</b></p>
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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. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the place shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If estimate exceeds the previous fiscal year's actual costs by more than 10%, complete form AB-1.1, 1.2, or 1.3, as applicable, and enter the total claimed amount.
- (08) Enter the same amount as shown in 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 AB-1.1, 1.2, or 1.3.
- (14) Filing Deadline. Initial Claims of Chs. 77/78 and 920/94. If the reimbursement claim for fiscal year 1996/97 is filed after June 17, 1998, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.  
  
Filing Deadline. Annually Thereafter. If the reimbursement claim is filed after November 30 following the fiscal year in which costs were incurred, the claim must be reduced by a late penalty. Enter the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If you are filing a reimbursement claim and have previously filed an estimated claim for the same fiscal year, enter the amount received for the estimated 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 (37) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (34) for the reimbursement claim [e.g., AB-1.3, (03)(a), means the information is located on form AB-1.3, line (03)(a). Enter the information on the same line but in the right-hand column as applicable. Cost information should be rounded to the nearest dollar, (i.e., no cents). Indirect cost percentage should be shown as a whole number and without the percent symbol (i.e., 7.548% should be shown as 8). The claim cannot be processed for payment unless this data block is correct and complete.
- (38) Read the statement "Certification of Claim." If the statement is true, the claim must be dated, signed by the agency's authorized representative and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (39) Enter the name of the person and telephone number that this office should contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL AND A COPY OF FORM FAM-27, AND A COPY OF ALL OTHER FORMS AND SUPPORTING DOCUMENTS TO:**

*Address, if delivered by  
U. S. Postal Service:*

**OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursement 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 Reimbursement Section  
 Division of Accounting and Reporting  
 3301 C Street, Suite 501  
 Sacramento, CA 95816**

MANDATED COSTS ABSENTEE BALLOTS CLAIM SUMMARY		FORM AB-1.1
(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	19 ___/19 ___
<b>Select Method 1, or 2 for Claiming Reimbursable Costs</b>		
<b>Method 1</b> This method is applicable when all calculations are done by the county election official then the school district is billed for the cost of election services.		
(03) Amount billed by the county for election costs (attach billing statement)		
<b>Method 2</b> In this method the percentage increase in absentee ballots is assumed to be uniform throughout the county so county-wide figures are used to determine the percentage of reimbursable costs.		
(04) Obtain data from the county election official on the number of reimbursable absentee ballots (attach the county's calculation)		
(05) Number of absentee ballots cast in the fiscal year		
(06) Amount billed by the county		
(07) Increased Costs	[Line (06) x {line (04) ÷ line (05)}]	
(08) Increased Costs	[From line (03) or line (07)]	
<b>Cost Reduction</b>		
(09) Less: Offsetting Savings, if applicable		
(10) Less: Other Reimbursements, if applicable		
(11) Total Claimed Amount	[Line (08) - {Line (09) + Line (10)}]	



<b>ABSENTEE BALLOTS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>AB-1.1</b>
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Fill in (01), (02), and (08) through (11) for all methods. Fill in (03) for method 1 only. Fill in (04) through (07) for method 2 only.

- (01) Enter the name of the claimant.
- (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 AB-1.1 must be filed for a reimbursement claim. Do not complete form AB-1.1 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 AB-1.1 must be completed and a statement attached explaining the increased costs. Without this information, the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Amount billed by the county for election costs. Enter the amount billed by the county and attach a copy of the billing statement.
- (04) Enter the data obtained from the county election official on the number of reimbursable absentee ballots and attach a copy of the county's calculation showing how this amount was derived.
- (05) Number of absentee ballots cast in the fiscal year. Enter the number of ballots that were cast in the fiscal year.
- (06) Amount billed by the county. Enter the amount that was billed by the county.
- (07) Increased Costs. Multiply line (06) by the quotient derived from dividing line (04) by line (05).
- (08) Increased Costs. Enter the amount of increased costs from line (03), if method 1 was used, or line (07), if method 2 was used.
- (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, or 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. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Increased Costs, line (08). 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.

<b>MANDATED COSTS ABSENTEE BALLOTS CLAIM SUMMARY</b>		<b>FORM AB-1.2</b>
(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	19 __/19 __
<b>Method 3</b> This method requires the school district to have data on the number of ballots and absentee ballots filed in the district.		
<b>Claim Statistics</b>		
(03)(a) Number of ballots cast from 1/1/75 through 12/30/78		
(b) Number of absentee ballots cast from 1/1/75 through 12/30/78		
(c) Number of ballots cast in the fiscal year of claim		
(d) Number of absentee ballots cast in the fiscal year of claim		
(04) Number of Reimbursable Absentee Ballots Filed	[Line (03)(d) - {(03)(b) x (03)(c) ÷ (03)(a)}]	
(05) Amount Billed by County (attach billing statement)		
(06) Increased Costs	[Line (05) x {line (04) ÷ line (03)(d)}]	
<b>Cost Reduction</b>		
(07) Less: Offsetting Savings, if applicable		
(08) Less: Other Reimbursements, if applicable		
(09) Total Claimed Amount	[Line (06) - {line (07) + line (08)}]	

<b>ABSENTEE BALLOTS CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM AB-1.2</b>
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- (01) Enter the name of the claimant.
- (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 AB-1.2 must be filed for a reimbursement claim. Do not complete form AB-1.2 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 AB-1.2 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) (a) Enter the number of ballots that were cast from January 1, 1975 through December 30, 1978.  
 (b) Enter the number of absentee ballots cast from January 1, 1975 through December 30, 1978.  
 (c) Enter the number of ballots that were cast in the fiscal year of claim.  
 (d) Enter the number of absentee ballots cast in the fiscal year of claim.
- (04) Number of Reimbursable Absentee Ballots Filed. Enter the difference of the number of absentee ballots cast in the fiscal year of claim, line (03)(d), and the result of multiplying the number of absentee ballots cast from 1/1/75 to 12/30/78, line (03)(b), by the number of ballots cast in the fiscal year of claim, line (03)(c), and dividing by the number of ballots cast from 1/1/75 to 12/30/78, line (03)(a).
- (05) Amount Billed by County. Enter the amount that was billed to the school district by the county. Attach a copy of the billing statement.
- (06) Increased Costs. Enter the result of multiplying the amount billed by the county, line (05), by the quotient from dividing the number of reimbursable absentee ballots filed, line (04), by the number of absentee ballots cast in the fiscal year of claim, line (03)(d).
- (07) 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.
- (08) 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, or other state funds which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (09) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (07), and Other Reimbursements, line (08), from Increased Costs, line (06). 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.

<b>MANDATED COSTS ABSENTEE BALLOTS CLAIM SUMMARY</b>				<b>FORM AB-1.3</b>
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>		Fiscal Year 19 ___/19 ___	
<b>Method 4</b> This method is used where the school district administers its own elections and information on the number of ballots and absentee ballots, and the cost per ballot is readily available.				
<b>Claim Statistics</b>				
(03)(a) Number of ballots cast from 1/1/75 through 12/30/78				
(b) Number of absentee ballots cast from 1/1/75 through 12/30/78				
(c) Number of ballots cast in the fiscal year of claim				
(d) Number of absentee ballots cast in the fiscal year of claim				
(04) Total Cost of Absentee Ballots in the Fiscal Year of Claim	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contracted Services	(d) Total Direct Costs
<b>Indirect Costs</b>				
(05) Indirect Cost Rate	[From J-380 or J-580]			%
(06) Total Indirect Costs	[Line (05) x {line (04)(d) - line (04)(c)}]			
(07) Total Cost of Absentee Ballots in the Fiscal Year of Claim	[Line (04)(d) + line (06)]			
(08) Cost per Absentee Ballot in the Fiscal Year of Claim	[Line (07) ÷ line (03)(d)]			
(09) Number of Additional Absentee Ballot Filings	[Line (03)(d) - {line (03)(b) x line (03)(c)} + line (03)(a)]			
(10) Total Cost of Additional Absentee Ballot Filings	[Line (08) x line (09)]			
<b>Cost Reduction</b>				
(11) Less: Offsetting Savings, if applicable				
(12) Less: Other Reimbursements, if applicable				
(13) Total Claimed Amount	[Line (10) - {Line (11) + Line (12)}]			

<b>ABSENTEE BALLOTS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>AB-1.3</b>
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- (01) Enter the name of the claimant.
- (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 AB-1.3 must be filed for a reimbursement claim. Do not complete form AB-1.3 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 AB-1.3 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) (a) Enter the number of ballots that were cast from January 1, 1975 through December 30, 1978.  
 (b) Enter the number of absentee ballots cast from January 1, 1975 through December 30, 1978.  
 (c) Enter the number of ballots that were cast in the fiscal year of claim.  
 (d) Enter the number of absentee ballots cast in the fiscal year of claim.
- (04) Total Cost of Absentee Ballots in the Fiscal Year of Claim. Enter the totals from form AB-2, line (05), columns (d), (e), and (f) to form AB-1.3, block (04) columns (a), (b), and (c) in the appropriate row. Total the row.
- (05) Indirect Cost Rate. Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable, for the fiscal year of costs.
- (06) Total Indirect Costs. Enter the result of multiplying the difference of Total Direct Costs, line (04)(d), and the sum of Contracted Services, line (04)(c), by the Indirect Cost Rate, line (05).
- (07) Total Cost of Absentee Ballots in the Fiscal Year of Claim. Enter the sum of Total Direct Costs, line (04)(d), and Total Indirect Costs, line (06).
- (08) Cost per Absentee Ballot in the Fiscal Year of Claim. Enter the result of dividing line (07) by line (03)(d).
- (09) Number of Additional Absentee Ballot Filings. Multiply the number of absentee ballots cast from 1/1/75 to 12/30/78, line (03)(b), by the number of ballots cast in the fiscal year of claim, line (03)(c). Divide that product by the number of ballots cast 1/1/75 to 12/30/78, line (03)(a). Subtract the quotient from the number of ballots cast in the fiscal year of claim, line (03)(d). Enter the difference as the number of additional ballot filings.
- (10) Total Cost of Additional Absentee Ballot Filings. Enter the product of multiplying line (08) by line (09).
- (11) 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.
- (12) 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, or other state funds which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (13) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total Cost of Additional Absentee Ballot Filings, 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.

<b>MANDATED COSTS ABSENTEE BALLOTS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM AB-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Total Cost of Absentee Ballots in the fiscal year of claim

(04) Description of Expenses: Complete columns (a) through (h)	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contracted Services
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(05) Total <input style="width: 40px;" type="text"/> Subtotal <input style="width: 40px;" type="text"/> Page: _____ of _____					
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<b>ABSENTEE BALLOTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>AB-2</b>
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- (01) Enter the name of the claimant.
- (02) Enter the fiscal year in which costs were incurred.
- (03) Leave blank.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs on form AB-1.3, line (04). To detail costs for the component activity box "checked" in line (03), enter the employee name(s), position title(s), a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, and contracted services. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed. If the descriptions are incomplete, the claim cannot be processed for payment.** 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. Such documents shall be made available to the State Controller's Office on request.

Object/ Subobject	Columns						Submit these supporting documents
	(a)	(b)	(c)	(d)	(e)	(f)	
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked			
Benefits	Title	Benefit Rate		Benefits = Benefit Rate x Salaries			
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity		
Contracted Services	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked  Inclusive Dates of Service			Itemized Cost of Services	Invoice

- (05) Total line (04), columns (d), (e), and (f) 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 for the component/activity, number each page. Enter the totals from line (05), columns (d), (e), and (f) to form AB-1.3, block (04), columns (a), (b), and (c).

## Collective Bargaining

### 1. Summary of Chapters 961/75 and 1213/91

The Rodda Act repealed Education Code Article 5 (commencing with § 13080), of Chapter 1 of Division 10 and added Chapter 10.7 (commencing with § 3540) to Division 4 of Title 1 of the Government Code, relating to public educational employment relations.

The Rodda Act, which became operative July 1, 1976, repealed the Winton Act and enacted provisions requiring the employer and employee to meet and negotiate, thereby creating a collective bargaining atmosphere for public school employers. It also established the Public Employment Relations Board (PERB). PERB is responsible for issuing formal interpretations and rulings regarding collective bargaining under the Rodda Act.

Government Code Section 3547.5 as added by Chapter 1213, Statutes of 1991, requires school districts to publicly disclose major provisions of a collective bargaining agreement after negotiations but before the agreement becomes binding.

On July 17, 1978, the Commission on State Mandates (COSM), (formerly Board of Control) determined that Chapter 961, Statutes of 1975, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

On August 20, 1998, COSM determined that Chapter 1213, Statutes of 1991, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

### 2. Eligible Claimants

Any school district (K-12), county office of education, or community college district that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### 3. Appropriations

These claiming instructions are issued following the adoption of the amended parameters and guidelines by COSM. To determine if this program is funded in subsequent fiscal years, refer to the schedule "Appropriation for State Mandated Cost Programs" in the *Annual Claiming Instructions for State Mandated Costs* issued in October of each year to county superintendents of schools and superintendents of schools.

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

Section 17564(a) of the Government Code provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school districts, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual district's claim does not exceed \$200. A combined claim must show the individual claim costs for each district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating school district. A school district may



withdraw from the combined claim form by providing a written notice of its intent to file a separate claim to the county superintendent of schools and the State Controller's Office at least 180 days prior to the deadline for filing the claim.

## 5. Filing Deadline

### A. Initial Claims- -County offices of education and school districts that submitted 1998-99 fiscal year claims for professional and consultant services at the \$100 per hour rate may amend their claims to be reimbursed at the \$135 per hour rate.

Pursuant to Government Code Section 17561, Subdivision (d)(1)(A), initial claims must be filed within 120 days from the issuance date of claiming instructions. Accordingly:

- (1) Amended reimbursement claims for the 1998-99 fiscal year must be filed with the State Controller's Office and postmarked by August 3, 2000. If the amended reimbursement claim is filed after the deadline of August 3, 2000, the approved amount of the difference between the \$100 and \$135 rate change must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.
- (2) An amended 1999-00 estimated claim for professional and consultant services at the \$135 per hour rate may be filed with the State Controller's Office and postmarked by August 3, 2000. Timely filed amended estimated claims will be paid before late claims.

### B. Annually Thereafter

Refer to the item "Reimbursable State Mandated Cost Programs" contained in the cover letter for mandated cost programs issued annually in October that identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_/19\_\_ Reimbursement Claim" and/or "19\_\_/20\_\_ Estimated Claim," claims may be filed as follows:

- (1) An estimated claim filed with the State Controller's Office must be postmarked by January 15 of the fiscal year in which costs will be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year. If the school district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the school district may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the "Appropriation for State Mandated Cost Programs" in the previous fiscal year's annual claiming instructions.

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by January 15 following the fiscal year in which costs will be incurred. If the claim is filed after the deadline but by January 15 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

## 6. Reimbursable Activities

The objective of the reporting forms is to determine the Rodda Act costs incurred during the current year and compare them with the adjusted costs incurred in the base year under the Winton Act. The first three claim components listed below apply to both the Winton Act and Rodda Act. Components D through F, which apply to the Rodda Act, represent activities that were not required under the Winton Act.

**A. Determining Bargaining Units and Exclusive Representation**

The cost of determining appropriate bargaining units, exclusive representation and representatives are reimbursable. Activities determined to be eligible reimbursements for this component are as follows:

**(1) Bargaining Unit Lists**

Development of proposed lists for the bargaining unit determination hearings.

(a) Contract services necessary for development of proposed lists.

(b) Salaries and benefits of district employees and related costs necessary to develop proposed lists.

**(2) PERB Hearings**

Representation costs for the school employer at PERB hearings held to determine the bargaining units and their exclusive representative.

(a) Salaries and benefits of district employees used to prepare for and represent employer at hearings.

(b) Contract services used to prepare for and represent the employer at hearings.

**(3) Substitutes**

The cost of hiring substitutes to replace the employer and exclusive bargaining unit witnesses required to testify at PERB hearings. The claimant must include with the claim, a list of teacher witnesses, their job classifications, and the date they were required to testify.

The cost of substitute release time for employee witnesses asked to attend PERB hearings by bargaining units, but not required to testify, is not eligible for reimbursement in this component.

**(4) Travel**

Travel Expenses incurred by district employer representatives required to attend PERB hearings. Reimbursement shall reflect the rate specified by the regulations governing employees of the local school district. However, the reimbursement cannot exceed the rate adopted by the Board of Control for state employees.

**(5) Transcript**

The cost of preparing one transcript per PERB hearing is reimbursable.

**B. Election of Unit Representation**

The cost of elections and decertification elections of unit representatives is reimbursable in the event PERB determines that a question of representation exists and orders an election held by secret ballot. The claimant must include with the claim, any PERB agreements or orders that state how the election must be held.

Activities eligible for reimbursement for this component are as follows:

**(1) Precinct Voting List**

The salaries, benefits, and related cost of developing and preparing a precinct list, if required by PERB.

**(2) Ballot Tally Observers**

The salary and benefits of a school employer representative, if required by PERB to observe the ballot count.

**C. Cost of Negotiations**

Costs associated with receipt of the exclusive representative's initial contract proposal, holding public hearings, providing a reasonable number of copies of the employer's contract proposal to the public, development and presentation of the initial district contract proposal, negotiation of the contract, reproduction and distribution of the final contract agreement. The claimant must include with the claim, a listing of the dates of all negotiation sessions held during the fiscal year of claim.

Activities determined to be eligible for reimbursement of this component are as follows:

(1) Representative's Contract Proposal

The employer's cost of analyzing the exclusive representative's initial contract proposal.

- (a) Salaries and benefits for public school employer representatives and supporting personnel participating in planning sessions and related contract services.

(2) Public Hearings

The cost of holding public hearings related to the contract negotiations.

(3) Public Distribution of Proposed Contract

The cost of providing a reasonable number of copies of the district's proposed contract to the public.

- (a) Reproduction of copies of the initial contract proposal for the district's supervisory, management, and confidential representatives are reimbursable.
- (b) A reasonable number of copies of the initial contract for distribution to the public is reimbursable.

(4) District Contract Proposal

The cost of employer salaries and benefits necessary for development and presentation of the initial district proposal and related contract services.

(5) Negotiation

The cost of negotiating a contract with the employee representatives.

- (a) Salaries and benefits for district employer representatives participating in negotiations and related contract services. Reimbursable costs for a maximum of five school district representatives per unit per negotiating session will be reimbursed.
- (b) Substitutes hired so that exclusive bargaining unit representatives can attend negotiations. List the job classification of the bargaining unit representative who required a substitute. List the dates and time the substitute worked. Substitute costs for a maximum of five representatives per unit negotiating per session are reimbursable.

(6) Public Distribution of Final Contract

The cost of reproduction of the contract and distribution of the final contract agreement.

- (a) Reproduction of copies of the initial contract for distribution to the district's supervisory, management, and confidential employee representatives.
- (b) A reasonable number of copies of the final contract for purposes of public information.

**The following costs are not eligible for reimbursement of this component:**

- (c) The cost of copies of the final contract provided to the collective bargaining unit members.
- (d) The salaries of union representatives.

**D. Impasse Proceedings**

The cost of impasse proceedings is reimbursable. Activities determined to be reimbursable for this component are as follows:

(1) Mediation

Representation costs for the school employer at mediation sessions are reimbursable.

- (a) Salaries and benefits for district employees to prepare and represent the employer at the sessions. Cost for a maximum of five public school employer representatives per mediation session will be reimbursed.
- (b) Contract services used to prepare for and represent the employer at the sessions.
- (c) The cost of substitutes hired to allow exclusive bargaining unit representatives to attend impasse proceedings. List the job classification of the employee witnesses and the dates and time of their attendance at mediation sessions. Reimbursement to a public school district employer is limited to the cost of hiring a maximum of five substitutes to replace five representatives so they can attend a mediation session.
- (d) The cost of renting facilities for the sessions.
- (e) The cost of the mediator is not eligible for reimbursement.

(2) Fact Finding

The cost of development and publication of the findings of the panel.

- (a) All the costs of the district employer representative serving on the fact-finding panel.
- (b) Fifty percent of the cost of the fact-finding panel mutually incurred by the employer representative and the employee bargaining unit representative. This may include the cost of teacher substitutes so that witnesses can attend fact-finding proceedings and the rental of facilities required to conduct the fact-finding hearing.
- (c) Special costs imposed on the district for the development of unique data required by a fact-finding panel. Describe the special costs and explain why this data would not have been required by a fact-finding panel under the Winton Act.

**E. Collective Bargaining Agreement Disclosure**

Disclosure of collective bargaining agreement *after* the negotiation and *before* adoption by the governing body, as required by Government Code Section 3547.5 and California State Department of Education Management Advisory 92-01 (or subsequent replacement).

- (1) Prepare the disclosure forms and documents.
- (2) Distribute a copy of the disclosure forms and documents to board members with a copy of the proposed agreement.
- (3) Make a copy of the disclosure forms and documents and the proposed agreement available to the public, prior to the day of the public meeting.
- (4) Train employer's personnel to prepare the disclosure forms and documents.
- (5) Materials and supplies necessary to prepare the disclosure forms and documents.

For items (1) through (3) above, list the date(s) of the public hearing(s) at which the major provisions of the agreement were disclosed in accordance with the requirements of Government Code Section 3547.5 and the Department of Education Advisory 92-01 (or subsequent replacement).

Procedures or formats that exceed those or duplicate activities required under any other statute or executive order are not reimbursable under this component.

**F. Contract Administration**

The cost of contract administration and adjudication of contract disputes either by arbitration or litigation is reimbursable.

Activities determined to be reimbursable for this component are as follows:

(1) Training Sessions

Reasonable costs incurred for a reasonable number of training sessions held for supervisory and management personnel regarding contract administration and interpretation of the negotiated contract.

(2) Grievances

(a) Salaries and benefits of public school personnel involved in adjudication of contract disputes along with related contract services.

(b) Substitutes hired so that representatives of an exclusive bargaining unit can attend adjudication hearings regarding contract disputes. List the job classifications of the employee witnesses and the dates and time they were required to attend adjudication hearings.

(c) The cost of one transcript per hearing is reimbursable.

(3) Contract Disputes Presented Before PERB

(a) Public school employer costs regarding contract disputes that are presented before PERB.

(b) Litigation costs incurred by a public school employer as a defendant in a court suit involving contract disputes may be reimbursable. (See (4) "Appeal of PERB Ruling," below, if claimant is the plaintiff).

(c) Expert witness fees if the witness is called by the public school employer.

(d) Reasonable reproduction costs for copies of a new contract that is required as a result of a dispute.

(e) A public school employer's portion of an arbitrator's fees (50% of costs) for adjudicating grievances.

(4) Appeal of PERB Ruling

Reasonable claimant costs associated with a contract dispute are reimbursable when the claimant is the plaintiff in a court suit to appeal a PERB ruling and the claimant is the prevailing party.

(a) The costs incurred become eligible for reimbursement in the fiscal year in which the appeal process has been exhausted.

(b) The claimant must include with the claim a copy of the court's ruling.

(c) If the claim includes costs associated with more than one appeal, the costs associated with each appeal must be shown separately.

No reimbursement is allowed where the public school employer has filed action directly with the courts without first submitting the dispute to PERB, if required.

No reimbursement shall be provided for filing of a brief with the court by a person who is not party to a litigation (i.e., amicus curiae).

**The following costs are not eligible for reimbursement of this component:**

(d) Contract interpretations conducted at staff meetings.

(e) Personal development and informational programs (i.e., classes, conferences, seminars, workshops) and time spent by employees attending such meetings.

- (f) Labor/management non-adversarial training sessions
- (g) Purchase of books and subscriptions for personal development and information purposes.

#### **G. Unfair Labor Practice Charges**

The cost of unfair labor practice adjudication process and public notice complaints are reimbursable.

Activities determined to be reimbursable for this component are as follows:

##### **(1) Unfair Labor Practice Presented to PERB**

- (a) Salaries and benefits of public school district representatives and related contract services.
- (b) The cost of substitutes hired to replace representatives of an exclusive bargaining unit required to attend adjudication hearings regarding unfair labor practice charges.
- (c) The cost of a transcript for each PERB hearing.
- (d) Reasonable reproduction costs.
- (e) Expert witness fees if the witness is called by the public school district.

##### **(2) Appeal of a PERB Ruling**

Claimant costs associated with the appeal of a PERB unfair labor practice decision are reimbursable if the claimant is the prevailing party.

- (a) The costs incurred become eligible for reimbursement in the fiscal year in which the appeal process has been exhausted.
- (b) The claim must include a copy of the court's ruling.
- (c) If the claim includes costs associated with more than one appeal, the costs associated with each appeal must be shown separately.

**The following costs are not eligible for reimbursement of this component:**

- (d) Appeal of an unfair labor practice if PERB is the prevailing party.
- (e) The filing of a brief with the court by a person who is not party to the litigation (i.e., amicus curiae).

### **7. Reimbursement Limitations**

#### **A. Fringe Benefits**

The actual fringe benefit costs may be claimed if supported by an itemized list of the costs, such as for: Retirement, social security, health and dental insurance, workers' compensation, etc.. If no itemization is submitted, twenty one percent of direct salary may be used for computing the fringe benefit costs.

#### **B. Contract Services**

The contract services guidelines in 8.A.(3) shall prevail, except that the reimbursable fee for collective bargaining contract services will not exceed \$135 per hour. Additionally, annual retainer fees shall be based on a fee not greater than \$135 per hour. The claims that are based on annual retainers shall contain a certification that the fee is no greater than \$135 per hour. Reasonable expenses will also be paid if identified on the monthly billings of consultants. However, travel expenses for consultants and experts (including attorneys) hired by the claimant shall not be reimbursed in an amount higher than that received by state employees as established under Title 2, Division 2, Section 700ff, California Code of Regulations.

**C. Travel Expenses**

Reimbursement of business and travel expenses is limited to an amount and type of that which can be claimed by state employees. Refer to Appendix B, State of California, Travel Expense Guidelines, for current per diem rates.

**D. Other Revenue Sources**

Any offsetting savings or reimbursement the claimant received from any source including, but not limited to, service fees collected, federal funds, and other state funds as a direct result of this mandate shall be identified and deducted so only net local cost is claimed.

**E. Governing Authority**

Salaries and expenses of the governing authority e.g. the Board of Trustees and Superintendent of Schools, are not reimbursable as a direct cost. These are costs of general government as described by the federal guideline "Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government," ASMB C-10.

**F. Quantify "Increased" Costs**

Determination of increased costs for each of these components requires the cost of current year Rodda Act activities to be offset (reduced) by the cost of the base year Winton Act activities. The Winton Act base year is generally fiscal year 1974-75.

Winton Act base year costs are adjusted by the Implicit Price Deflator (IPD) prior to offset against the current year Rodda Act costs for claim components, 6.A., 6.B., and 6.C. The IPD shall be listed in the annual claiming instructions.

Base Year	Adjustment
1974-75	1.490 1979-80 FY
1974-75	1.560 1980-81 FY
1974-75	1.697 1981-82 FY
1974-75	1.777 1982-83 FY

The cost of a claimant's current year Rodda Act activities are offset (reduced) by the cost of the base year Winton Act activities either by matching each component when claimants can provide sufficient documentation to segregate each component of the Winton Act base year activity costs or, by combining all three components when claimant cannot satisfactorily segregate each component of the Winton Act base year costs.

All allowable activity costs for Rodda Act components, 6.D., 6.E., 6.F., and 6.G., are increased costs since there were no similar activities required by the Winton Act; therefore no Winton Act base year offset is to be calculated.

**8. Claiming Forms and Instructions**

The diagram "Illustration of Claim Forms" provides a graphic presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms CB-1 and CB-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in this program. The claim forms provided for this program can be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary.

**A. Form CB-2, Component/Activity Cost Detail**

This form is used to segregate the detailed costs by claim component. A separate form CB-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

(1) Salaries and Benefits

Identify the employee(s) and/or show the classification of each employee(s) involved. Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate, and related fringe benefits.

Reimbursement of 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 workers' compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities that the employee performs.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate. The worksheet used to compute the hourly salary rate must be submitted with your claim. Actual benefit percent must be itemized. If no itemization is submitted, twenty one percent (21%) must be used for computation of claim costs. Identify the classification of employees committed to functions required under the Winton Act and those required by Chapter 961, Statutes of 1975.

(2) Materials and Supplies

Only expenditures that can be identified as a direct result of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate. The cost of materials and supplies that are not used exclusively for the mandate is limited to the pro rata portion used to comply with 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.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

(3) Contract Services

Show the name(s) of professionals or consultants separately, specify the functions performed relative to the mandate, length of appointment, and the itemized costs of such services. Invoices must be submitted as supporting documentation with the claim. The maximum reimbursable fee for contract services is \$135 per hour. Annual retainer fees shall be no greater than \$135 per hour. Reasonable expenses will also be paid as identified on the monthly billings of consultants.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

(4) Travel

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

Source documents may include, but are not limited to, employee travel expense claims, receipts and other documents evidencing the travel expenses.



For audit purposes all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

**B. Form CB-1, Claim Summary**

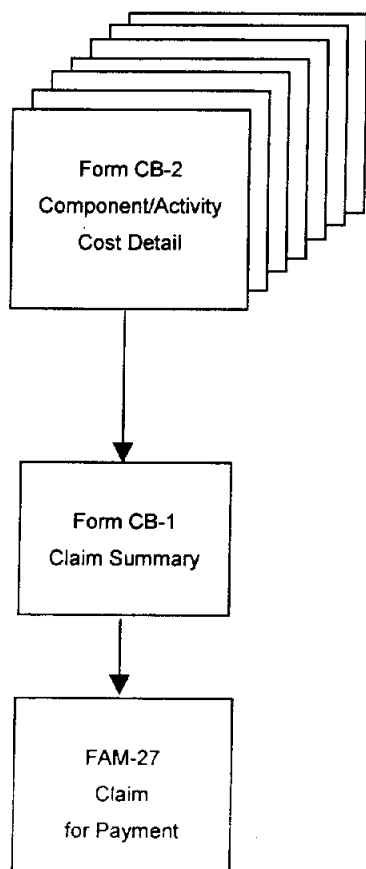
This form is used to summarize direct costs by cost component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from form CB-2 and carried forward to form FAM-27.

School districts and county offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. Community college districts must use one of the following three alternatives: A federally approved rate based on OMB Circular A-21; the State Controller's FAM-29C that utilizes CCFS-311.

**C. Form FAM-27, Claim for Payment**

This form contains a certification that must be signed by an authorized officer of the school district. All applicable information from form CB-1 must be carried forward to this form in order for the State Controller's Office to process the claim for payment.

Illustration of Forms



- Form CB-2, Component/Activity Cost Detail**  
Complete a separate form CB-2 for each cost component claimed.
- A. Determining Bargaining Units and Exclusive Representation
    - (1) Bargaining Unit Lists
    - (2) PERB Hearings
    - (3) Substitutes
    - (4) Travel Costs
    - (5) Transcripts
  - B. Election of Unit Representation
    - (1) Precinct Voting List
    - (2) Ballot Tally Observers
  - C. Cost of Negotiations
    - (1) Representative's Contract Proposal
    - (2) Public Hearings
    - (3) Public Distribution of Proposed Contract
    - (4) District Contract Proposal
    - (5) Negotiation
    - (6) Public Distribution of Final Contract
  - D. Impasse Proceedings
    - (1) Mediation
    - (2) Fact Finding
  - E. Collective Bargaining Agreement Disclosure
    - (1) Prepare Disclosure Forms and Documents
    - (2) Distribute Forms and Documents
    - (3) Copy Forms and Documents
    - (4) Train Employer's Personnel
    - (5) Purchase Necessary Supplies
  - F. Contract Administration
    - (1) Training Sessions
    - (2) Grievances
    - (3) Contract Disputes Presented to PERB
    - (4) Appeal of a PERB Ruling
  - G. Unfair Labor Practice Charges
    - (1) Unfair Labor Practice Presented to PERB
    - (2) Appeal of a PERB Ruling

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561  <b>COLLECTIVE BARGAINING</b>	For State Controller Use Only (19) Program Number 00011 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b>  <b>011</b>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) CB-1, (03)(1)(e)	
	County of Location	(23) CB-1, (03)(2)(e)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) CB-1, (03)(3)(e)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) CB-1, (03)(4)(e)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) CB-1, (03)(5)(e)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) CB-1, (03)(6)(e)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) CB-1, (03)(7)(e)	
			(29) CB-1, (04)(d)	
<b>Fiscal Year of Cost</b>	(06) <b>20__/20__</b>	(12) <b>20__/20__</b>	(30) CB-1, (04)(e)	
<b>Total Claimed Amount</b>	(07)	(13)	(31) CB-1, (05)(e)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 961, Statutes of 1975, and Chapter 1213, Statutes of 1991, 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 961, Statutes of 1975, and Chapter 1213, Statutes of 1991.

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 961, Statutes of 1975, and Chapter 1213, Statutes of 1991, set forth on the attached statements.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_

E-Mail Address \_\_\_\_\_

<b>Program</b> <b>011</b>	<b>COLLECTIVE BARGAINING</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03), Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04), Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05), Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form CB-1 and enter the amount from line (16).
- (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 CB-1, line (16).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were 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., CB-1, (03)(1)(e), means the information is located on form CB-1, block (03), line (1), column (e). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

**SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:**

*Address, if delivered by U.S. Postal Service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 P.O. Box 942850  
 Sacramento, CA 94250

*Address, if delivered by other delivery service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 3301 C Street, Suite 500  
 Sacramento, CA 95816

<b>Program</b> <b>011</b>	<b>MANDATED COSTS COLLECTIVE BARGAINING CLAIM SUMMARY</b>	<b>FORM CB-1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
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Rodda Act Direct Costs	Cost Elements				
(03) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Travel	(d) Contract Services	(e) Total
1. Determining Bargaining Units and Exclusive Representation					
2. Election of Unit Representation					
3. Cost of Negotiations					
4. Impasse Proceedings					
5. Collective Bargaining Agreement Disclosure					
6. Contract Administration					
7. Unfair Labor Practice Charges					
(04) Total Rodda Act Direct Costs					

Winton Act Direct Costs					
(05) Base Year, 1974-75 Direct Costs					
(06) Base Year Direct Costs Adjusted by IPD					[Line (05)(e) x 3.174 for 2000-01 F.Y.]
(07) Increased Direct Costs					[Line (04)(e) – line (06)]

Indirect Costs					
(08) Total Rodda Act Direct Costs less Contract Services					[Line (04)(e) – line (04)(d)]
(09) Base Year Costs less Contract Services adjusted by IPD					{[Line (05)(e) - line (05)(d)] x 3.3174}
(10) Increased Direct Costs less Contract Services					[Line (08) - line (09)]
(11) Indirect Cost Rate					From J-380, J-580, or FAM-27C
(12) Increased Indirect Costs					[Line (10) x line (11)]
(13) Total Increased Direct and Indirect Costs					[Line (07) + line (12)]

Cost Reduction					
(14) Less: Offsetting Savings					
(15) Less: Other Reimbursements					
(16) Total Claimed Amount					[Line (13) – (line (14) + line (15))]

<b>Program</b> <b>011</b>	<b>COLLECTIVE BARGAINING CLAIM SUMMARY Instructions</b>	<b>FORM CB-1</b>
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- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.
- Form CB-1 must be filed for a reimbursement claim. Do not complete form CB-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 CB-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) For each of the reimbursable components, enter the total allowable cost from form CB-2, line (05), columns (d) through (g) onto form CB-1, block (03), lines (1) through (7), columns (a) through (d). Total each line and enter in column (e).
- (04) Add columns (03)(d) and (e) for Cost Elements, and enter the totals on this line.
- (05) Method A. Enter the 1974-75 Winton Act (base year ) costs on line (05)(e). Enter on line (05)(d) any contract service costs included in line (05)(e).
- Method B. Enter the amount from form CB-1.1, line (04)(b) onto line (05)(e). Enter on line (05)(d) any contract service costs included in line (05)(e).
- (06) Method A. Multiply the base year cost on line (05)(e) by the implicit price deflator (IPD). The 2000-01 IPD is 3.174.
- Method B. Enter the amount from form CB-1.1, line (04)(d).
- (07) Subtract the Base Year Direct Costs Adjusted by the IPD, line (06), from Total Rodda Act Direct Cost, line (04)(e).
- (08) Subtract Total Contract Services, line (04)(d), from Total Rodda Act Direct Costs, line (04)(e).
- (09) Subtract Base Year Contract Services, line (05)(d), from Base Year, 1974-75 Direct Costs, line (05)(e), and multiply the remainder by the IPD.
- (10) Subtract Base Year Costs less Contract Services adjusted by the IPD, line (09), from Total Rodda Act Direct Costs less Contract Services, line (08).
- (11) Enter the indirect cost rate. School districts (K-12) may compute the amount of indirect costs to claim by multiplying their total direct costs by the State Department of Education forms J-380 or J-580 rate applicable to the fiscal year of costs. Community college districts may use the federally approved OMB A-21 rate, or the rate computed using form FAM-29C.
- (12) Multiply Incremental Direct Costs less Contract Services, line (10), by Indirect Cost Rate, line (11).
- (13) Enter the sum of Incremental Costs, line (07), and Incremental Indirect Costs, line (12).
- (14) 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.
- (15) 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.
- (16) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

<b>MANDATED COSTS COLLECTIVE BARGAINING DETERMINING WINTON ACT COSTS</b>		<b>FORM CB-1.1</b>
(01) Claimant	(02) Fiscal Year	19__/20__

**NOTE:** Beginning with the 1992-93 claims, a school district has the option of using Method A or Method B for this segment of the claim to determine increased costs due to the Rodda Act.

Method A: School districts have been using this method in previous fiscal years to determine increased costs. The school district reduces the current Rodda Act costs by the total 1974-75 Winton Act (base year) cost adjusted by annual changes in the implicit price deflator. Rodda Act costs in excess of the adjusted Winton Act costs are claimable. If a school district chooses to continue with this method, do not complete form CB-1.1.

Method B: This method is new. It may be advantageous for a school district to use this method if the district can provide cost documentation for each 1974-75 Winton Act cost component listed below. The Rodda Act has the three similar matching cost components. Under each matched component, report only the amount of Winton Act costs adjusted by changes in the implicit price deflator for which current Rodda Act costs exist. Examples: (1) If the Rodda Act costs exceed the adjusted Winton Act costs for the component, all Winton Act costs of the component must be reported for purposes of reducing the Rodda Act costs. (2) If the adjusted Winton Act costs exceed current Rodda Act costs for the component, residual Winton Act costs do not have to be applied against current Rodda Act costs of other components. If Method B is chosen, the claimant must complete the following:

- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs are being filed.
- (03) Complete the following:
  - (a) Enter in column (a) the current Rodda Act costs for each of the three cost components, if any.
  - (b) Enter in column (b) the amount of the 1974-75 Winton Act costs applicable to each of the three components. The total on line (4) column (b) should be the same as shown on form CB-1, line (5)(e).
  - (c) Enter in column (c) the product of multiplying the 1974-75 Winton Act cost component in column (b) by the implicit price deflator specified for the fiscal year of the claim.
  - (d) Enter in each row, column (d), the lesser amount of column (a) or column (c). Total column (d) and forward the amount to form CB-1, line (06).

Similar Cost Components of the Rodda Act and Winton Act	(a) Current Rodda Act Costs	(b) 1974-75 Winton Act Costs Applied	(c) 1974-75 Winton Act Costs Adjusted by IPD	(d) Winton Act Costs to be Applied
1. Determination of Bargaining and Exclusive Representation	\$	\$	\$	\$
2. Election of Unit Representation				
3. Meet and Confer (Cost of Negotiations)				
4. Totals	\$	\$	\$	\$

<b>MANDATED COSTS COLLECTIVE BARGAINING COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM CB-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Components: Check only one box per form to identify the component being claimed.

<input type="checkbox"/> Determining Bargaining Units and Exclusive Representation	<input type="checkbox"/> Collective Bargaining Agreement Disclosure
<input type="checkbox"/> Election of Unit Representation	<input type="checkbox"/> Contract Administration
<input type="checkbox"/> Cost of Negotiations	<input type="checkbox"/> Unfair Labor Practice Charges
<input type="checkbox"/> Impasse Proceedings	

(04) Description of Expenses: Complete columns (a) through (g)	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Travel	(g) Contract Services

(05) Total <input type="checkbox"/>	Subtotal <input type="checkbox"/>	Page: ___ of ___					
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<b>COLLECTIVE BARGAINING COMPONENT/ACTIVITY COST DETAIL</b> Instructions	<b>FORM CB-2</b>
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- (01) Enter the name of the claimant.
- (02) No entry required.
- (03) Reimbursable Components. Check the box that indicates the cost component being claimed. Check only one box per form. A separate form CB-2 shall be prepared for each component that applies.
- (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 name(s), position title(s), a brief description of the activities performed, actual time spent by each employee, productive hourly rate(s), fringe benefit(s), materials and supplies used, travel, and contract services. **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. 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)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
<b>Benefits</b>	Title Activities	Benefit Rate	Hours Worked	Benefits = Benefit Rate x Salaries				
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
<b>Travel</b>	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode			Total Travel Cost = Rate x Days or Miles		
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Itemized Cost of Services Performed	

- (05) Total line (04), columns (d), (e), (f), and (g) 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 costs, number each page. Enter totals from line (05), columns (d), (e), (f), and (g) to form CB-1, block (04), columns (a), (b), (c), and (d) in the appropriate row.

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2001-07

HEALTH BENEFITS FOR SURVIVORS OF  
PEACE OFFICERS AND FIREFIGHTERS (SCHOOLS)

JUNE 4, 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 Health Benefits for Survivors of Peace Officers and Firefighters (HB). These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Labor Code Section (LC §) 4856 as added by Chapter 1120, Statutes of 1996, requires school districts to provide lifelong health benefits to the survivors of peace officers and firefighters who died in the line of duty **after** September 30, 1996. Chapter 193, Statutes of 1997, amended LC § 4856 to apply these benefits retroactively, thereby requiring school districts to provide health benefits to survivors of peace officers and firefighters killed in the line of duty **before** September 30, 1996.

On October 26, 2000, the COSM determined that LC § 4856 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.

**Eligible Claimants**

Any school district (K-12), county board of education, or community college that employs peace officers (pursuant to Penal Code Section 830 et seq.) and firefighters and incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**A. Initial Claims**

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. If the death of the peace officer or firefighter occurred **before** 9/30/96, reimbursement claims for Chapter 193, Statutes of 1997, for the period 1/1/98 to 6/30/98 and fiscal years 1998-99 and 1999-00, must be filed with the SCO and be delivered or postmarked on or before **October 2, 2001**. If death occurred **after** 9/30/96, for Chapter 1120, Statutes of 1996, reimbursement costs for fiscal years 1997-98 through 1999-00, must be filed with the SCO and be delivered or postmarked on or before **October 2, 2001**. Estimated claims for the 2000-01 fiscal year must also be delivered or postmarked on or before **October 2, 2001**. Thereafter, having received payment for an estimated claim, the claimant must file an annual 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.

Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among fiscal years. If the claims are late, the penalty should be applied to a single fiscal year.

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, school districts 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%. Claimants 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%, claimants 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. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. 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. However, any county superintendent of schools, as the fiscal agent for the district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual claim does not exceed \$200. A combined claim must show the individual claim costs for each eligible district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing the county superintendent and the SCO with a written notice of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim. Claims should be rounded to the nearest dollar.

## **Reimbursement of 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 the 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 the 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 the 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 the 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

#### **Address for Filing Claims**

Submit a signed, original form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## **Parameters and Guidelines**

Labor Code Section 4856, Government Code Section 21635  
Statutes of 1996, Chapter 1120  
Statutes of 1997, Chapter 193

### *Health Benefits for Survivors of Peace Officers and Firefighters*

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#### **I. SUMMARY AND SOURCE OF THE MANDATE**

Statutes of 1996, chapter 1120 enacted Labor Code section 4856, which requires local agencies to provide lifelong health benefits to the survivors of peace officers and firefighters who die in the line of duty. Statutes of 1997, chapter 193 further amended Labor Code section 4856 by applying this benefit retroactively. Additionally, chapter 1120 amended Government Code section 21635, by deleting language exempting local agencies from collective bargaining under the Meyers-Miliias-Brown Act with their employees for survivor health benefits.

On October 26, 2000, the Commission adopted its Statement of Decision that the test claim legislation constitutes a reimbursable state mandated program upon local governments within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

#### **II. ELIGIBLE CLAIMANTS**

1. Providing Survivor Health Benefits (Labor Code Section 4856)  
Counties, cities, a city and county, and special districts, as defined in Government Code section 17518 that employ peace officers and firefighters, and school districts, as defined in Government Code section 17519, that employ peace officers are eligible claimants.
2. Collective Bargaining (Government Code Section 21635)  
Counties, cities, a city and county, and special districts, as defined in Government Code section 17518 are eligible claimants.

#### **III. PERIOD OF REIMBURSEMENT**

Section 17557 of the Government Code, prior to its amendment by Statutes of 1998, chapter 681, (effective September 22, 1998), stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for this mandate was filed on June 9, 1998.

Statutes of 1996, chapter 1120, an urgency statute, became effective September 30, 1996. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *after* September 30, 1996. And it allows collective bargaining for the continued health benefits coverage of a surviving spouse. Therefore, costs incurred for Statutes of 1996, chapter 1120, are eligible for reimbursement on or after July 1, 1997.

Statutes of 1997, chapter 193, became effective on January 1, 1998. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *before* September 30, 1996. Therefore, cost incurred for Statutes of 1997, chapter 193, are eligible for reimbursement on or after January 1, 1998.

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 issuance of claiming instructions.

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**

For each eligible claimant, all direct and indirect costs of labor, materials, supplies and services, training and travel for the performance of the following activities, are eligible for reimbursement:

##### Component A. Providing Survivor Health Benefits (Labor Code Section 4856)

1. Developing or updating internal policies, procedures and manuals as necessary to provide health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856 (one-time activity).
2. Upon the death of a peace officer or firefighter killed in the line of duty, the ongoing costs of maintaining files, manually or electronically, related to providing health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856, is reimbursable.
3. Dependent Notification
  - a. Upon the death of a peace officer or firefighter killed in the line of duty, providing a one-time notification to the surviving spouse that the local government employer must continue providing health benefits to the deceased employee's spouse and minor dependents under the same terms and conditions provided before death, or prior to the accident or injury that caused death. If there is no surviving spouse, then providing a one-time notification to the minor dependents, or guardian, that the local

government employer must continue providing health benefits until the minor dependents reach the age of 21 years.

- b. Providing a one-time notice to the minor dependents of peace officers or firefighters killed in the line of duty, when they are no longer eligible for continued health benefits under the surviving spouse's coverage. Or, if there is no surviving spouse, when the minor dependents reach the age of 21 years.
  - c. Upon remarriage of the surviving spouse, providing a one-time notice to the surviving spouse that the new spouse or stepchildren cannot be added as family members under the continued health benefits coverage of the surviving spouse.
4. Upon the death of a peace officer or firefighter killed in the line of duty, communicating with the insurance plan provider for the purpose of notifying the insurance plan provider of the peace officer's or firefighter's death, and coordinating with the insurance plan provider to ensure that the deceased peace officer's or firefighter's surviving spouse and eligible dependents will continue receiving health benefits under the same terms and conditions as provided before death, or prior to the accident or injury that caused death.
  5. Upon the death of a peace officer or firefighter killed in the line of duty, the amount of the insurance premiums paid to HMOs, or the contributions to self-insured pools, for the continued health benefits coverage to the deceased peace officer's or firefighter's surviving spouse, as required under Labor Code section 4856, is reimbursable. Eligible minor dependents are provided health benefits under the surviving spouse's coverage. If there is no surviving spouse, eligible dependents are provided health benefits until the age of 21 years. A surviving spouse's new spouse or stepchildren are ineligible for continued health benefits under the surviving spouse's coverage.

Component B. Collective Bargaining for the Continued Health Benefits Coverage of a Surviving Spouse (Government Code Section 21635)

1. Developing or updating internal policies, procedures and manuals as necessary to collectively bargain with local employee representatives (one-time activity).
2. Maintaining files manually or electronically related to collective bargaining.
3. The cost of up to five employer representatives and the cost of up to five employee representatives will be reimbursed for the following activities if a representative of a recognized employee organization requests that the local governmental employer meet and confer in good faith.
  - a. Reviewing the recognized employee organization's initial contract proposal.
  - b. Developing and presenting the local government employer's response to the recognized employee organization's initial contract proposal.
  - c. Participating in negotiating planning sessions in preparation of pending negotiations with the recognized employee organization's representatives.

- d. Negotiating with the recognized employee organization's representatives.
- e. Holding public hearings, pursuant to Government Code 3505.1, so that the governing board can approve the memorandum of understanding.
- f. Reproducing and distributing to employer representatives (supervisory, management, and confidential) that portion of the final contract agreement. Reproducing and distributing copies of the final contract to collective bargaining unit members are not reimbursable.

## V. CLAIM PREPARATION AND SUBMISSION

Claims 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 this document.

### SUPPORTING DOCUMENTATION

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

#### 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, the productive hourly rate, and related employee benefits.

Reimbursement includes compensation paid for salaries, wages, and employee benefits. Employee benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and workers' compensation insurance. Employee benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

##### 2. Materials and Supplies

Only expenditures that can be identified as a direct cost 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

Contracted services for participation of employer representatives in contract negotiations and negotiation planning sessions will be reimbursed. Provide the name(s) of the



contractor(s) who performed the services, including any fixed contracts 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. Submit contract consultant and attorney invoices with the claim.

#### 4. 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.

#### 5. Training

The cost of training an employee to perform the mandated activities 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.

#### Cities, Counties, and Special Districts

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) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

#### School Districts

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.
3. 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. SUPPORTING DATA**

For audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, 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, and all reimbursement claims are subject to audit during the period specified in Government Code, section 17558.5, subdivision (a).

## **VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received 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 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 claiming instructions, for those costs mandated by the State contained herein.

## **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

<p><b>CLAIM FOR PAYMENT</b>                  Pursuant to Government Code Section 17561  <b>HEALTH BENEFITS FOR SURVIVORS OF                  PEACE OFFICERS AND FIREFIGHTERS (SCHOOL DISTRICTS)</b></p>	<p><b>For State Controller Use Only</b>                  (19) Program Number 00198                  (20) Date Filed ___/___/___                  (21) LRS Input ___/___/___</p>	<p><b>Program</b>  <span style="font-size: 2em; font-weight: bold;">198</span></p>
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<p>L A B E L  H E R E</p>	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) HB-1, (03)	
	County of Location		(23) HB-1, (04)(A)(1)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) HB-1, (04)(B)(1)(f)	
	City	State	Zip Code	(25) HB-1, (04)(B)(2)(f)

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) HB-1, (04)(B)(3)(f)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) HB-1, (04)(B)(4)(f)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) HB-1, (04)(B)(5)(f)
			(29) HB-1, (06)
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20___	(12) <b>20</b> ___/20___	(30)
<b>Total Claimed Amount</b>	(07)	(13)	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due from State</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1120, 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.

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 1120, Statutes of 1996.

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 1120, Statutes of 1996, set forth on the attached statements.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

<b>Program 198</b>	<b>HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS (SCHOOL DISTRICTS) Certification Claim Form Instructions</b>	<b>FORM FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. 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 HB-1 and enter the amount from line (11).
- (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 HB-1, line (11).
- (14) **Filing Deadline. Initial Claims of Ch. 1120/96 and Ch. 193/97.** If the reimbursement claims for the fiscal years 1997-98 through 1999-00 (Ch. 1120/96) and 1/1/98 to 6/20/98, and fiscal years 1998-99 through 1999-00 (Ch. 193/97) are filed after **October 2, 2001**, the claims must be reduced by a late penalty. Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial 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. If the claims are late, the penalty 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 were 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., HB-1, (04)(A)(1)(f), means the information is located on form HB-1, block (04), line (A)(1), column (f). 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% 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

<b>Program</b> <span style="font-size: 2em; font-weight: bold;">198</span>	<b>MANDATED COSTS</b> <b>HEALTH BENEFITS FOR SURVIVORS OF</b> <b>PEACE OFFICERS AND FIREFIGHTERS (SCHOOLS)</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HB-1</b>			
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/20__			
<b>Claim Statistics</b>					
(03) Number of peace officers and firefighters who died in the line of duty during the fiscal year					
<b>Direct Costs</b>	<b>Object Accounts</b>				
(04) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Travel and Training	(f) Total
<b>A. One-Time Costs</b>					
1. Develop Policies & Procedures					
<b>B. Ongoing Costs</b>					
1. File Maintenance					
2. Dependent Notification					
3. Insurance Notification					
4. Continued Coverage					
(05) Total Direct Costs					
<b>Indirect Costs</b>					
(06) Indirect Cost Rate	[From J-380 or J-580]				%
(07) Total Indirect Costs	[Line (06) x line (05)(f)]				
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]				
<b>Cost Reduction</b>					
(09) Less: Offsetting Savings					
(10) Less: Other Reimbursements					
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]				

<b>Program</b> <b>198</b>	<b>HEALTH BENEFITS FOR SURVIVORS OF  PEACE OFFICERS AND FIREFIGHTERS (SCHOOLS)  CLAIM SUMMARY  Instructions</b>	<b>FORM  HB-1</b>
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- (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 HB-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 HB-1 must be filed for a reimbursement claim. Do not complete form HB-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 HB-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 peace officers and firefighters who died in the line of duty during the fiscal year of the claim.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form HB-2, line (05), columns (d) through (h) to form HB-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. Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Direct Costs, line (05)(f).
- (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.

Program <b>198</b>	<b>MANDATED COSTS</b> <b>HEALTH BENEFITS FOR SURVIVORS OF</b> <b>PEACE OFFICERS AND FIREFIGHTERS (SCHOOLS)</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	FORM HB-2
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

**One-Time Costs:**     Develop Policies and Procedures (A1)

**Ongoing Costs:**     File Maintenance (A2)                       Insurance Notification (A4)

Dependent Notification (A3)                       Continued Coverage (A5)

(04) Description of Expenses	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed, Description of Expenses, and *Date of Death	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
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<b>Program 198</b>	<b>HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS (SCHOOLS) COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM HB-2</b>
<b>Instructions</b>		

- (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 HB-2 should be completed for each department.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Reimbursable Components. Each component title lists the corresponding reimbursable activity from the Parameters and Guidelines. For example, Continued Coverage (A5), means the component description is listed in the Parameters and Guidelines under Section IV. Reimbursable Activities, Component A. 5.

Check the box which indicates the cost component being claimed. Check only one box per form. A separate form HB-2 shall be prepared for each applicable component.

- (04) \*Date of Death. Enter the date of death for each peace officer and firefighter in block (04), column (a).  
 Ch. 193/97, Death before 9/30/96: Reimbursement of costs for the period 1/1/98 to 6/30/98 and fiscal years 1998-99 and 1999-00 for actual claims and 2000-01 for estimated claims.  
 Ch. 1120/96, Death after 9/30/96: Reimbursement of costs for fiscal years 1997-98 through 1999-00 for actual claims and 2000-01 for estimated claims.

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/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
Benefits	Activities Performed	Benefit Rate	Hours Worked		Benefits = Benefit Rate x Salaries				
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used			Cost = Unit Cost x Quantity Used			
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Itemized Cost of Services Performed		Invoice
Travel and Training	Purpose of Trip Name and Title	Per Diem Rate	Days					Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode					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 HB-1, block (04), columns (a) through (e) in the appropriate row.

## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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

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

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

#### 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

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

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

#### 7. Reimbursement Limitations

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

#### 8. Claiming Forms and Instructions

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

**A. Form HFE- 2, Health Services**

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

**B. Form HFE-1.1, Claim Summary**

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

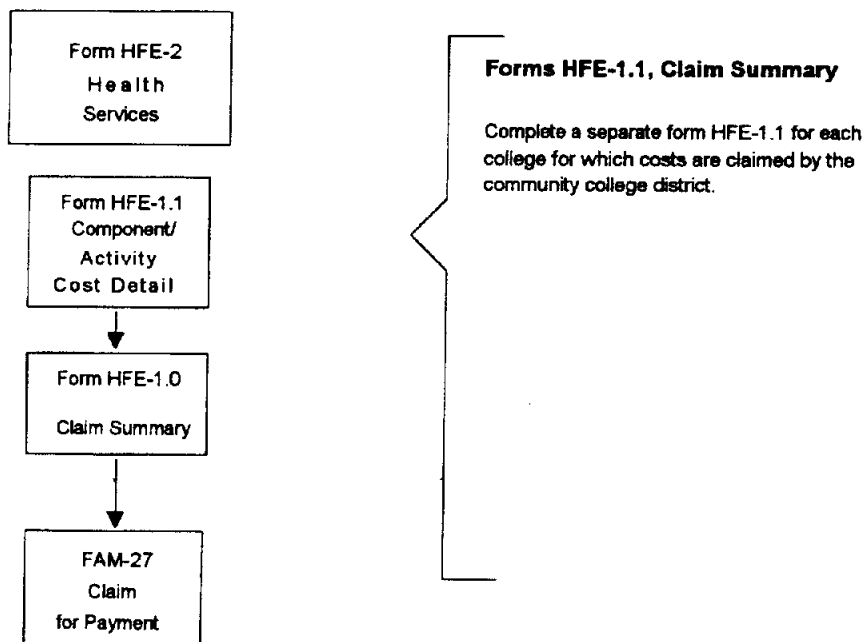
**C. Form HFE-1.0, Claim Summary**

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

**D. Form FAM-27, Claim for Payment**

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

**Illustration of Claim Forms**



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561  <b>HEALTH FEE ELIMINATION</b>	For State Controller Use Only (19) Program Number 00029 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b>  <b>029</b>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) HFE-1.0, (04)(b)	
	County of Location	(23)	
	Street Address or P.O. Box Suite	(24)	
	City State Zip Code	(25)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
<b>Fiscal Year of Cost</b>	(06) <b>20__/20__</b>	(12) <b>20__/20__</b>	(30)
<b>Total Claimed Amount</b>	(07)	(13)	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due from State</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

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

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

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

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_

Telephone Number ( ) - Ext. \_\_\_\_\_

E-Mail Address \_\_\_\_\_

<b>Program</b> <b>029</b>	<b>HEALTH FEE ELIMINATION</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.0 and enter the amount from line (04)(b).
- (08) Enter the same amount as shown on line (07).
- (09) If filing an original reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing an original reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended or a combined claim on behalf of districts within the county, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of reimbursement claim from form HFE-1.0, line (04)(b).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, line (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol. i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

**SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:**

*Address, if delivered by U.S. Postal Service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 P.O. Box 942850  
 Sacramento, CA 94250

*Address, if delivered by other delivery service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 3301 C Street, Suite 500  
 Sacramento, CA 95816

<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>		<b>FORM HFE-1.0</b>
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
<b>(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)</b>		
(a) Name of College	(b) Claimed Amount	
1.		
2.		
3.		
4.		
5.		
6.		
7.		
8.		
9.		
10.		
11.		
12.		
13.		
14.		
15.		
16.		
17.		
18.		
19.		
20.		
21.		
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]	

<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.0</b>
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(01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.

(02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.

(04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).



MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY							FORM HFE-1.1	
(01) Claimant		(02) Type of Claim				Fiscal Year		
		Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>				19__/19__		
(03) Name of College								
(04) Indicate with a check mark, the level at which health services were provided during the fiscal year of reimbursement in comparison to the 1986/87 fiscal year. If the "Less" box is checked, STOP, do not complete the form. No reimbursement is allowed.								
LESS <input type="checkbox"/>		SAME <input type="checkbox"/>		MORE <input type="checkbox"/>				
						Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim								
(06) Cost of providing current fiscal year health services which are in excess of the level provided in 1986/87								
(07) Cost of providing current fiscal year health services at the 1986/87 level [Line (05) - line (06)]								
(08) Complete columns (a) through (g) to provide detail data for health fees								
Period for which health fees were collected	(a) Number of Full-time Students	(b) Number of Part-time Students	(c) Unit Cost for Full-time Student per Educ. Code § 76355	(d) Full-time Student Health Fees (a) x (c)	(e) Unit Cost for Part-time Student per Educ. Code § 76355	(f) Part-time Student Health Fees (b) x (e)	(g) Student Health Fees That Could Have Been Collected (d) + (f)	
1. Per fall semester								
2. Per spring semester								
3. Per summer session								
4. Per first quarter								
5. Per second quarter								
6. Per third quarter								
(09) Total health fee that could have been collected				[Line (8.1g) + (8.2g) + .....(8.6g)]				
(10) Sub-total				[Line (07) - line (09)]				
<b>Cost Reduction</b>								
(11) Less: Offsetting Savings, if applicable								
(12) Less: Other Reimbursements, if applicable								
(13) Total Amount Claimed				[Line (10) - {line (11) + line (12)}]				

<b>HEALTH FEE ELIMINATION CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM HFE-1.1</b>
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- Form HFE-1.1 must be filed for a reimbursement claim. If you are filing an estimated claim and the estimate does not exceed the previous year's actual costs by 10%, do not complete form HFE-1.1. Simply enter the amount of the estimated claim on form FAM-27, line (05), Estimated. However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the name of the college or community college district that provided student health services in the 1986/87 fiscal year and continue to provide the same services during the fiscal year of the claim.
- (04) Compare the level of health services provided during the fiscal year of reimbursement to the 1986/87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditures report (individual college's cost of health services as authorized under Education Code § 76355 and included in the district's Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5). **If the amount of direct costs claimed is different than shown on the expenditures report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report.** For claiming indirect costs, college districts have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21), or the State Controller's methodology outlined in "Filing a Claim" of the Mandated Cost Manual for Schools.
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986/87 fiscal year.
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05), and the cost of providing current fiscal year health services that is in excess of the level provided in the 1986/87 fiscal year, line (06).
- (08) Complete columns (a) through (g) to provide details on the amount of health service fees that could have been collected. **Do not include students who are exempt from paying health fees established by the Board of Governors and contained in Section 58620 of Title 5 of the California Code of Regulations.** After 01/01/93, the student fees for health supervision and services were \$10.00 per semester, \$5.00 for summer school, and \$5.00 for each quarter. Beginning with the summer of 1997, the health service fees are: \$11.00 per semester and \$8.00 for summer school, or \$8.00 for each quarter.
- (09) Enter the sum of Student Health Fees That Could Have Been Collected, (other than from students who were exempt from paying health fees) [Line (8.1g) + line (8.2g) + line (8.3g) + line (8.4g) + line (8.5g) + line (8.6g)].
- (10) Enter the difference of the cost of providing health services at the 1986/87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a schedule of detailed savings with the claim.
- (12) Enter the total other reimbursements received from any source, (i.e., federal, other state programs, etc.). Submit a schedule of detailed reimbursements with the claim.
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986/87 Health Service Cost excluding Student Health Fees.

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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>	<b>FORM</b> <b>HFE-2</b>
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(01) Claimant:	(02) Fiscal Year costs were incurred:
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.	(a) FY 1986/87	(b) FY of Claim
<ul style="list-style-type: none"> <li>Child Abuse</li> <li>Birth Control/Family Planning</li> <li>Stop Smoking</li> <li>Library, Videos and Cassettes</li> </ul>		
First Aid, Major Emergencies		
First Aid, Minor Emergencies		
First Aid Kits, Filled		
Immunizations <ul style="list-style-type: none"> <li>Diphtheria/Tetanus</li> <li>Measles/Rubella</li> <li>Influenza</li> <li>Information</li> </ul>		
Insurance <ul style="list-style-type: none"> <li>On Campus Accident</li> <li>Voluntary</li> <li>Insurance Inquiry/Claim Administration</li> </ul>		
Laboratory Tests Done <ul style="list-style-type: none"> <li>Inquiry/Interpretation</li> <li>Pap Smears</li> </ul>		
Physical Examinations <ul style="list-style-type: none"> <li>Employees</li> <li>Students</li> <li>Athletes</li> </ul>		
Medications <ul style="list-style-type: none"> <li>Antacids</li> <li>Antidiarrheal</li> <li>Aspirin, Tylenol, Etc</li> <li>Skin Rash Preparations</li> <li>Eye Drops</li> <li>Ear Drops</li> <li>Toothache, oil cloves</li> <li>Stingkill</li> <li>Midol, Menstrual Cramps</li> <li>Other, list</li> </ul>		
Parking Cards/Elevator Keys <ul style="list-style-type: none"> <li>Tokens</li> <li>Return Card/Key</li> <li>Parking Inquiry</li> <li>Elevator Passes</li> <li>Temporary Handicapped Parking Permits</li> </ul>		

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>		<b>FORM</b> <b>HFE-2</b>	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b> Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies  <b>Tests</b> Blood Pressure Hearing Tuberculosis Reading Information  Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list  <b>Miscellaneous</b> Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list  <b>Committees</b> Safety Environmental Disaster Planning			

## INVESTMENT REPORTS

### 1. Summary of Chapters 783/95, 156/96, and 749/96

Government Code § 53646, subdivisions (a), (b), and (e), as added and amended by Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996, requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

On March 27, 1997, the Commission on State Mandates determined that Chapter 783, Statutes of 1995, Chapters 156 and 749, Statutes of 1996 resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

### 2. Eligible Claimants

Any school district (K-12), county office of education, or community college district, that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal period January 1, 1996 through June 30, 1996 and fiscal years 1996-97, and 1997-98, may be made available in a future appropriations act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule "Appropriation for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in September of each year to county superintendents of schools and superintendents of schools.

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

Government Code § 17564(a) provides that no claim shall be filed pursuant to Government Code § 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of one or more districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district. Once a combined claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing a written notice to the county superintendent of schools and the State Controller's Office of its intent to file a separate claim, at least 180 days prior to the deadline for filing the claim.

**5. Filing Deadline****A. Initial Claims**

Initial claims must be filed within 120 days from the issuance of claiming instructions. Accordingly:

- (1) Reimbursement claims detailing the actual costs incurred for the period 1/1/96 to 6/30/96 and 1996/97 fiscal years must be filed with the State Controller's Office and postmarked by May 20, 1998. If the reimbursement claim is filed after the deadline of May 20, 1998, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.
- (2) Estimated claims for costs to be incurred during the 1997/98 fiscal year must be filed with the State Controller's Office and postmarked by May 20, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997/98 reimbursement claim must be filed by November 30, 1998.

**B. Annually Thereafter**

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "X" is shown for the program listed under "19\_\_/19\_\_ Reimbursement Claim", and/or "19\_\_/19\_\_ Estimated Claim", claims may be filed as follows:

- (1) An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the "Appropriation for State Mandated Cost Programs" in the previous fiscal year's annual claiming instructions.

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

**6. Reimbursable Components**

For each eligible claimant, the direct and indirect cost of labor, supplies, and services incurred for the following mandated components are reimbursable:

**A. Statement of Investment Policy**

Prepare and submit the annual statement of investment policy and changes to:

- (1) The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.

- (2) The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

#### B. Quarterly Report of Investments

##### (1) Implementation Costs

Develop or modify existing policies and procedures for accumulating and compiling data to prepare the quarterly report of investments, as required in § 53646, subdivisions (b)(1), (2), (3), and/or (e).

##### (2) Ongoing Costs

(a) Accumulate and compile data necessary to prepare the quarterly reports of investments, as required in Government Code § 53646, subdivision (b)(1), (2), (3), and/or (e).

(b) Render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the school district as required in Government Code § 53646, subdivision (b)(1).<sup>1</sup>

#### 7. Reimbursement Limitations

##### A. Reimbursement claims may be filed for costs incurred, as follows:

- (1) Pursuant to Chapter 783, Statutes of 1995, costs are reimbursable on or after January 1, 1996. See 6.A.(1) above.
  - (2) Pursuant to Chapter 156, Statutes of 1996, costs are reimbursable on or after July 12, 1996. See 6.B.(2)(b) above. Permit the use of a statement, in lieu of the report, for any investment in an insured account.
  - (3) Pursuant to Chapter 749, Statutes of 1996, costs are reimbursable on or after January 1, 1997. See 6.A.(2) above.
- B. Any offsetting savings or reimbursement the claimant received from any source including but not limited to, service fees collected, federal funds, and other state funds as a result of this mandate shall be identified and deducted so only the net local cost is claimed.

#### 8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms INR-1 and INR-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

##### A. Form INR-2, Component/Activity Cost Detail

This form is used to segregate the detailed costs by claim component. A separate form INR-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

<sup>1</sup> Effective 10/9/97, Chapter 825/97, requires only quarterly reports on securities, investments, or moneys held in individual school accounts that are \$25,000 or more.



(1) Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed and specify the actual time devoted to each function by each employee, the productive hourly rates and related fringe benefits.

Source documents may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

(2) Materials and Supplies

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

Source documents may include, but are not limited to, invoices, receipts, purchase orders and other documents evidencing the validity of the expenditures.

(3) Contract Services

Give the name(s) of contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

(4) Fixed Assets

List the cost of fixed assets acquired specifically for the purpose of this mandate. Explain the use of each fixed asset. Leased fixed assets (with an option to purchase), are considered purchases. The cost of the fixed asset cannot be expensed for the year of purchase, unless permitted by the Commission on State Mandates. Only the asset's yearly depreciated value using the straight-line method may be claimed. The Internal Revenue Service, "Publication 946" may be used to obtain an estimated useful life for the fixed asset. If a fixed asset is acquired for the subject state mandate, but is utilized in some way not directly related to the program, only the pro-rated portion of the asset which is used for purposes of the program is reimbursable.

Source documents may include, but are not limited to, invoices, receipts, purchase orders and other documents evidencing the validity of the purchases.

(5) Training

Only the cost for a reasonable number of employees attending the training is reimbursable. Specialized training must be justified in writing by the claimant. Give the class title, dates, location, and name(s) of the employee(s) attending training classes associated with the mandate. Reimbursable costs include salaries and benefits for time spent, the registration fee, transportation, lodging, and per diem.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim 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.

**B. Form INR-1, Claim Summary**

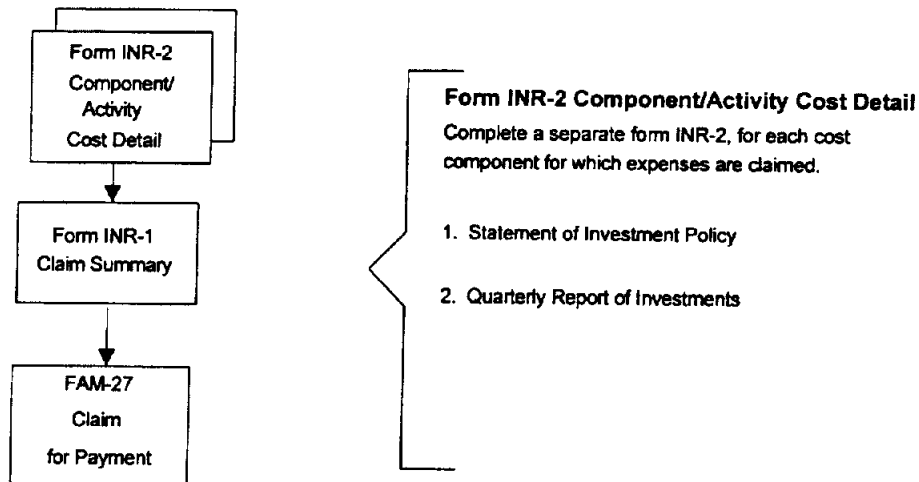
This form is used to summarize direct costs by claim component and compute allowable indirect costs for the mandate. Claim statistics shall identify the work performed for costs claimed. The claimant must give the number of investment reports prepared during the fiscal year of the claim.

School districts and local boards of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. The cost data on this form is carried forward to form FAM-27.

**C. Form FAM-27, Claim for Payment**

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form INR-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

**Illustration of Claim Forms**



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>INVESTMENT REPORTS (SCHOOL DISTRICTS)</b>	For State Controller Use Only (19) Program Number 00169 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>169</b>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) INR-1, (03)	
	County of Location	(23) INR-1, (04)(1)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) INR-1, (04)(2)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) INR-1, (06)	

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
<b>Fiscal Year of Cost</b>	(06) <b>20___/20___</b>	(12) <b>20___/20___</b>	(30)
<b>Total Claimed Amount</b>	(07)	(13)	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due from State</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 783, Statutes of 1995, and Chapter 156, 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 783, Statutes of 1995, and Chapter 156, Statutes of 1996.

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 783, Statutes of 1995, and Chapter 156, Statutes of 1996, set forth on the attached statements.

Signature of Authorized Officer	Date

Type or Print Name	Title
(38) Name of Contact Person for Claim	
Telephone Number ( ) - Ext.	
E-Mail Address	

<b>Program</b> <b>169</b>	<b>INVESTMENT REPORTS (SCHOOL DISTRICTS)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form INR-1 and enter the amount from line (11).
- (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 INR-1, line (11).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter either the product of multiplying line (13) by the factor 0.10 (10% penalty) or \$1,000, whichever is less.
- (15) If filing a reimbursement claim and a claim was previously filed for the same fiscal year, enter the amount received for the claim. Otherwise, enter a zero.
- (16) Enter the result of subtracting line (14) and line (15) from line (13).
- (17) If line (16) Net Claimed Amount is positive, enter that amount on line (17) Due from State.
- (18) If line (16) Net Claimed Amount is negative, enter that amount in line (18) Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., INR-1, (03), means the information is located on form INR-1, line (03). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (38) Enter the name, telephone number, and e-mail address of the person 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:*

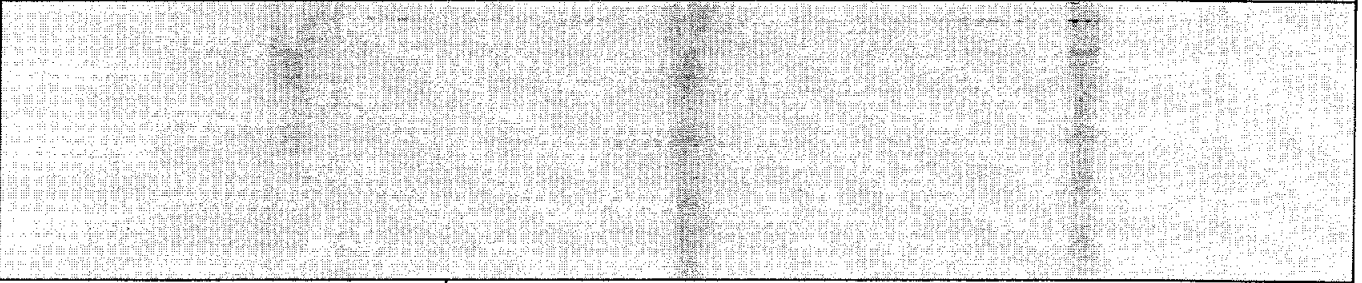
OFFICE OF THE STATE CONTROLLER  
ATTN: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

<b>MANDATED COSTS INVESTMENT REPORTS CLAIM SUMMARY</b>	<b>FORM INR-1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/20__
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**Claim Statistics**

(03) Number of investment reports prepared during the fiscal year	
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Direct Costs	Object Accounts					
(04) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Training	(d) Contract Services	(e) Fixed Assets	(f) Total
1. Statement of Investment Policy						
2. Quarterly Report of Investments						
(05) Total Direct Costs						

**Indirect Costs**

(06) Indirect Cost Rate	[[From J-380 or J-580]	%
(07) Total Indirect Costs	[Line (06) x line (05)(f) ]	
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]	

**Cost Reduction**

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

**INVESTMENT REPORTS  
CLAIM SUMMARY  
Instructions**

**FORM  
INR-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 form INR-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 INR-1 must be filed for a reimbursement claim. Do not complete form INR-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 INR-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 investment reports that were prepared during the fiscal year.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form INR-2, line (05), columns (d), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Indirect Cost Rate. Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Direct Costs, line (05)(f).
- (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. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). 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.

<b>MANDATED COSTS INVESTMENT REPORTS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM INR-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

Statement of Investment Policy
  Quarterly Report of Investments

(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 and Benefits	(e) Materials and Supplies	(f) Training	(g) Contract Services	(h) Fixed Assets

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
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<b>INVESTMENT REPORTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>INR-2</b>
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- (01) Enter the name of the claimant.
- (02) 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 INR-2 shall be prepared for each applicable component.
- (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, training costs, etc. Contract services are reimbursable to the extent that the activities performed require special skill or knowledge that are not readily available from the claimant's staff. If a piece of equipment acquired for the Investment Reports program is also utilized for other programs, only a prorated cost of the equipment is reimbursable. **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 Cost x Quantity Used				
Office Supplies									
Training	Employee Name Title Name of Class		Dates Attended			Registration Fee			
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Dates of Service				Itemized Cost of Services Performed		Invoice
Fixed Assets	Description of Equipment Purchased Equipment ID	Unit Cost	Quantity Used					Itemized Cost of Equipment Purchased	Invoice

- (05) Total line (04), columns (d), (e), (f), (g), and (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), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e) in the appropriate row.



OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2001-03

LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING  
(SCHOOL DISTRICTS)

APRIL 30, 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 Law Enforcement Sexual Harassment Training (LESH). 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).

Penal Code Section 13519.7, subdivisions (a) and (c), as added by Chapter 126, Statutes of 1993, require peace officers who are victims of sexual harassment in the workplace to follow sexual harassment complaint guidelines developed by the Commission on Peace Officer Standards and Training, and that peace officers who completed their basic training before January 1, 1995, receive supplementary training on sexual harassment in the workplace.

On September 28, 2000, the COSM determined that Penal Code Section 13519.7, subdivisions (a) and (c), establish costs mandated by the State according to the provisions listed in the P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any school district, community college district, or county office of education that employs peace officers and incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

Pursuant to Penal Code Section 13519.7, subdivision (c), the supplementary training on sexual harassment in the workplace should have been completed by January 1, 1997. Therefore, it is anticipated that a majority of the training costs would have been incurred prior to the 1998-99 fiscal year. However, if costs are being claimed for the 1998-99 and subsequent fiscal years, include a brief explanation of why the sexual harassment training was not completed until that time on form LESH-2.

**A. Initial Claims**

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Therefore, reimbursement claims for the 1996-97 through 1999-00 fiscal years and an estimated claim for the 2000-01 fiscal year must be filed with the SCO and must be delivered or postmarked on or before **August 28, 2001**. Thereafter, having received payment for an estimated claim, the claimant must file an annual 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.

Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among fiscal years. If the claims are late, the penalty should be applied to a single fiscal year.

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, school districts 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%. Claimants 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%, claimants 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 the 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 the SCO and postmarked by **August 28, 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. However, any county superintendent of schools, as the fiscal agent for the district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual claim does not exceed \$200. A combined claim must show the individual claim costs for each eligible district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing the county superintendent and the SCO with a written notice of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim. Claims should be rounded to the nearest dollar.

## **Reimbursement of 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 the 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 the 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 the 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. If no funds are appropriated for initial claims at the time the claims are 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 the SCO on request.

### **Retention of Claiming Instructions**

Claiming instructions and forms 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

Submit a signed, original and form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## Parameters and Guidelines

Penal Code Section 13519.7, Subdivisions (a) and (c)  
Statutes of 1993, Chapter 126

### *Law Enforcement Sexual Harassment Complaint Procedures and Training*

#### I. SUMMARY OF MANDATE

Penal Code Section 13519.7 as added by Statutes of 1993, Chapter 126, requires, in subdivision (a), that city police departments, county sheriffs' departments, districts, and state university departments follow sexual harassment complaint guidelines developed by the Commission on Peace Officer Standards and Training (POST) and, in subdivision (c), that peace officers, who completed their basic training before January 1, 1995, receive supplementary training on sexual harassment in the workplace by January 1, 1997.

On September 28, 2000, the Commission on State Mandates (Commission) adopted its Statement of Decision on the subject test claim, finding that Penal Code section 13519.7, subdivisions (a) and (c), constitutes a reimbursable state mandated program as follows:

“The sexual harassment guidelines, entitled “Sexual Harassment in the Workplace, Guidelines and Curriculum, 1994” which were developed by POST in response to Penal Code section 13519.7, subdivision (a), constitute a reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514;”

“Penal Code section 13519.7, subdivision (c), which requires peace officers to receive a one-time, two-hour course on sexual harassment by January 1, 1997, constitutes a reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 when the sexual harassment training occurs during the employee's regular working hours, or when the sexual harassment training occurs outside the employee's regular working hours and is an obligation imposed by an MOU existing on January 1, 1994 (the effective date of the statute), which requires the local agency to provide or pay for continuing education training, for the following increased ‘costs mandated by the state’:

- Salaries, benefits, and incidental expenses for each veteran officer to receive a one-time, two-hour course on sexual harassment; and
- Costs to present the one-time, two-hour course in the form of materials and trainer time.”

## II. ELIGIBLE CLAIMANTS

Cities, counties, city and county, school districts and community college districts that employ peace officers, and special districts as defined in Government Code section 17520 that are authorized by statute to maintain a police department.<sup>1</sup>

## 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 reimbursement for that fiscal year. This test claim was filed by the County of Los Angeles on December 23, 1997. Therefore, costs incurred in implementing Statutes of 1993, Chapter 126, after July 1, 1996, 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 shall be submitted within 120 days of notification by the State Controller of the enactment of the claim's 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

### A. Sexual Harassment Complaint Procedures

Local law enforcement agency costs incurred in following the sexual harassment guidelines developed by POST are reimbursable as follows:

#### One-time Costs

For the development of a local law enforcement agency's sexual harassment complaint policies and procedures, including:

1. Developing a formal written procedure for the acceptance of complaints from peace officers who are the victims of sexual harassment training in the workplace,
2. Providing a written copy of the local agency's complaint procedure to every peace officer employee,
3. Using definitions and examples of sexual harassment as contained in the Code of Federal Regulations (29 CFR 1604.11) and California Government Code Section 12950,
4. Identifying the specific steps complainants should follow for initiating a complaint,
5. Addressing supervisory/management responsibilities to intervene and/or initiate an investigation when possible sexual harassment is observed in the workplace,
6. Stating that agencies must attempt to prevent retaliation, and under the law, sanctions can be imposed if complainants and/or witnesses are subjected to retaliation,
7. Identifying parties to whom the incident should/may be reported, allowing complainant to circumvent their normal chain of command in order to report a sexual harassment incident, including stating that the complainant is always entitled to go directly to the California Department of Fair Employment Housing (DFEH) and/ or the Federal Equal Employment Opportunity Commission (EEOC) to file a complaint,

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<sup>1</sup> Penal Code section 13507 defines "district" to include the school districts, community college districts, and special districts authorized by statute to maintain a police department for purposes of the chapter on local officer standards and training.

8. Requiring that all complaints shall be fully documented by the person receiving the complaint,
9. Requiring that all sexual harassment prevention training shall be documented for each person and maintained in an appropriate file.

#### B. Sexual Harassment Training

Local law enforcement agency costs incurred in conducting sexual harassment training during their employee's regular working hours, or outside the employee's regular working hours and is an obligation imposed by an MOU existing on January 1, 1994 which requires that the local agency provide or pay for continuing education training, are reimbursable.

#### Claimant-Sponsored Training

Costs incurred in conducting a one-time, two-hour supplementary training class on sexual harassment in the workplace for each peace officer who completed basic training before January 1, 1995, are reimbursable as follows:

1. Training the trainers to conduct the training,
2. Obtaining training materials including, but not limited to, training videos and audio visual aids,
3. A one-time, two-hour sexual harassment training course for each peace officer veteran that includes:
  - a. Instructor time to prepare and teach the two-hour sexual harassment class,
  - b. Trainee time to attend the two-hour sexual harassment class.

#### Outside Training

Costs incurred in attending a one-time, two-hour outside training class which meets the requirements of the mandated training on sexual harassment in the workplace for peace officers, who completed their basic training before January 1, 1995, are reimbursable as follows:

1. Trainee time to attend the one-time, two-hour sexual harassment class,
2. Training fees for each peace officer attending the one-time, two-hour class,
3. Purchase of training materials for each peace officer attending the one-time, two-hour class.

### **V. CLAIM PREPARATION AND SUBMISSION**

Claims 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 this document and they must be supported by the following cost element information:

#### A. Direct Cost

Direct cost are defined as cost that can be traced to specific goods, services, units, programs, activities or functions and 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 personal 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 of 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 the 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 of trainees and trainers, registration fees, transportation, lodging, per diem, and incidental audiovisual aids. If the training encompasses subjects broader than this mandate, only the pro rata portion of the training costs can be claimed.

## 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.

### 1. Special Districts, Counties and Cities

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%.

### 2. School Districts

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

### 3. Community Colleges

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. SUPPORTING DATA**

For audit purposes, all costs claimed shall be traceable to source documents (e.g., invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations) 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, and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

## **VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall 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.

## **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on-or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>LAW ENFORCEMENT SEXUAL                  HARASSMENT TRAINING (SCHOOL DISTRICTS)</b>	For State Controller Use Only (19) Program Number 00194 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>194</b>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) LESH-1, (04)(a)	
	County of Location	(23) LESH-1, (04)(b)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) LESH-1, (05)(A)(1)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) LESH-1, (05)(B)(1)(f)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) LESH-1, (05)(B)(2)(f)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) LESH-1, (07)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)
			(29)
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/___ <b>20</b> ___	(12) <b>20</b> ___/___ <b>20</b> ___	(30)
<b>Total Claimed Amount</b>	(07)	(13)	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due from State</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 126, Statutes of 1993, 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 126, Statutes of 1993.

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 126, Statutes of 1993, set forth on the attached statements.

Signature of Authorized Officer	Date
Type or Print Name	Title
(38) Name of Contact Person for Claim	
Telephone Number ( ) -	Ext.
E-Mail Address	

<b>Program</b> <b>194</b>	<b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING (SCHOOL DISTRICTS)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. 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 LESH-1 and enter the amount from line (12).
- (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 LESH-1, line (12).
- (14) **Filing Deadline. Initial Claims of Ch. 126/93.** If the reimbursement claims for fiscal years 1996-97 through 1999-00 are filed after **August 28, 2001**, the claims must be reduced by a late penalty. Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial 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. If the claims are late, the penalty 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 were 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., LESH-1, (05)(A)(1)(f), means the information is located on form LESH-1, block (05), component (A), line (1), column (f). 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., 8.19% should be shown as 8. Completion of this data block will expedite the payment process.
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (38) Enter the name, telephone number, and e-mail address of the person 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

<b>Program</b> <b>194</b>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING (SCHOOL DISTRICTS)</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>LESH-1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/20__
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(03) Department	Leave blank.
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**Claim Statistics**

(04) Number of peace officers who received supplementary training on sexual harassment through:	
(a) Claimant-sponsored training during the fiscal year of the claim	
(b) Outside training during the fiscal year of the claim	

Direct Costs	Object Accounts				
(05) Reimbursable Components	(a) Salaries and Benefits	(b) Services and Supplies	(c) Fixed Assets	(d) Travel and Training	(e) Total
<b>A. One-Time Costs</b>					
1. Develop Policies & Procedures					
<b>B. Ongoing Costs</b>					
1. Claimant-Sponsored Training					
2. Outside Training					
(06) Total Direct Costs					

<b>Indirect Costs</b>		
(07) Indirect Cost Rate	[From J-380 or J-580]	%
(08) Total Indirect Costs	[Line (06)(e) x line (07)]	
(09) Total Direct and Indirect Costs	[Line (06)(e) + line (08)]	

<b>Cost Reduction</b>		
(10) Less: Offsetting Savings		
(11) Less: Other Reimbursements		
(12) Total Claimed Amount	[Line (09) - (line (10) + line (11))]	

<b>Program</b> <b>194</b>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING (SCHOOL DISTRICTS)</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>LESH-1</b>
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- (01) Claimant. Enter the name of the claimant.
- (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 LESH-1 must be filed for a reimbursement claim. Do not complete form LESH-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 LESH-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) Department. Leave blank.
- (04) (a) Enter the number of peace officers who received supplementary training on sexual harassment in the workplace through claimant-sponsored training during the fiscal year of the claim.  
(b) Enter the number of peace officers who received supplementary training on sexual harassment in the workplace through outside training during the fiscal year of the claim.
- (05) Reimbursable Components. For each reimbursable component, enter the total from form LESH-2, line (05), columns (d) through (g) to form LESH-1, block (05), columns (a) through (d) in the appropriate row. Total each row.
- (06) Total Direct Costs. Total columns (a) through (e).
- (07) Indirect Cost Rate. For school districts and county offices of education, enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable for the fiscal year of costs. Community college districts have the option of using a federally approved rate, the rate calculated on the State Controller's Office form FAM-29C, or 7%.
- (08) Total Indirect Costs. Multiply Total Direct Costs, line (06)(e), by the Indirect Cost Rate, line (07).
- (09) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (06)(e), and Total Indirect Costs, line (08).
- (10) 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.
- (11) 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.
- (12) Total Claimed Amount. From Total Direct and Indirect Costs, line (09), subtract the sum of Offsetting Savings, line (10), and Other Reimbursements, line (11). 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.

<b>Program</b>  <span style="font-size: 24pt; font-weight: bold;">194</span>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING (SCHOOL DISTRICTS)</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>LESH-2</b>
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

**One-Time Costs:**     Develop Policies and Procedures

**Ongoing Costs:**     Claimant-Sponsored Training                     Outside Training

(04) Description of Expenses: Complete columns (a) through (g).                    **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 and Benefits	(e) Services and Supplies	(f) Fixed Assets	(g) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/>	Page: ___ of ___	
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<b>Program</b>  <span style="font-size: 2em;"><b>194</b></span>	<b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING (SCHOOL DISTRICTS)</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> Instructions	<b>FORM</b> <b>LESH-2</b>
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- (01) Claimant. Enter the name of the claimant.
- (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 LESH-2 shall be prepared for each applicable component.
- (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 and training expenses. **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. If no funds are appropriated for the initial payment at the time the claims are 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)	
Salaries and Benefits	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
	Title	Benefit Rate		Benefits = Benefit Rate x Salaries				
Salaries	Activities							
Benefits								
Services and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
	Supplies							
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	Per Diem Rate	Days				Cost = Rate x Days or Miles	
	Travel	Mileage Rate	Miles				or Total Travel Cost	
Training	Departure and Return Date	Travel Cost	Travel Mode					
	Employee Name/Title		Dates Attended				Registration Fee	
	Name of Class							

- (05) Total line (04), columns (d) through (g) 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 (g) to form LESH-1, block (05), columns (a) through (d) in the appropriate row.

## Mandate Reimbursement Process (School Districts)

### 1. Summary of Chapter 486/75 and 1459/84

Chapter 486, Statutes of 1975, established the Board of Control's authority to hear and make determinations on claims submitted by local governments that allege costs mandated by the State. In addition, Chapter 486/75 contains provisions authorizing the State Controller's Office to receive, review, and pay reimbursement claims for mandated costs submitted by local governments.

Chapter 1459, Statutes of 1984, created the Commission on State Mandates, which replaced the Board of Control with respect to hearing mandated cost claims. This law established the "sole and exclusive procedure" by which a local agency is allowed to claim reimbursement as required by Section 6 of Article XIII B of the California Constitution for State Mandates under Government Code Section 17552.

Together these laws establish the process by which local agencies are to receive reimbursement for state mandated programs. As such, they prescribe the procedures that must be followed before mandated costs are to be recognized. They also dictate reimbursement activities by requiring local agencies to file claims according to instructions issued by the State Controller's Office.

On March 27, 1986, the Commission on State Mandates determined that Chapter 486, Statutes of 1975, and Chapter 1459, Statutes of 1984, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code Section 17500) of Division 4 of Title 2.

### 2. Eligible Claimants

Any school district, county office of education, or community college district that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. To determine if funding is available for the current fiscal year refer to the schedule, "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in October of each year to county superintendents of schools and superintendents of schools.

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

A claim for reimbursement or an estimate must exceed \$200 per year. However, a county as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual district's claim does not exceed \$200. The combined claim must show the individual claim costs for each district. Once a combined claim is filed, all subsequent claims for the same mandate must be filed in a combined form. A school district may withdraw from the combined claim form by providing a written notice to the county superintendent of schools and the State Controller's Office, of its intent to file a separate claim at least 180 days prior to the deadline for filing a claim.

## 5. Filing Deadline

Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by January 15 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year regardless whether the payment was more or less than the actual costs. If the school district fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the district may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by January 15 following the fiscal year in which the costs were incurred. If the claim is filed after the deadline but by January 15 of the succeeding fiscal year, the approved claim will be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

## 6. Reimbursable Activities

Eligible claimants will be reimbursed for costs incurred in the filing of successful test claims and reimbursement claims. The purpose of a test claim is to establish that local governments (counties, cities, school districts, special districts, etc.,) cannot be made financially whole unless all state mandated costs, both direct and indirect, are reimbursed. Since local costs would not have been incurred for test claims and reimbursement claims but for implementing state imposed mandates, all resulting costs are recoverable.

### A. Test Claims

All costs of successful test claims presented to the Commission on State Mandates are reimbursable, including unsuccessful test claims if an adverse Commission ruling is later reversed as a result of a court order. The following costs would be reimbursable:

Accumulated costs (current and prior years) for presenting a test claim which was successful shall be claimed in the fiscal year in which the Commission determines a reimbursable mandate exists for the program. After a successful test claim, costs incurred for developing parameters and guidelines, and necessary cost data for the program shall be claimed in the fiscal year in which costs were incurred.

#### (1) Preparing and Presenting Test Claims

The costs of preparing and presenting test claims to the Commission and the additional costs of litigation, if an unsuccessful test claim is later revised by a court order.

#### (2) Developing Parameters and Guidelines

The costs of developing parameters and guidelines for the successful test claim.

#### (3) Collection of Cost Data

The collection of cost data to determine the statewide impact of the successful test claim.

#### (4) Drafting Claiming Instructions

The costs of assisting the State Controller's Office in drafting the required claiming instructions.

### B. Reimbursement Claims

#### (1) Preparation of the Claim



All costs incurred for the preparation and submission of successful reimbursement claims to the State Controller's Office are claimable.

(2) Classes for Claim Preparation

The costs of attending classes designed to assist the claimant in identifying and correctly preparing the required documentation for a specific mandate are reimbursable. Allowable costs include, but are not limited to, salaries and benefits, transportation, registration fees and per diem.

Please note that costs of preparing and submitting reimbursement claims should be claimed in the fiscal year in which costs were incurred rather than in the fiscal year of the program cost.

For example, the initial filing deadline for Chapter 1117/84, Airport Land Use, for the increased costs incurred in the 1985/86 through 1988/89 fiscal years was May 15, 1990. The costs would be incurred in the 1989/90 fiscal year to prepare and file reimbursement claims for all four fiscal years. Therefore, the costs should be identified in the 1989/90 Mandate Reimbursement Process claim.

**C. Incorrect Reduction Claims**

If a claimant files a successful appeal with the Commission on State Mandates regarding the incorrect reduction of a claim and the Commission rules for the claimant, the following costs are reimbursable:

(1) Preparation of the Claim

All costs incurred for the preparation and submission of a claim to the State Controller's Office.

(2) Presentation to the Commission

The costs of presenting a successful incorrect reduction claim to the Commission.

Accumulated costs (current and prior years) to present a successful incorrect reduction claim shall be claimed in the fiscal year in which the Commission determined that the claim was incorrectly reduced.

**7. Reimbursement Limitations**

- A. ~~Legal costs not exceeding \$90 per hour will be considered reimbursable, subject to proper documentation. Any amount exceeding \$90 per hour will be subject to review and subsequent approval by the State Controller.~~
- B. Reimbursement limitation for independent contractor costs is detailed under Item 8.A.(3)(a) of these claiming instructions for the preparation and submission of reimbursement claims.
- C. Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate shall be identified and deducted so only net local costs are claimed.

**8. Claiming Forms and Instructions**

The diagram, "Illustration of Claim Forms," provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms MRP-1 and MRP-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be placed on the Internet for immediate access by claimants.

**A. Form MRP-2, Component/Activity Cost Detail**

This form is used to segregate the detailed costs by claim component. A separate form MRP-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

**(1) Salaries and Benefits**

Identify the employee(s) and/or show the classification of each employee(s) involved. Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate, and related fringe benefits.

Reimbursement of 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 workers' compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities that the employee performs. However, benefit rates must be itemized.

Source documents may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

**(2) Materials and Supplies**

Only expenditures that can be identified as a direct result of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate. The cost of materials and supplies that are not used exclusively for the mandate is limited to the pro rata portion used to comply with 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.

Source documents may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

**(3) Contract Services**

Costs incurred for contract services and/or legal counsel that assist in the preparation, submission, and/or presentation of claims are recoverable.

Give the name(s) of the contractor(s) who performed the services. Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

**Limitation on reimbursement for independent contractor costs for the preparation and submission of reimbursement claims.**

- (a) If a school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the school district.

The maximum amount of reimbursement provided for an independent contractor may be exceeded only if the school district establishes, by appropriate documentation and governing board certification, that the preparation and submission of these claims could

not have been accomplished without the incurring of the additional costs claimed by the school district.

- (b) Costs incurred for contract services and/or legal counsel that assist in the preparation, submission, and/or presentation of claims are recoverable within the limitations imposed under (a) above. Provide copies of the invoices and/or claims that were paid. For the preparation and submission of claims pursuant to Government Code Sections 17561 and 17564, submit an estimate of the actual costs that would have been incurred for that purpose if performed by employees of the school district. This cost estimate is to be certified by the governing body or its designee.

If reimbursement is sought for independent contractor costs that are in excess of [Test (1)] ten percent of the claims prepared and submitted by the independent contractor or [Test (2)] the actual costs that necessarily would have been incurred for that purpose if performed by employees of the school district, appropriate documentation must be submitted to show that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the district. Appropriate documentation includes the record of dates and time spent by staff of the contractor for the preparation and submission of claims on behalf of the school district, the contractor's billed rates and an explanation of reasons for exceeding Test (1) and/or Test (2). In the absence of appropriate documentation, reimbursement is limited to the lesser of Test (1) and/or Test (2). No reimbursement shall be permitted for the cost of contracted services without the submission of an estimate of actual costs by the district.

(4) Training

(a) Classes

Include the cost of classes designed to assist the claimant in identifying and correctly preparing state required documentation for specific reimbursable mandates. Such cost includes, but is not limited to, salaries and benefits, transportation, registration fees, per diem, and related costs incurred as a result of this mandate.

(b) Commission Workshops

Participation in workshops convened by the Commission is reimbursable. Such costs include, but are not limited to, salaries and benefits, transportation and per diem. This does not include reimbursement for participation in rulemaking proceedings.

For audit purposes all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

**B. Form MRP-1, Claim Summary**

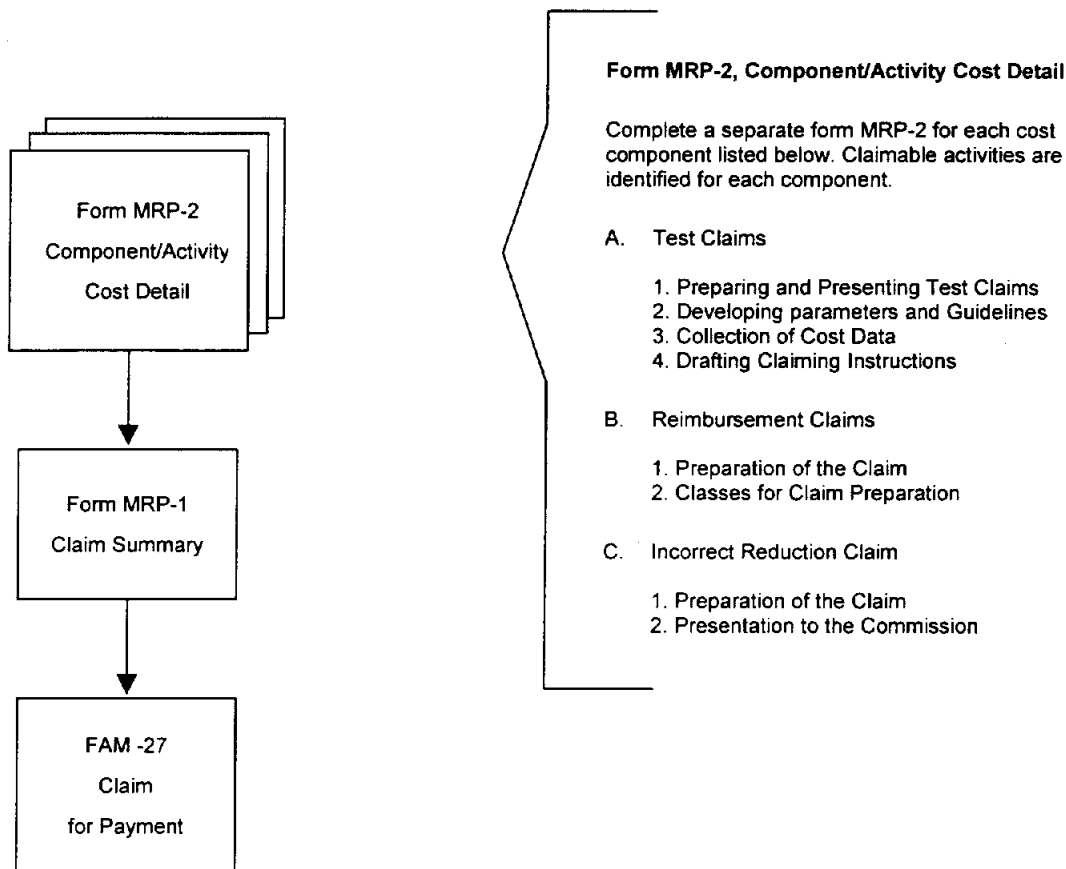
This form is used to summarize direct costs by claim component and compute the allowable indirect costs for the mandate. Claim statistics shall identify the work performed for which costs are claimed. The claimant must give the chapter/statute and name of each mandated program. If claiming the cost of a successful test claim or incorrect reduction claim, give the date when the claim was heard by the Commission on State Mandates. Direct costs on this form are derived from form MRP-2 and carried forward to form FAM-27.

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 involved in the mandated program, each department must have their own ICRP.

**C. Form FAM-27, Claim for Payment**

This form contains a certification that must be signed by an authorized officer of the local agency. All applicable information from form MRP-1 must be carried forward to this form in order for the State Controller's Office to process the claim for payment.

**Illustration of Claim Forms**



<p><b>CLAIM FOR PAYMENT</b>                  Pursuant to Government Code Section 17561  <b>MANDATE REIMBURSEMENT PROCESS</b>                  (SCHOOL DISTRICTS)</p>	For State Controller Use Only (19) Program Number 00042 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <h1 style="margin: 0;">042</h1>
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L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) MRP-1, (03)(a)	
	County of Location		(23) MRP-1, (03)(b)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) MRP-1, (03)(c)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) MRP-1, (04)(1)(d)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) MRP-1, (04)(2)(d)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) MRP-1, (04)(3)(d)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) MRP-1, (06)
			(29)
<b>Fiscal Year of Cost</b>	(06) 20___/20___	(12) 20___/20___	(30)
<b>Total Claimed Amount</b>	(07)	(13)	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due from State</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 486, Statutes of 1975, and Chapter 1459, Statutes of 1894, 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 486, Statutes of 1975, and Chapter 1459, Statutes of 1894.

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 486, Statutes of 1975, and Chapter 1459, Statutes of 1894, set forth on the attached statements.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - \_\_\_\_\_ Ext. \_\_\_\_\_

\_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

<b>Program</b> <b>042</b>	<b>MANDATE REIMBURSEMENT PROCESS (SCHOOL DISTRICTS)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Use mailing label or leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete forms MRP-1 and enter the amount from line (11).
- (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 the reimbursement claim from forms MRP-1, line (11).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were 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., MRP-1, (03)(a), means the information is located on form MRP-1, block (03), column (a). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the 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

<b>MANDATED COSTS</b> <b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>MRP-1</b>
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(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/>	
	Estimated <input type="checkbox"/>	19__/20__

**Claim Statistics**

(03) Chapter Name and Number of Mandates	(a) Test Claims	(b) Reimbursement Claims	(c) Incorrect Reduction Claims

Total Number of Claims Filed			
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Direct Costs	Object Accounts				
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(04) Reimbursable Components	(a)	(b)	(c)	(d)	(e)
	Salaries & Benefits	Materials & Supplies	Travel & Training	Contract Services	Total
1. Test Claims					
2. Reimbursement Claims					
3. Incorrect Reduction Claims					
(05) Total Direct Costs					

**Indirect Costs**

(06) Indirect Cost Rate	From J-380, J-580, or FAM-29C		%
(07) Total Indirect Costs	[Line (06) x {line (05)(e) - line (05)(d)}]		
(08) Total Direct and Indirect Costs	[Line (05)(e) + line (07)]		

**Cost Reduction**

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

**MANDATE REIMBURSEMENT PROCESS**  
**Certification Claim Form**  
**Instructions**

**FORM**  
**MRP-1**

- (01) Enter the name of the claimant.
- (02) **Type of Claim.** Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred. Form MRP-1 must be filed for a reimbursement claim. Do not complete form MRP-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 MRP-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) **Test Claims:** Enter the chapter/statute or state regulation and program name. Give the date when the successful test claim was heard by the Commission on State Mandates. Enter an "x" in column (a) for each program.
- Reimbursement Claims:** List each chapter/statute or state regulation and program name that is included in the claim preparation costs. Enter an "x" in column (b) for each program.
- Incorrect Reduction Claims:** Enter the chapter/statute or state regulation and program name. Give the date when the successfully appealed incorrect reduction claim was heard by the Commission on State Mandates. Enter an "x" in column (a) for each program.
- Total the "x"s in each column. (Attach a separate schedule if more space is needed to meet your requirements).
- (04) **Reimbursable Components.** For each reimbursable component, enter the total from form MRP-2, line (05), columns (d), (e), (f), and (g) to form MRP-1, block (04) columns (a), (b), (c), and (d) in the appropriate row. Total each row and enter in column (e).
- (05) **Total Direct Costs.** Total columns (a) through (e).
- (06) **Indirect Cost Rate.** Enter the indirect cost rate from the Department of Education form J-380, J-580, or FAM-29C, as applicable, for the fiscal year of costs.
- (07) **Total Indirect Costs.** Enter the result of multiplying Total Direct Costs, line (05)(e), by the Indirect Cost Rate, line (06).
- (08) **Total Direct and Indirect Costs.** Enter the sum of Total Direct Costs, line (05)(e), 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.** Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). 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.



<b>MANDATED COSTS</b> <b>MANDATE REIMBURSEMENT PROCESS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>MRP-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Component: Check only **one** box per form to identify the component being claimed.

Test Claims
  Incorrect Reduction Claims  
 Reimbursement Claims

(04) Description of Expenses: Complete columns (a) through (g) **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 and Benefits	(e) Materials and Supplies	(f) Travel and Training	(g) Contract Services

(05) Total <input type="checkbox"/>	Subtotal <input type="checkbox"/>	Page: ___ of ___				
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<b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>MRP-2</b>
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- (01) Enter the name of the claimant. If more than one department has incurred costs for the mandate, give the name of each department. A form MRP-2 should be completed for each department.
- (02) Enter the fiscal year in which costs were incurred.
- (03) Reimbursable Components. Check only one box per form to indicate the cost component being claimed. A separate form MRP-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. Allowable costs for the following cost components include, but are not limited to:

**Test Claim:** Salaries and benefits, supplies, consultants, legal services, travel, etc.

**Reimbursement Claim:** Salaries and benefits, supplies, contract services, training, etc.

**Incorrect Reduction Claim:** Salaries and benefits, supplies, contract services, etc.

To detail costs under each cost component activity heading, 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, training and travel expenses, etc. If attorney fees are claimed, costs that are reasonable and not excessive will be considered reimbursable, subject to proper documentation. 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. 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)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
<b>Benefits</b>	Title  Activities	Benefit Rate	Hours Worked	Benefits = Benefit Rate x Salaries				
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days			Rate x Days or Miles		
Travel	Departure and Return Date	Mileage Rate	Miles			Total Travel Cost		
Training	Employee Name and Title  Name of Class		Dates Attended			Registration Fee		
<b>Contract Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Itemized Cost of Services Performed	Invoice	

- (05) Total line (04), columns (d), (e), (f), and (g) 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 costs, number each page. Enter totals from line (05), columns (d), (e), (f), and (g) to form MRP-1, block (04), columns (a), (b), (c), and (d) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2000-16  
OPEN MEETINGS ACT (SCHOOL DISTRICTS)  
FEBRUARY 5, 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 Open Meetings Act. These claiming instructions are issued subsequent to the adoption of the program's amended parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

GC § 54954.2 as added by Chapter 641, Statutes of 1986, requires the legislative body of the district, or its designee, to post an agenda containing a brief general description of each item of business to be transacted or discussed at the regular meeting, subject to exceptions stated therein, specifying the time and location of the regular meeting and requiring that the agenda be posted at least 72 hours before the meeting in a location freely accessible to the public.

GC § 54954.3 as added by Chapter 641, Statutes of 1986, provides an opportunity for members of the public to address the legislative body on specific agenda items or any item of interest that is within the subject matter jurisdiction of the legislative body, and this opportunity for comment must be stated on the posted agenda.

On October 22, 1987, the COSM determined that the OMA program establishes costs mandated by the state according to the provisions listed in the attached amended P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

### **Eligible Claimants**

Any school district, community college district, or County Office of Education that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of those costs.

### **Reimbursement Options**

Three reimbursement options were established by the COSM for costs incurred during a fiscal year: Actual Time, Standard-Time, and Flat-Rate. All meetings of the same type or name must be claimed using the same basis for the entire fiscal year. However, the meetings may be claimed using a different basis during a subsequent fiscal year. For each type or name of a meeting claimed, claimants shall select one of the following reimbursement options:

#### **A. Actual Time**

Actual costs of administering the Open Meetings Act program in compliance with this mandate may be claimed. The following are reimbursable expenditures related to Open Meetings Act: Salaries and benefits, services and supplies, and fixed assets. Forms OMA-2A

and OMA-3 must be completed to claim actual costs associated with this mandate. Forms OMA-1 and FAM-27 are then used to summarize these costs.

#### **B. Standard-Time**

In lieu of actual time, a standard-time allowance of 20 or 30 minutes per agenda item, as provided for in the P's & G's, shall be used to calculate the cost of each brief agenda that was prepared during the fiscal year. This standard-time allowance covers the direct and, if applicable, the indirect costs incurred in compliance with this mandate. Forms OMA-2S and OMA-3 must be completed to claim standard-time costs associated with this mandate. Forms OMA-1 and FAM-27 are then used to summarize these costs.

#### **C. Flat-Rate**

In lieu of actual costs, a flat-rate allowance of \$100.00 per meeting for the base fiscal year of 1997-98, as provided for in the P's & G's, shall be used to claim the cost of each brief agenda that was prepared during the fiscal year. This flat-rate allowance covers the direct and indirect costs incurred in compliance with this mandate and will be adjusted each subsequent fiscal year by the Implicit Price Deflator. Forms OMA-2F and OMA-3 must be completed to claim flat-rate costs associated with this mandate. Forms OMA-1 and FAM-27 are then used to summarize these costs.

#### **Filing Deadlines**

Eligible claimants have the option of filing new reimbursement claims for fiscal years 1997-98 through 1999-00 for reimbursable activities pursuant to these amended P's & G's. If an eligible claimant exercises this option, the new reimbursement claim or claims shall include a reduction under "Other Reimbursements" for payments received on the original reimbursement claim for the Open Meetings Act mandate for the applicable fiscal year. The SCO will process and pay the reimbursement claims, if any, filed by eligible claimants that do not exercise this option pursuant to the original P's & G's and the statutory provisions that applied to those claims when filed.

##### **A. Initial Claims**

Initial claims must be filed within 120 days from the issuance date of claiming instructions. Reimbursement claims for the 1997-98 through 1999-00 fiscal years must be filed with the SCO and must be delivered or postmarked on or before **June 5, 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. Do not prorate the penalty 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, school districts 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 for fiscal year 2000-01 must be filed with the SCO and postmarked by **June 5, 2001**. Thereafter, they must be filed with the SCO and postmarked by January 15 of the fiscal year in which costs will be incurred. Timely filed claims are 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. However, any county superintendent of schools, as the fiscal agent for the district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual claim does not exceed \$200. A combined claim must show the individual claim costs for each eligible district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing the county superintendent and the SCO with a written notice of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim. 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, copies of agendas, 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 the 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 the 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 the 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 the costs were 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 the SCO upon request.

## **Retention of Claiming Instructions**

Claiming instructions and forms 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

## **Address for Filing Claims**

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

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

Adopted: 09/22/88  
Amended: 12/05/91  
Amended: 11/30/00

Parameters and Guidelines Amendment, as Modified by Staff  
Government Code Section 54954.2  
Chapter 641, Statutes of 1986  
*Open Meetings Act*

I. SUMMARY OF MANDATE

Chapter 641, Statutes of 1986, (Chapter 641/86) added section 54954.2 to the Government Code to require that the legislative body of the local agency, or its designee, post an agenda containing a brief general description of each item of business to be transacted or discussed at the regular meeting, subject to exceptions stated therein, specifying the time and location of the regular meeting and requiring that the agenda be posted at least 72 hours before the meeting in a location freely accessible to the public.

Section 54954.3 was added to the Government Code by Chapter 641/86 to provide an opportunity for members of the public to address the legislative body on specific agenda items or any item of interest that is within the subject matter jurisdiction of the legislative body, and this opportunity for comment must be stated on the posted agenda.

II. COMMISSION ON STATE MANDATES DECISION

At its October 22, 1987, hearing, the Commission on State Mandates determined that the requirement on the legislative body of a local agency to post an agenda containing a brief general description of each item of business to be transacted or discussed at a regular meeting, the prohibition of any action to be taken on any item not appearing on the posted agenda, and the requirement that every agenda for regular meetings provide an opportunity for members of the public to directly address the legislative body on items of interest to the public that are within the subject matter jurisdiction of the legislative body, as contained in Government Code sections 54954.2 and 54954.3, as enacted by Chapter 641, Statutes of 1986, resulted in reimbursable state mandated program.

III. ELIGIBLE CLAIMANTS

Any city, county, school or special district which incurs increased costs as a result of this reimbursable state mandated program is eligible to claim reimbursement of those costs.

IV. PERIOD OF REIMBURSEMENT

Chapter 641, Statutes of 1986, was approved by the Governor on August 29, 1986, and became effective January 1, 1987. Section 17557 of the Government Code states that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for this mandate was filed by the city of Los Angeles on April 1, 1987. Therefore, costs incurred on or after August 29, 1986, 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

mandate was filed by the city of Los Angeles on April 1, 1987. Therefore, costs incurred on or after August 29, 1986, 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 (d)(3) of the Government Code, all claims for reimbursement of costs shall be submitted within 120 days of notification by the State Controller of the enactment of the claims bill.

Claimants may use the standard costs or the flat rate specified in section VI. A. 2 and 3 for costs incurred beginning in fiscal year 1997-98.

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

V. REIMBURSABLE COSTS

A. Scope of Mandate

Local agencies shall be reimbursed for the increased costs which they are required to incur to prepare and post, at a site accessible to the public and at least 72 hours before the meeting, a single agenda containing a brief general description of each item of business to be transacted or discussed at any one regular meeting, and citing the time and location of the regular meeting.

Further, every agenda for a regular meeting must state that there is an opportunity for members of the public to address the legislative body on items of interest to the public that are within the subject matter jurisdiction of the legislative body, subject to exceptions stated therein.

For each eligible claimant meeting the above criteria, the following cost items are reimbursable:

B. Reimbursable Activities of Government Code sections 54954.2 and 54954.3, Chapter 641, Statutes of 1986, in accordance with the provisions of Government Code section 54954.4 of Chapter 238, Statutes of 1991:

1. increased costs to prepare a single agenda for a regular meeting of the legislative body of a local agency containing a brief general description of each item of business to be transacted or discussed at a regular meeting and citing the time and location of the regular meeting; and
2. costs to post a single agenda 72 hours before a meeting in a location freely accessible to the public. Further, every agenda for a regular meeting must state that there is an opportunity for members of the public that are within the subject matter jurisdiction of the legislative body, subject to exceptions stated therein.



## VI. CLAIM PREPARATION AND SUBMISSION

Each claim for reimbursement pursuant to this mandate must be timely filed and set forth a listing of each open meeting agenda for which reimbursement is claimed under this mandate.

### A. Reimbursement Options

For each type or name of meeting claimed during a fiscal year, select one of the following reimbursement options. For example, all city council meetings in a given fiscal year may be claimed on only one basis: actual time or standard time or a flat-rate. If standard time is selected, all city council meetings must be claimed using this basis for the entire year. However, all city council meetings could be claimed on an actual cost basis during a subsequent fiscal year.

#### 1. Actual Time

List the meeting names and dates. Show the names of the employees involved, the classification of the employees, mandated functions performed, actual number of hours devoted to each function, and productive hourly rates and benefits.

#### 2. Standard-Time

##### a. Main Legislative Body Meetings of Counties and Cities.

List the meeting names and dates. For each meeting, multiply the number of agenda items, excluding standard agenda items such as "adjournment", "call-to-order", "flag salute", "public comments", by 30 minutes and then by the blended productive hourly rate of the involved employees.

Counties and cities may claim indirect costs pursuant to section VI. D.

##### b. Special District Meetings, and County and City Meetings, Other Than Main Legislative Body

List the meeting names and dates. For each meeting, multiply the number of agenda items, excluding standard agenda items such as "adjournment", "call-to-order", "flag salute", "public comments", by 20 minutes and then by the blended productive hourly rate of the involved employees.

Special districts, counties and cities may claim indirect costs pursuant to section VI. D.

##### c. School and Community College Districts and County Offices of Education

List the meeting names and dates. For each meeting, multiply the number of agenda items times the minutes per agenda item for County Offices of Education and for districts, by enrollment size, times the blended productive hourly rate of the involved employees. The minutes per agenda item for County Offices of Education and for districts by enrollment size are:

County Offices of Education: 45 minutes  
Districts:  
Enrollment 20,000 or more: 45 minutes  
Enrollment 10,000-19,999: 15 minutes  
Enrollment less than 10,000: 10 minutes

School and community college districts and County Offices of Education may claim indirect costs pursuant to section VI. D.

### 3. Flat-Rate

List the meeting names and dates. Multiply the uniform cost allowance by the number of meetings. For fiscal year 1997-98, the uniform cost allowance is \$100 per meeting. The uniform cost allowance shall be adjusted each subsequent year by the Implicit Price Deflator referenced in Government Code section 17523.

### B. Services, Equipment and Supplies

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

### C. Fixed Assets

List the cost of fixed assets that have been acquired specifically for the purpose of this mandate. If a fixed asset is acquired for the open meeting act program but is utilized in some way not directly related to the program, only the pro-rata portion of the asset which is used for the purposes of the program is reimbursable.

### D. Indirect Costs

#### Special Districts, Counties and Cities

Indirect costs are 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%.

#### School Districts

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

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

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.

VII. SUPPORTING DATA

For auditing purposes, all costs claimed must be traceable to source documents and/or worksheets that show evidence of and the validity of such costs. For those entities that elect reimbursement pursuant to Option 2, the standard time methodology in VI. A., documents showing the calculation of the blended productive hourly rate and copies of agendas shall be sufficient evidence. For those entities that elect reimbursement pursuant to Option 3, the flat-rate methodology in VI. A., copies of agendas shall be sufficient evidence. Pursuant to Government Code section 17558.5, the supporting documents must be kept on file by the agency submitting the claim for a period of up to two years after the end of the calendar year in which the reimbursement claim is filed, and made available at the request of the State Controller or his agent. The blended productive hourly rate, used in claiming standard or unit time reimbursements, may be calculated by determining the percentage of time spent by persons or classifications of persons on the reimbursable activities and multiplying the productive hourly rate (including salaries, benefits, and indirect costs, if not claimed elsewhere) for each person or classification of persons times the percentage of time spent by that person or classification of persons. Claimants may determine a percentage allocation for the person or classification of persons in a base fiscal year and use that percentage allocation for subsequent future years by multiplying the base year percentages times the productive hourly rate for that person or classification of persons for the fiscal year of the reimbursement claim.

For example, a city manager may determine that the percentage of time spent on the reimbursable activities by various classifications of personnel in a base year of fiscal year 1998-99 was as follows:

City Manager:	17%
City Attorney:	15%
City Clerk:	36%
Department Managers:	9%
Secretaries:	<u>23%</u>
Total:	100%

The city determines that the productive hourly rate (salary, benefits, and indirect costs) for fiscal year 2000-01 for each classification as follows:

	Salary	Benefits	Indirect Cost Rate	Indirect Costs	Productive Hourly Rate
City Manager	\$60	\$12	29%	\$13	\$85
City Attorney	\$55	\$10	30%	\$15	\$80
City Clerk	\$40	\$8	31%	\$12	\$60
Department Manager	\$45	\$9	30%	\$11	\$65
Secretaries	\$18	\$5	25%	\$7	\$30

The blended productive hourly rate for fiscal year 2000-01 is determined by multiplying the percentages in the base year times the productive hourly rate in the fiscal year claimed, and adding the totals, as follows:

City Manager:	17%	\$85	\$14.25
City Attorney:	15%	\$80	\$12.00
City Clerk:	36%	\$60	\$21.60
Department Managers:	9%	\$65	\$ 5.85
Secretaries:	<u>23%</u>	\$30	<u>\$ 6.90</u>
Total:	100%		\$60.80

The city's claim would be determined by multiplying the blended productive hourly rate times the minutes per agenda item times the number of agenda items.

VIII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT

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

IX. STATE CONTROLLER'S OFFICE REQUIRED CERTIFICATION

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

X. PARAMETERS AND GUIDELINES AMENDMENTS

Any eligible claimant or state agency may petition the Commission to amend the standard time and flat rate provisions stated herein. Pursuant to Title 2, California Code of Regulations, section 1183.2, parameters and guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

f:mandates/1998/pga/pga08/pga113000

**CLAIM FOR PAYMENT**  
 Pursuant to Government Code Section 17561  
**OPEN MEETINGS ACT II (SCHOOL DISTRICTS)**

For State Controller Use Only

Program

(19) Program Number 00201  
 (20) Date Filed \_\_\_/\_\_\_/\_\_\_  
 (21) LRS Input \_\_\_/\_\_\_/\_\_\_

**201**

LABEL HERE	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name			
	County of Location		(23) OMA-1, (04)(d)	
	Street Address or P.O. Box Suite		(24) OMA-1, (05)	
	City State Zip Code		(25)	

Type of Claim	Estimated Claim	Reimbursement Claim	(26)
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29)
Fiscal Year of Cost	(06) 20___/20___	(12) 20___/20___	(30)
Total Claimed Amount	(07)	(13)	(31)
Less: 10% Late Penalty, not to exceed \$1,000		(14)	(32)
Less: Prior Claim Payment Received		(15)	(33)
Net Claimed Amount		(16)	(34)
Due from State	(08)	(17)	(35)
Due to State		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 641, Statutes of 1986, 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 641, Statutes of 1986.

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 641, Statutes of 1986, set forth on the attached statements.

Signature of Authorized Officer	Date
_____	_____

Type or Print Name	Title
(38) Name of Contact Person for Claim	
Telephone Number ( ) - Ext.	
E-Mail Address	

<b>Program</b> <b>201</b>	<b>OPEN MEETINGS ACT II (SCHOOL DISTRICTS)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05) Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form OMA-1 and enter the amount from line (13).
- (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 OMA-1, line (13).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were 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., OMA-1, (04)(d), means the information is located on form OMA-1, block (04), column (d). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person 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 OPEN MEETINGS ACT CLAIM SUMMARY				FORM OMA-1
(01) Claimant	(02) Type of Claim		Fiscal Year	
	Reimbursement	<input type="checkbox"/>		
	Estimated	<input type="checkbox"/>	19__/20__	
<b>Claim Statistics</b>				
(03) Number of regular meetings for which a brief agenda was prepared and posted				
<b>Direct Costs: Actual Time Option</b>		<b>Object Accounts</b>		
(04) Reimbursable Component	(a) Salaries and Benefits	(b) Services and Supplies	(c) Fixed Assets	(d) Total Direct Costs
Preparation of Brief Agenda and Posting				
<b>Direct Costs: Standard-Time Option</b>				
(05) Standard-Time Reimbursement Option		[From form OMA-2S, line (04)(f)]		
<b>Indirect Costs: Actual Time Option and/or Standard-Time Option</b>				
(06) Indirect Cost Rate		[From J-380 or J-580]		%
(07) Total Indirect Costs		[Method 1 or Method 2]		
(08) Total Direct and Indirect Costs		[Line (04)(d) + line (05) + line (07)]		
<b>Direct and Indirect Costs: Flat-Rate Option</b>				
(09) Flat-Rate Reimbursement Option		[From form OMA-2F, line (04)(d)]		
(10) Total Direct and Indirect Costs of All Options		[Line (08) + line (09)]		
<b>Cost Reduction</b>				
(11) Less: Offsetting Savings				
(12) Less: Other Reimbursements				
(13) Total Claimed Amount		[Line (10) - {line (11) + line (12)}]		

**OPEN MEETINGS ACT  
CLAIM SUMMARY  
Instructions**

**FORM  
OMA-1**

- (01) Claimant. Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.
- Form OMA-1 must be filed for a reimbursement claim. Do not complete form OMA-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 OMA-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) Claim Statistics. Enter the number of regular meetings for which a brief agenda was prepared and posted during the fiscal year.
- (04) Reimbursable Component. Enter all the totals from form OMA-2A, line (06), columns (d) through (f) to form OMA-1, line (04), columns (a) through (c) in the appropriate row. Total the row and enter in column (d).
- (05) Standard-Time Reimbursement Option. The standard-time allowance covers the direct and indirect costs incurred in compliance with this mandate. Enter the total from form OMA-2S, line (04)(f).
- (06) Indirect Cost Rate. Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable for the fiscal year of costs.
- (07) Total Indirect Costs. If the blended hourly rate for the Standard-Time allowance includes indirect costs, use **Method 1**. If the blended hourly rate for the Standard-Time allowance does not include indirect costs, use **Method 2**.
- Method 1:** Multiply Total Direct Costs, line (04)(d), by the Indirect Cost Rate, line (06).
- Method 2:** Multiply the sum of Total Direct Costs, line (04)(d), and Standard-Time Reimbursement Option, line (05), by the Indirect Cost Rate, line (06).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (04)(d), Standard-Time Reimbursement Option, line (05), and Total Indirect Costs, line (07).
- (09) Flat-Rate Reimbursement Option. The flat-rate allowance covers the direct and indirect costs incurred in compliance with this mandate. Enter the total from form OMA-2F, line (04)(d).
- (10) Total Direct and Indirect Costs of All Options. Enter the sum of Total Direct and Indirect Costs, line (08), and Flat-Rate Reimbursement Option, line (09).
- (11) 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.
- (12) 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.
- Include any payments received on the original reimbursement claims for the Open Meetings Act mandate for the applicable year for claimants who exercised the option of filing new claims for the 1997-98 through 1999-00 fiscal years.
- (13) Total Claimed Amount. From Total Direct and Indirect Costs of All Options, line (10), subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12). Enter the remainder on this line.



<b>MANDATED COSTS OPEN MEETINGS ACT COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM OMA-2A</b>
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(01) Claimant	(02) Fiscal Year
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(03) Meeting Type or Name

(04) Reimbursable Component: Preparation of Brief Agenda and Posting

(05) <b>Actual Time Option:</b> Complete columns (a) through (f).	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Services and Supplies	(f) Fixed Assets

(06) Total <input style="width: 30px;" type="text"/>	Subtotal <input style="width: 30px;" type="text"/>	Page: <u>    </u> of <u>    </u>
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<b>OPEN MEETINGS ACT</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>OMA-2A</b>
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**Complete form OMA-2A when calculating agenda costs using the Actual Time Option.**

Please note that all meetings of the same type or name in a given fiscal year may be claimed on only one basis.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year in which costs were incurred.
- (03) Meeting Type or Name. Enter the name of the meeting for which a brief agenda was prepared and posted. A separate form OMA-2A should be prepared for the district's legislative body and each board or commission which holds public hearings.
- (04) Reimbursable Component. Preparation of Brief Agenda and Posting. No entry necessary.
- (05) Actual Time Option. The following table identifies the type of information required to support costs of direct labor, services and supplies, and fixed assets needed in the preparation of a brief general description of agenda items and posting 72 hours before a meeting in a location that is freely accessible to the public. **The descriptions required in column (5)(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 upon request.

Object/ Sub object Accounts	Columns						Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	
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	Name of Contractor	Hourly Rate	Hours Worked		Itemized Cost of Services Performed		Invoice
Contract Services	Specific Tasks Performed		Inclusive Dates of Service				
Office Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used		
Fixed Assets	Description of Equipment Purchased  Equipment ID	Unit Cost	Quantity Used			Itemized Cost of Equipment Purchased	Invoice

- (06) Total line (05), columns (d) through (f) 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. Carry forward the totals from line (06), columns (d) through (f) to form OMA-1, line (04), columns (a) through (c).

**MANDATED COSTS  
OPEN MEETINGS ACT  
COMPONENT/ACTIVITY COST DETAIL**

**FORM  
OMA-2S**

(01) Claimant

(02) Fiscal Year

(03) **Standard-Time Reimbursement Option:** Complete columns (a) through (f).

(a) Date	(b) Meeting Type or Name	(c) Number of Agenda Items	(d) Minutes Per Agenda Item	(e) Blended Hourly Rate	(f) Total

(04) Total

Subtotal

Page: \_\_\_ of \_\_\_

<b>OPEN MEETINGS ACT</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>OMA-2S</b>
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**Complete form OMA-2S when calculating agenda costs using the Standard-Time Option.**  
 Please note that all meetings of the same type or name in a given fiscal year may be claimed on only one basis.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year in which costs were incurred.
- (03) Standard-Time Reimbursement Option.
  - (a) Date. Enter the date of each meeting.
  - (b) Meeting Type or Name. Enter the type or name of each meeting.
  - (c) Number of Agenda Items. Enter the number of agenda items for each meeting.
  - (d) Minutes Per Agenda Item. The minutes per agenda item for County Offices of Education and for districts by enrollment size are:
 

County Offices of Education:	0.75 hour	(45 minutes)
Districts: Enrollment of 20,000 or more:	0.75 hour	(45 minutes)
Enrollment of 10,000 to 19,999:	0.25 hour	(25 minutes)
Enrollment of less than 10,000:	0.17 hour	(10 minutes)
  - (e) Blended Hourly Rate. Enter the blended hourly rate of all personnel who participated in the preparation and posting of the agenda during the fiscal year.

The blended productive hourly rate, used in claiming standard or unit time reimbursements, may be calculated by determining the percentage of time spent by persons or classifications of persons on the reimbursable activities and multiplying the productive hourly rate (including salaries, benefits, and indirect costs, if not claimed elsewhere) for each person or classification of persons in a base fiscal year and use that percentage allocation for subsequent future years by multiplying the base year percentages times the productive hourly rate for that person or classification of persons for the fiscal year of the reimbursement claim.

For example, a principal may determine that the percentage of time spent on the reimbursable activities by various classifications of personnel in a base year of fiscal year 1998-99 was as follows: Principal 17%, Vice Principal 15%, Office Clerks 36%, Office Manager 9%, and Secretaries 23%.

The school district determines that the productive hourly rate (salaries, benefits, and indirect costs) for fiscal year 2000-01 for each classification is as follows:

Classification	Salary	Benefits	Indirect Costs	Productive Hourly Rate
Principal	\$60	\$12	\$13	\$85
Vice Principal	55	10	15	80
Office Clerks	40	8	12	60
Office Manager	45	9	11	65
Secretaries	18	5	7	30

The school district's blended productive hourly rate of \$60.80 for fiscal year 2000-01 is determined by multiplying the percentages in the base year times the productive hourly rate in the fiscal year claimed, and adding the totals, as follows:

Classification	Percentage of Time Spent	Productive Hourly Rate	Blended Productive Hourly Rate
Principal	17%	\$85	\$14.45
Vice Principal	15%	80	12.00
Office Clerks	36%	60	21.60
Office Manager	9%	65	5.85
Secretaries	23%	30	6.90
Total	<u>100%</u>		<u>\$60.80</u>

- (f) Total. Multiply the Number of Agenda Items, column (c), by the Minutes Per Agenda Item as expressed as a fraction of one hour, column (d), by the Blended Hourly Rate, column (e).

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 upon request.

- (04) Total line (03), column (f) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or a subtotal. If more than one form is needed to detail the component/activity costs, number each page. Carry forward the totals from line (04), column (f) to form OMA-1, line (05).

<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">201</span>	<b>MANDATED COSTS</b> <b>OPEN MEETINGS ACT II (SCHOOL DISTRICTS)</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>OMA-2F</b>
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(01) Claimant	(02) Fiscal Year
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(03) Flat-Rate Reimbursement Option: Complete columns (a) through (d).

(a) Meeting Type or Name	(b) Uniform Cost Allowance	(c) Number of Agendas	(d) Total

(04) Total <input style="width: 40px;" type="text"/>	Subtotal <input style="width: 40px;" type="text"/>	Page: ___ of ___
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<b>Program</b> <b>201</b>	<b>OPEN MEETINGS ACT II (SCHOOL DISTRICTS)</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>OMA-2F</b>
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**Complete form OMA-2F when calculating agenda costs using the Flat-Rate Option.**

Please note that all meetings of the same type or name in a given fiscal year may be claimed using only one basis.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year in which costs were incurred.
- (03) Flat-Rate Reimbursement Option.
  - (a) Meeting Type or Name. Enter the type or name of the meeting. Only one entry per meeting type or name is needed.
  - (b) Uniform Cost Allowance. Enter the uniform cost allowance for the fiscal year of the claim.

Fiscal Year	Uniform Cost Allowance
1997-98	\$100.00
1998-99	101.90
1999-00	105.67
2000-01	109.90
2001-02 f/	112.35

f/ May Revision Forecast, April 2001

Source: California Department of Finance, from the US Department of Commerce, Bureau of Economic Analysis

- (c) Number of Agendas. Enter the number of agendas that were prepared for each meeting type or name listed in column (a).
  - (d) Total. Multiply the Uniform Cost Allowance, column (b), by the Number of Agendas, column (c).
- 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 upon request.
- (04) Total line (03), column (d), 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. Carry forward the totals from line (04), column (d) to form OMA-1, line (09).



<b>OPEN MEETINGS ACT</b> <b>MEETINGS DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>OMA-3</b>
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Complete form OMA-3 for all reimbursement options.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Detail of Meetings. Provide the following information for each regular meeting being claimed regardless of type or name. List the meetings in order of date.
  - (a) Date. Enter the date of each meeting being claimed.
  - (b) Meeting Type or Name. Enter the type or name of each regular meeting held during the fiscal year for which a brief agenda was prepared and posted.
- (04) If more than one form is needed to provide the detail of the meetings, number each page.



OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2000-11

PEACE OFFICERS PROCEDURAL BILL OF RIGHTS (SCHOOL DISTRICTS)

OCTOBER 2, 2000

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 Peace Officers Procedural Bill of Rights (PPBR). These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On November 30, 1999, the COSM determined that the PPBR 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 Sections 3300 through 3310, as added and amended Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990, provide procedural protection for peace officers employed by school districts when a peace officer is subject to an interrogation by the employer, is facing punitive action, or receives an adverse comment in his or her personnel file. This applies to peace officers classified as permanent employees, peace officers who serve at the pleasure of the school district, and are terminable without cause ("at will" employees), and peace officers on probation who have not reached permanent status.

**Eligible Claimants**

Any school district (K-12), county board of education, or community college, employing peace officers pursuant to Penal Code 830, and incurring increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

Reimbursement claims for the 1994-95 through 1999-00 fiscal years must be filed with the SCO. **Claims must be delivered or postmarked on or before January 30, 2001.** Annually thereafter, having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15<sup>th</sup> of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. 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.**

Estimated claims filed with the SCO must be postmarked by January 15<sup>th</sup> of the fiscal year in which costs will be incurred. However, 2000-01 estimated claims must be filed with the SCO and postmarked by **January 30, 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. However, any county superintendent of schools, as the fiscal agent for the district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual claim does not exceed \$200. A combined claim must show the individual claim costs for each eligible district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing the county superintendent and the SCO with a written notice of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim. Claims should be rounded to the nearest dollar.

### **Estimated Claims**

Unless otherwise specified in the claiming instructions, school districts 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.

### **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 the 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 the 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 the 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 the 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

Submit a signed, original form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## PARAMETERS AND GUIDELINES

Government Code Sections 3300 through 3310

As Added and Amended by Statutes of 1976, Chapter 465;  
Statutes of 1978, Chapters 775, 1173, 1174, and 1178;  
Statutes of 1979, Chapter 405; Statutes of 1980, Chapter 1367; Statutes of 1982, Chapter  
994; Statutes of 1983, Chapter 964; Statutes of 1989, Chapter 1165; and  
Statutes of 1990, Chapter 675

### *Peace Officers Procedural Bill of Rights*

#### I. SUMMARY AND SOURCE OF THE MANDATE

In order to ensure stable employer-employee relations and effective law enforcement services, the Legislature enacted Government Code sections 3300 through 3310, known as the Peace Officers Procedural Bill of Rights (POBAR).

The test claim legislation provides procedural protections to peace officers employed by local agencies and school districts<sup>1</sup> when a peace officer is subject to an interrogation by the employer, is facing punitive action or receives an adverse comment in his or her personnel file. The protections required by the test claim legislation apply to peace officers classified as permanent employees, peace officers who serve at the pleasure of the agency and are terminable without cause ("at-will" employees), and peace officers on probation who have not reached permanent status.

On November 30, 1999, the Commission adopted its Statement of Decision that the test claim legislation constitutes a partial reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

#### II. ELIGIBLE CLAIMANTS

Counties, cities, a city and county, school districts and special districts that employ peace officers are eligible claimants.

#### III. PERIOD OF REIMBURSEMENT

At the time this test claim was filed, Section 17557 of the Government Code stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. On December 21, 1995, the City of Sacramento filed the test claim for this mandate. Therefore, costs incurred for Statutes of 1976, Chapter 465; Statutes of 1978, Chapters 775, 1173, 1174, and 1178; Statutes of 1979, Chapter 405; Statutes of 1980, Chapter 1367; Statutes of 1982, Chapter 994; Statutes of 1983, Chapter 964; Statutes of 1989, Chapter 1165; and Statutes of 1990, Chapter 675 are eligible for reimbursement on or after July 1, 1994.

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

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<sup>1</sup> Government Code section 3301 states: "For purposes of this chapter, the term public safety officer means all peace officers specified in Sections 830.1, 830.2, 830.3, 830.31, 830.32, 830.33, except subdivision (e), 830.34, 830.35, except subdivision (c), 830.36, 830.37, 830.38, 830.4, and 830.5 of the Penal Code."

years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

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**

For each eligible claimant, all direct and indirect costs of labor, supplies and services, training and travel for the performance of the following activities, are eligible for reimbursement:

##### **A. Administrative Activities (On-going Activities)**

1. Developing or updating internal policies, procedures, manuals and other materials pertaining to the conduct of the mandated activities
2. Attendance at specific training for human resources, law enforcement and legal counsel regarding the requirements of the mandate.
3. Updating the status of the POBAR cases.

##### **B. Administrative Appeal**

1. Reimbursement period of July 1, 1994 through December 31, 1998 – The administrative appeal activities listed below apply to permanent employees, at-will employees, and probationary employees.

Providing the opportunity for, and the conduct of an administrative appeal for the following disciplinary actions (Gov. Code, § 3304, subd. (b)):

- Dismissal, demotion, suspension, salary reduction or written reprimand received by probationary and at-will employees whose liberty interest are not affected (i.e.: the charges supporting a dismissal do not harm the employee's reputation or ability to find future employment);
- Transfer of permanent, probationary and at-will employees for purposes of punishment;
- Denial of promotion for permanent, probationary and at-will employees for reasons other than merit; and
- Other actions against permanent, probationary and at-will employees that result in disadvantage, harm, loss or hardship and impact the career opportunities of the employee.

Included in the foregoing are the preparation and review of the various documents to commence and proceed with the administrative hearing; legal review and assistance with the conduct of the administrative hearing; preparation and service of subpoenas, witness fees, and salaries of employee witnesses, including overtime; the time and labor of the administrative body and its attendant clerical services; the preparation and service of any rulings or orders of the administrative body.

2. Reimbursement period beginning January 1, 1999 – The administrative appeal activities listed below apply to permanent employees and the Chief of Police.

Providing the opportunity for, and the conduct of an administrative appeal for the following disciplinary actions (Gov. Code, § 3304, subd. (b)):

- Dismissal, demotion, suspension, salary reduction or written reprimand received by the Chief of Police whose liberty interest is not affected (i.e.: the charges supporting a dismissal do not harm the employee's reputation or ability to find future employment);
- Transfer of permanent employees for purposes of punishment;
- Denial of promotion for permanent employees for reasons other than merit; and
- Other actions against permanent employees or the Chief of Police that result in disadvantage, harm, loss or hardship and impact the career opportunities of the employee.

Included in the foregoing are the preparation and review of the various documents to commence and proceed with the administrative hearing; legal review and assistance with the conduct of the administrative hearing; preparation and service of subpoenas, witness fees, and salaries of employee witnesses, including overtime; the time and labor of the administrative body and its attendant clerical services; the preparation and service of any rulings or orders of the administrative body.

### C. Interrogations

Claimants are eligible for reimbursement for the performance of the activities listed in this section only when a peace officer is under investigation, or becomes a witness to an incident under investigation, and is subjected to an interrogation by the commanding officer, or any other member of the employing public safety department, that could lead to dismissal, demotion, suspension, reduction in salary, written reprimand, or transfer for purposes of punishment. (Gov. Code, § 3303).

Claimants are not eligible for reimbursement for the activities listed in this section when an interrogation of a peace officer is in the normal course of duty, counseling, instruction, or informal verbal admonishment by, or other routine or unplanned contact with, a supervisor or any other public safety officer. Claimants are also not eligible for reimbursement when the investigation is concerned solely and directly with alleged criminal activities. (Gov. Code, § 3303, subd. (i)).

1. When required by the seriousness of the investigation, compensating the peace officer for interrogations occurring during off-duty time in accordance with regular department procedures. (Gov. Code, § 3303, subd. (a)).

Included in the foregoing is the preparation and review of overtime compensation requests.

2. Providing prior notice to the peace officer regarding the nature of the interrogation and identification of the investigating officers. (Gov. Code, § 3303, subds. (b) and (c)).

Included in the foregoing is the review of agency complaints or other documents to prepare the notice of interrogation; determination of the investigating officers; redaction of the agency complaint for names of the complainant or other accused parties or witnesses or confidential information; preparation of notice or agency complaint; review by counsel; and presentation of notice or agency complaint to peace officer.

3. Tape recording the interrogation when the peace officer employee records the interrogation. (Gov. Code, § 3303, subd. (g)).

Included in the foregoing is the cost of tape and storage, and the cost of transcription.

4. Providing the peace officer employee with access to the tape prior to any further interrogation at a subsequent time, or if any further proceedings are contemplated and the further proceedings fall within the following categories (Gov. Code, § 3303, subd. (g));
  - a) The further proceeding is not a disciplinary action;
  - b) The further proceeding is a dismissal, demotion, suspension, salary reduction or written reprimand received by a probationary or at-will employee whose liberty interest is not affected (i.e., the charges supporting the dismissal does not harm the employee's reputation or ability to find future employment);
  - c) The further proceeding is a transfer of a permanent, probationary or at-will employee for purposes of punishment;
  - d) The further proceeding is a denial of promotion for a permanent, probationary or at-will employee for reasons other than merit;
  - e) The further proceeding is an action against a permanent, probationary or at-will employee that results in disadvantage, harm, loss or hardship and impacts the career of the employee.

Included in the foregoing is the cost of tape copying.

5. Producing transcribed copies of any notes made by a stenographer at an interrogation, and copies of reports or complaints made by investigators or other persons, except those that are deemed confidential, when requested by the officer, in the following circumstances (Gov. Code, § 3303, subd. (g)):
  - a) When the investigation does not result in disciplinary action; and
  - b) When the investigation results in:
    - A dismissal, demotion, suspension, salary reduction or written reprimand received by a probationary or at-will employee whose liberty interest *is not* affected (i.e., the charges supporting the dismissal do not harm the employee's reputation or ability to find future employment);
    - A transfer of a permanent, probationary or at-will employee for purposes of punishment;
    - A denial of promotion for a permanent, probationary or at-will employee for reasons other than merit; or
    - Other actions against a permanent, probationary or at-will employee that result in disadvantage, harm, loss or hardship and impact the career of the employee.

Included in the foregoing is the review of the complaints, notes or tape recordings for issues of confidentiality by law enforcement, human relations or counsel; cost of processing, service and retention of copies.

#### D. Adverse Comment

Performing the following activities upon receipt of an adverse comment (Gov. Code, §§ 3305 and 3306):

### School Districts

- (a) If an adverse comment results in the deprivation of employment through dismissal, suspension, demotion, reduction in pay or written reprimand for a permanent peace officer, or harms the officer's reputation and opportunity to find future employment, then schools are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (b) If an adverse comment *is* obtained in connection with a promotional examination, then school districts are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to review and sign the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (c) If an adverse comment *is not* obtained in connection with a promotional examination, then school districts are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.

### Counties

- (a) If an adverse comment results in the deprivation of employment through dismissal, suspension, demotion, reduction in pay or written reprimand for a permanent peace officer, or harms the officer's reputation and opportunity to find future employment, then schools are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (b) If an adverse comment *is* related to the investigation of a possible criminal offense, then counties are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to review and sign the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and



- Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (c) If an adverse comment *is not* related to the investigation of a possible criminal offense, then counties obtained are entitled to reimbursement for:
- Providing notice of the adverse comment: and
  - Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.

Cities and Special Districts

- (a) If an adverse comment results in the deprivation of employment through dismissal, suspension, demotion, reduction in pay or written reprimand for a permanent peace officer, or harms the officer's reputation and opportunity to find future employment, then schools are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (b) If an adverse comment *is* related to the investigation of a possible criminal offense, then cities and special districts are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to review and sign the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (c) If an adverse comment *is not* related to the investigation of a possible criminal offense, then cities and special districts are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and
  - Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.

Included in the foregoing are review of circumstances or documentation leading to adverse comment by supervisor, command staff, human resources staff or counsel, including

determination of whether same constitutes an adverse comment; preparation of comment and review for accuracy; notification and presentation of adverse comment to officer and notification concerning rights regarding same; review of response to adverse comment, attaching same to adverse comment and filing.

## **V. CLAIM PREPARATION AND SUBMISSION**

Claims 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 this document.

### SUPPORTING DOCUMENTATION

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

#### 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, the productive hourly rate, and related employee benefits.

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

#### 2. Materials and Supplies

Only expenditures that can be identified as a direct cost 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 contracts 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. Submit contract consultant and attorney invoices with the claim.

#### 4. 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.

## 5. Training

The cost of training an employee to perform the mandated activities 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 claimed 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 audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, 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, and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

All claims shall identify the number of cases in process at the beginning of the fiscal year, the number of new cases added during the fiscal year, the number of cases completed or closed during the fiscal year, and the number of cases in process at the end of the fiscal year.

## VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received 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 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 claiming instructions, for those costs mandated by the State contained herein.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561  <b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b>	For State Controller Use Only (19) Program Number 00186 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>186</b>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) PPBR-1, (03)(a)	
	County of Location	(23) PPBR-1, (03)(b)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) PPBR-1, (03)(c)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) PPBR-1, (03)(d)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) PPBR-1, (04)(1)(e)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) PPBR-1, (04)(2)(e)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) PPBR-1, (04)(3)(e)
			(29) PPBR-1, (04)(4)(e)
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20___	(12) <b>20</b> ___/20___	(30) PPBR-1, (06)
<b>Total Claimed Amount</b>	(07)	(13)	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due from State</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 465, Statutes of 1976, 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 465, Statutes of 1976.

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 465, Statutes of 1976, set forth on the attached statements.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_

\_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

<b>Program</b> <b>186</b>	<b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS (SCHOOL DISTRICTS)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Use mailing label or 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 on form FAM-27. 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 forms PPBR-1 and enter the amount from line (11).
- (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 the reimbursement claim from forms PPBR-1, line (11).
- (14) Filing Deadline. Initial Claims of Chapter 465/76. If the reimbursement claim for fiscal years 1994-95 through 1999-00, is filed after **January 30, 2001**, the claim must be reduced by a late penalty. Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial 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. If the claims are late, the penalty 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. PPBR-1, (04), means the information is located on form PPBR, line (04). 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 cost percentage should be shown as a whole number without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by a signed certification.**
- (38) Enter the name, telephone number, and e-mail address of the person 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

<b>MANDATED COSTS</b> <b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>PPBR-1</b>
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(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/>	
	Estimated <input type="checkbox"/>	19__/20__

**Claim Statistics**

(03) (a) Number of cases in process at the beginning of the fiscal year	
(b) Number of new cases added during the fiscal year	
(c) Number of cases completed or closed during the fiscal year	
(d) Number of cases in process at the end of the fiscal year	

**Direct Costs**

**Object Accounts**

	(a)	(b)	(c)	(d)	(e)
(04) Reimbursable Activities	Salaries and Benefits	Materials and Supplies	Travel and Training	Contract Services	Total
1. Administrative Activities					
2. Administrative Appeal					
3. Interrogations					
4. Adverse Comment					
(05) Total Direct Costs					

**Indirect Costs**

(06) Indirect Cost Rate	[From J-380 or J-580]	%
(07) Total Indirect Costs	[Line (05)(e) x line (06)]	
(08) Total Direct and Indirect Costs	[Line (05)(e) + line (07)]	

**Cost Reduction**

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

<b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>PPBR-1</b>
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- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.
- From PPBR-1 must be filed for a reimbursement claim. Do not complete form PPBR-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 PPBR-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) (a) Enter the number of cases that were processed at the beginning of the fiscal year.  
(b) Enter the number of new cases that were added during the fiscal year.  
(c) Enter the number of cases that were completed or closed during the fiscal year.  
(d) Enter the number of cases that were in process at the end of the fiscal year.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form PPBR-2, line (05), columns (d), (e), (f), and (g) to form PPBR-1, block (04) columns (a), (b), (c), and (d) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (e).
- (06) Indirect Cost Rate. Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Direct Costs, line (05)(e).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(e), 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. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

<b>MANDATED COSTS</b> <b>POLICE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>PPBR-2</b>
--	------------------------------

(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Component: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Administrative Activities	<input type="checkbox"/> Administrative Appeal
<input type="checkbox"/> Interrogations	<input type="checkbox"/> Adverse Comment

(04) Description of Expenses	<b>Object Accounts</b>
------------------------------	------------------------

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

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
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<b>POLICE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>PPBR-2</b>
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- (01) Enter the name of the claimant.
- (02) No entry required.
- (03) Reimbursable Components. Check the box which indicates the cost component being claimed. Check only one box per form. A separate form PPBR-2 shall be prepared for each applicable component.
- (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, travel and training expense, and contract services. **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. 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)	
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
Benefits	Title Activities	Benefit Rate	Hours Worked	Benefits = Benefit Rate x Salaries				
Materials and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
Travel and Training	Purpose of Trip Name and Title	Per Diem Rate	Days			Rate x Days or Miles		
Travel	Departure and Return Date	Mileage Rate	Miles			Total Travel Cost		
Training	Employee Name and Title Name of Class		Dates Attended			Registration Fee		
Contract Services	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Itemized Cost of Services Performed	Invoice

- (05) Total line (04), columns (d), (e), (f), and (g) 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 costs, number each page. Enter totals from line (05), columns (d), (e), (f), and (g) to form PPBR-1, block (04), columns (a), (b), (c), and (d) in the appropriate row.

# THREATS AGAINST PEACE OFFICERS

## 1. Summary of the Mandate

Chapter 1249, Statutes of 1992, added Penal Code section 832.9. This statute requires school districts employing peace officers to reimburse the officer or any member of his or her immediate family for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer or his or her immediate family as a result of the peace officer's employment.

Chapter 666, Statutes of 1995, amended Penal Code section 832.9, by specifying guidelines for reimbursement.

On April 24, 1997, the Commission determined that the requirements of Penal Code section 832.9, as added by Chapter 1249, Statutes of 1992 and amended by Chapter 666, Statutes of 1995, imposed upon school districts, a new program or higher level of service, within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code.

## 2. Eligible Claimants

Any school district (K-12), county board of education, or community college, employing peace officers pursuant to Penal Code section 830, and incurring increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

## 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal years 1995-96, 1996-97, and 1997-98 may be made available in a future appropriation act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the "Annual Claiming Instructions for State Mandated Costs" issued in September of each year to county superintendents of schools and superintendents of schools.

## 4. Types of Claims

### A. Reimbursement and Estimated Claims

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

### B. Minimum Claim

Government Code section 17564(a) provides that no claim shall be filed pursuant to Government Code section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of one or more districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district. Once a combined claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to

each participating district. A district may withdraw from the combined claim form by providing a written notice of its intent to file a separate claim, to the county superintendent of schools and the State Controller's Office at least 180 days prior to the deadline for filing the claim.

## 5. Filing Deadline

### A. Initial Claims

Pursuant to Government Code section 17561, subdivision (d)(3), initial claims must be filed within 120 days from the issuance of claiming instructions. Accordingly:

- (1) Reimbursement claims detailing the actual costs incurred for the 1995-96, and 1996-97 fiscal years must be filed with the State Controller's Office and postmarked by September 1, 1998. If the reimbursement claim is filed after the deadline of September 1, 1998, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.
- (2) Estimated claims for costs to be incurred during the 1997-98 fiscal year must be filed with the State Controller's Office and postmarked by September 1, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997-98 reimbursement claim must be filed by November 30, 1998.

### B. Annually Thereafter

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the annual cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_-19\_\_ Reimbursement Claim", and/or "19\_\_-19\_\_ Estimated Claim", claims may be filed as follows:

- (1) An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the previous fiscal year's annual claiming instructions.

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

## 6. Reimbursable Components

For each eligible claimant, the direct and indirect cost of labor, supplies, and services incurred for the following mandated components are reimbursable:

**A. Moving and Relocation Expenses from July 1, 1995 through December 31, 1995****(1) Review and Approval of Claims**

Review and approve claims for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer, or his, or her immediate family as a result of the peace officer's employment. Costs incurred before and after the change of residence, including the cost of moving household effects either by commercial household goods carrier or by the employee, are reimbursable.

**(2) Payment of Expenses**

Payment of the approved reimbursement to the peace officer or member of the immediate family residing with the officer for actual and necessary moving and relocation expenses.

**B. Moving and Relocation Expenses from January 1, 1996 to Present****(1) Notification of a Threat**

Receipt of notification of a credible threat. (Penal Code section 832.9, subdivisions (b)(5) and (c)).

**(2) Approval of Relocation Plans**

Approval of relocation plans and if necessary, verification of residency of any immediate family member. (Penal Code section 832.9, subdivisions (a), (b)(3), and (d)).

**(3) Review and Approval of Claims**

Review and approval of claims for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer, or his, or her immediate family as a result of the peace officer's employment. Costs incurred before and after the change of residence, including the cost of moving household effects either by commercial household goods carrier or by the employee. Approval of "actual and necessary relocation costs" is subject to the limitations set forth in Penal Code section 832.9, as amended by Chapter 666, Statutes of 1995.

**(4) Payment of Expenses**

Payment of the approved reimbursement to the peace officer or member of the immediate family for actual and necessary moving and relocation expenses.

**7. Reimbursement Limitations**

**A.** Litigation expenses "allowable as costs" and "not allowable as costs" pursuant to section 1033.5 of the Code of Civil Procedure, are not reimbursable if incurred by claimants and/or local law enforcement agencies responding to and/or defending claims or actions brought under Penal Code section 832.9.

**B.** After January 1, 1996, the following costs are not reimbursable:

**(1) Moving Costs**

Moving Costs that are not included in the Department of Personnel Administration rules governing promotional relocations, (Penal Code section 832.9, subdivision (b)(1). Refer to DPA Article 7, beginning on page 7.)

**(2) Loss/Decrease in Value**

Loss or decrease in value of a peace officer's residence due to a forced sale, (Penal Code section 832.9, subdivision (b)(2).)

**(3) Unapproved Expenses**

Costs incurred by a peace officer or the immediate family without prior approval of the appointing authority, (Penal Code section 832.9, subdivision (b)(3).)

**(4) Unauthorized Payment of Salaries**

Unauthorized payment of the peace officer's salary while moving, (Penal Code section 832.9, subdivision (b)(4).)

**(5) Temporary Housing**

Temporary relocation housing which exceeds 60 days, (Penal Code section 832.9, subdivision (b)(6).)

**(6) Relocation Costs**

Relocation costs incurred 120 days after the original notification of a viable threat if the peace officer has failed to relocate, (Penal Code section 832.9, subdivision (b)(7).)

- C. Any offsetting savings or reimbursement the claimant received from any source including but not limited to, service fees collected, federal funds, and other state funds as a direct result of this mandate, shall be identified and deducted so only net local costs are claimed.

**8. Claiming Forms and Instructions**

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms TAP-1 and TAP-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

**A. Form TAP-2, Component/Activity Cost Detail**

This form is used to segregate the detailed costs by claim component. A separate form TAP-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

**(1) Salaries and Benefits**

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee, and specify the actual time spent, the productive hourly rates, and related fringe benefits.

Source documents to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

**(2) Services and Supplies**

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

Source documents to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

(3) Contracted Services

Contracting costs are reimbursable to the extent that the function to be performed requires special skill or knowledge that is not readily available from the claimant's staff or the service to be provided by the contractor is cost effective.

Give the name(s) of contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

(4) Employee Reimbursement

Reimbursement to the peace officer or member of his or her immediate family for actual and necessary moving and relocation expenses must provide the following:

- (a) Show the dates when the claimant received notification of the threat, when moving and relocation expenses were incurred, and when the officer or member of his or her immediate family was reimbursed.
- (b) Submit with the claim, a copy of the contract, invoices, and receipts for the cost of moving and relocation. Identify the independent contractor or employee who provided services for moving and relocation.
- (c) If confidentiality is involved, to protect the officer's relocation, mark out sensitive areas of the contract, invoices, and receipts.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim 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.

**B. Form TAP-1, Claim Summary**

This form is used to summarize direct costs by claim component and compute allowable indirect costs for the mandate. Claim statistics shall identify the work performed for costs claimed. The claimant must give the number of peace officers who were relocated in the fiscal year of claim as a result of credible threats received.

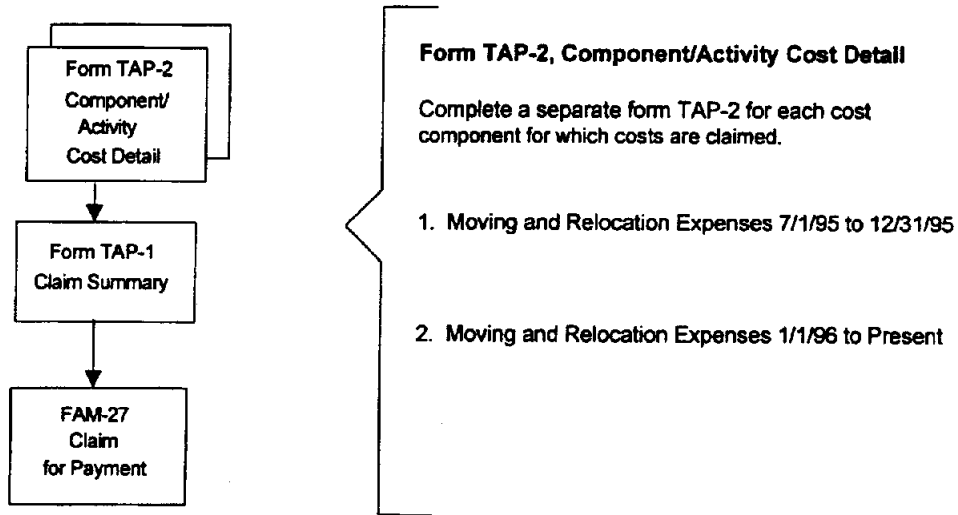
The Commission on State Mandates requests that claimants send a copy of form TAP-1 for each of the initial years' reimbursement claims by mail or facsimile to the Commission on State Mandates, 1300 I Street, Suite 950, Sacramento, CA 95814, Facsimile: (916) 445-0278. Although providing this information is not a condition of payment, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. The cost data on this form is carried forward to form FAM-27.

C. Form FAM-27, Claim for Payment

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form TAP-1 must be carried forward to this form for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms



## DEPARTMENT OF PERSONNEL ADMINISTRATION RULES

## Moving and Relocation Expenses

Effective January 1, 1996

**599.714.1 Scope**

(a) Whenever a permanent state officer or employee is required by any appointing power because of a change in assignment promotion or other reason related to his/her duties, to change his/her place of residence, such officer, agent or employee shall receive reimbursement of his/her actual and necessary moving and relocation expenses incurred by him/her both before and after and by reason of such change of residence, subject to the provisions and limitations of this article.

(b) For the purposes of this article, a move occurs on the official reporting date to the new headquarters, and when a change in residence is reasonable to be required. Relocation shall be paid, when the following conditions are met:

(1) The officer's or employee's officially designated headquarters is changed for the advantage of the State, which includes the following:

(A) A promotion offered by any appointing authority, not including those movements that the employee could make through transfer, reinstatement, or reemployment eligibility; or

(B) An involuntary transfer initiated by and at the discretion of the appointing authority,

(C) Any involuntary transfer required to affect a mandatory reinstatement following:

- termination of a career executive or exempt appointment
- leave of absence
- rejection from probation

(D) any involuntary transfer required to affect a mandatory reinstatement following the expiration or involuntary termination of a temporary appointment, limited term appointment, or training and development assignment when:

- the employee did not relocate to accept the appointment or assignment, or
- the employee did relocate, at State expense, to accept the appointment or assignment.

(2) The move must be a minimum of 50 miles plus the number of miles between the old residence and the old headquarters.

(3) Relocations that meet the above criteria will be fully reimbursed to the extent and limitations in this article.

(c) A change of residence is not deemed reasonable to be required for voluntary transfers or permissive reinstatements, with or without a salary increase, in response to general requests which specify that moving and relocation expenses will not be paid, or for any non-promotional transfer which is primarily for the benefit of the officer or employee.

(d) When an appointment does not meet the criteria in (a) and (b) the appointing power may, at his/her discretion, determine in advance that it is in the best interest of the State to reimburse all or part of the actual reasonable and necessary relocation expenses provided in this article as an incentive to recruit employees to positions that are designated by the appointing power as difficult to fill or because of outstanding qualifications of the appointee, or due to unusual and unavoidable hardship to the employee by reason of the change of residence.

(1) Relocations that meet this criteria shall be reimbursed only for the items in this article specifically authorized by the appointing power, and may be subject to further limitations designated by the appointing power.



(2) Upon determination that any reimbursement will be made, the appointing power shall:

(A) Determine which provisions will apply to the relocation and establish any additional limitations to those provisions such as dollar limits, weight limits, or time limits.

(B) Notify the employee in writing, of specific allowable reimbursements prior to the move.

(e) Requirements and limitations specified in this article may not be waived or exceeded by the appointing power.

(f) Unauthorized relocation expenses and relocation expenses incurred prior to receipt of a written notice of allowable relocation expenses are the responsibility of the employee.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

**599.715.1 Reimbursement for Miscellaneous Expenses**

An officer or employee who is required to change his/her place of residence according to Section 599.714.1 may receive reimbursement for up to \$200 for miscellaneous expenses upon submittal of documentation of the payment of all such expenses and certification that the expenses were related to dissolution to the old household and/or the establishment of a new household and were not otherwise reimbursed.

(a) Reimbursement for the installation and/or connection of appliances or antennas purchased after the change of residence shall be allowed provided no claim is made for installation and/or connection of a similar item in the movement of household goods, and installation and/or connection occurs within sixty days of the establishment of a new residence.

(b) Deposits are not reimbursable.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

**599.716.1 Reimbursement for Sale of a Residence**

(a) Whenever a state officer or employee is required, as defined in Section 599.714.1 to change his/her officially designated headquarter and this requires the sales of his/her residence the officer or employee shall be reimbursed only for actual and necessary selling costs as determined by prevailing practices within the area of sale. Claims for reimbursement must be substantiated by the seller's closing escrow statement and other pertinent supportive documents. Seller's points are not eligible for reimbursement. Claims will include only those items which are listed in the following subsection.

(b) Actual and necessary selling costs are:

- (1) Brokerage commission;
- (2) Title insurance;
- (3) Escrow fees;
- (4) Prepayment penalties;
- (5) Taxes, charges or fees fixed by local authority required to consummate the sale of the residence; and
- (6) Miscellaneous sellers costs customary to the area, not to exceed \$200.

(c) Actual and necessary selling costs will be reimbursed for that portion of the dwelling the employee actually occupies if the employee or officer owns and resides in a multi-family dwelling.

(d) Commissions and fees will not be reimbursed if paid to the employee, the employee's spouse or spouse's employer, or to any member of the household.

(e) Claims for the sale of a residence must be submitted within two years following the date the officer or employee reports to the new official headquarters. No extensions will be allowed thereafter.

(f) Rebates to employees will be deducted from the claim prior to reimbursement.

NOTE: Authority cited: Sections 3517.8, 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

#### **599.717.1 Settlement of a Lease**

(a) Whenever an officer or employee is required, as defined by Section 599.714.1(a) to change his/her place of residence and such change requires the settlement of a lease on the employee's old residence, the officer or employee shall receive the actual and necessary cost of settlement of the unexpired lease to a maximum of one year. In no event shall the lease settlement include any costs, deposits or fees.

(1) Reimbursement shall not be allowed if it is determined that the officer or employee knew or reasonably should have known that a transfer according to Section 599.714.1 was imminent before entering into a lease agreement.

(2) Claims for settlement of a lease shall include a lease agreement signed by both the employee and the lessor, and shall be itemized and submitted within nine months following the new reporting date.

(b) If an employee is required under 599.714.1(a) to change his/her place of residence and such notice to the employee is insufficient to provide the employee the notice period required by a month to month rental agreement, reimbursement may be claimed for the number of days penalty paid by the employee to a maximum of 30 calendar days.

(1) Reimbursement shall not be allowed for days that the employee failed to notify the landlord after notification by the employer of the reassignments.

(2) Claims shall be accompanied by a copy of the rental agreement, an itemized receipt for the penalty and the name and address of the individual or company to which the rental penalty has been paid.

(c) No reimbursement shall be made for forfeiture of cleaning or security deposits, or for repair, replacement, or damages of rental property.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

#### **599.718.1 Expenses for Moving Household Effects**

(a) For the purpose of these regulations, household or personal effects include items such as furniture, clothing, musical instruments, household appliances, food, and other items which are usual or necessary for the maintenance of one household.

(b) Household effects shall not include items connected to a for profit business, items from another household, items that are permanently affixed to the property being vacated or items that would normally be discarded or recycled.

(c) At the discretion of the appointing power, other items may be considered household effects based on a consideration of the estimated cost of the move and a review of the items listed on the inventory. Expenses related to moving items other than those described in (a) that have not been approved by the appointing power shall be the responsibility of the employee.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code, Reference: Section 19841, Government Code.

**599.719.1 Reimbursement for Moving Household Effects**

Reimbursement shall be allowed for the cost of moving an employee's effects either via commercial household goods carrier or by the employee. Reimbursements under this rule shall not exceed the cost of moving the employee's household goods from the old residence to the new headquarters plus 50 miles unless the appointing authority determines that a longer move is in the best interest of the State. Any additional expense associated with an interstate or intercountry move shall be approved in advance by the appointing power. No reimbursement will be allowed for the hiring of casual labor.

(a) When the employee retains a commercial mover, reimbursement for actual and necessary expenses incurred by a commercial mover under this article for the packing, insurance, one pickup, transportation, storage-in-transit (not including warehouse handling charges except when required by interstate tariffs), one delivery, unpacking, and installation at the new location of an employee's household effects shall be allowed subject to the following:

(1) Weight of household effects for which expenses may be reimbursed shall not exceed 5,000 kilograms (11,000 pounds).

(2) Duration of storage-in-transit for which charges may be reimbursed shall not exceed 60 calendar days unless a longer period of storage is approved in advance by the appointing authority based on hardship to the employee.

(3) Rates at which reimbursement is allowed shall not exceed the minimum rates, at the minimum declared valuation, established by the California Public Utilities Commission for household goods carriers, unless a higher rate is approved by the Department of General Services.

(4) Cost of insurance for which reimbursement is allowed shall not exceed the cost of insurance coverage at \$2.00 valuation for each pound of household effects shipped by household goods carrier.

(5) Claims for exceptions to the 11,000 pounds statutory limit will be considered by the appointing authority up to a maximum of 23,000 pounds, only when it has been determined that every reasonable effort had been made to conform to the limit. Exceptions to the number of pick-ups and deliveries may be made by the appointing power when it is reasonably necessary and in the best interest of the state.

(b) When the employee does not retain a commercial mover, reimbursement shall be allowed as follows for expenses related to the movement by the employee of his/her household effects in a truck or trailer.

(1) Rental of a truck or trailer from a commercial establishment. When not included in the truck rental rate, the cost of gasoline, rental of a furniture, dolly, packing cartons and protective pads will be reimbursed. If the total costs exceed \$1,000 the claim must be accompanied by at least one written commercial rate quote. Reimbursement will be made at the rate (including gasoline) which results in the lowest cost; or

(2) Mileage reimbursement at the rates provided in Section or 599.631.1 (b) for noncommercial privately-owned motor vehicles used in transporting the employee's household effects.

(3) Reimbursement for more than one trip by the method described in (b)(1) or (2) above may be allowed if the employee's agency has determined that the total cost would be less than the cost of movement by a commercial household goods carrier.

(c) If household goods are moved exclusively in the employee's personal vehicle, reimbursement for mileage may be claimed at the State mileage rate. No other mileage or moving expense shall be allowed.

(d) All claims for the reimbursement of the movement of household goods require receipts. Unless an exception is granted by the appointing authority, claims shall be submitted no later than 2 years and 60 days from the effective date of appointment or 15 days prior to voluntary separation, whichever is first.

NOTE: Authority cited: Sections 19815.4(d), 19816, and 19820, Government Code. Reference: Section 19841, Government Code.

**599.720.1 Reimbursement for Movement of a Mobile Home**

For the movement of a mobile home which contains the household effects of an officer or employee, and has served as the employee's residence at the previous location at the time of notification of relocation, reimbursement will be allowed as follows:

(a) Where transportation of the trailer coach is by a commercial mobile home transporter and receipts are submitted:

(1) For tolls, taxes, charges, fees, or permits fixed by the State or local authority required for the transportation or assembly or trailer coaches actually incurred by the employee.

(2) Charges for disassembly and assembly of the trailer, including but not limited to, disassembly and assembly of trailer, skirt, awnings, porch, the trailer coach itself, and other miscellaneous documented, itemized expenses related to the dissolution of the old household and/or the establishment of the new household, up to \$2,500 unless an exception is approved by the appointing power.

(3) Reimbursement will be allowed for the actual cost supported by voucher and installation of wheels and axles necessary to comply with the requirements of Chapter 5, Article 1 of the California Vehicle Code.

(4) Three competitive bids shall be obtained and reimbursement will be approved at the lowest bid. Based on information documenting the attempt to obtain three bids as provided by the employee, the appointing power may waive the three bid requirement.

(5) Reimbursement received under this section precludes any additional reimbursement for miscellaneous expenses under Section 599.715.1.

(6) Movement of the trailer coach at rates exceeding the minimum rates established by the California Public Utilities Commission for mobile home transporters:

(7) Charges at P. U. C. minimum rates to obtain permits identified above:

(8) Storage-in-transit for up to 60 calendar days at P. U. C. minimum rates, unless an extension is approved by the appointing authority.

(b) Where transportation of the coach is by an employee, expenses may be claimed for a one-way trip by submitting gasoline receipts.

(c) Reimbursement will not be allowed for :

(1) Purchase of parts and materials except for those items necessary to comply with the minimum requirements of the California Administrative Code, Title 25, Chapter 5.

(2) Repairs including tires and tubes, and breakdown in transit.

(3) Costs associated with maintenance or repair of the trailer coach.

(4) Costs for separate shipment of household goods carrier unless that is determined to be the most economical method of transport.

(5) Costs associated with the movement or handling of permanent structures.

(d) All claims related to the movement of a trailer coach and the household goods therein require receipts and shall be submitted no later than 2 years and 60 days from the effective date of appointment, or 15 days prior to the voluntary separation, whichever is first. No extension will be granted.

NOTE: Authority cited: Sections 19815.4(d), 19816, and 19820, Government Code. Reference: Section 19841, Government Code.

**599.722.1 Relocation Subsistence Reimbursement and Mileage**

(a) If eligible under Section 599.714(a), an officer or employee shall be reimbursed for actual lodging, supported by a receipt, and meal and incidental expenses in accordance with and not to exceed the rate established in Section 599.619(a)(1) and (2), while locating a permanent residence at the new location. Employees who do not furnish receipts for lodging may be reimbursed for noncommercial meals and noncommercial lodging in accordance with 599.619(b). A permanent residence is typically an abode that is purchased, or rented on a monthly basis, of a type that provides long-term living accommodations, where any utilities are hooked up (gas, electric, cable, phone), and mail is delivered.

(1) Reimbursement may be claimed for up to 60 days, except an extension of up to 30 days may be granted when the Appointing power has determined in advance that the delay of change of residence is a result of unusual and unavoidable circumstances that are beyond the control of the officer or employee. The maximum reimbursement to be received by said officer, or employee shall not exceed the equivalent dollar amount of 60 days of full meals, incidentals, and receipted lodging.

(2) Interruptions in relocation caused by sick leave, vacation or other authorized leaves of absence shall be reimbursable at the option of the employee providing the employee remains at the new location and is actively seeking a permanent residence.

(3) The relocation subsistence reimbursement shall terminate immediately upon establishment of a permanent residence. The appointing power shall determine when a permanent residence has been established.

(4) Partial days shall count as full days for the purpose of computing the 60-day period.

(b) Upon approval of the Appointing Power, meals and/or lodging expenses, for up to fourteen days, arising from trips to the new location for the sole purpose of locating housing shall be reimbursed in accordance with Section 599.619(a)(1) and (2), or 599.619(c)(1) or 599.619(d). Claims for reimbursement of meals/lodging expenses in this item are limited to those incurred after receipt of formal written authorization for relocation and prior to the effective date of appointment.

The period claimed shall be included in the computation of the 60-day relocation period.

(c) Reimbursement for travel from the old residence to the new headquarters may be claimed one way one time and shall not exceed the mileage rate allowed in 599.631(a).

Note: Authority cited: Section 3539.5, Government Code. Reference: Section 19841, Government Code.

**599.724.1 Payment of Claims for Moving and Relocation Expenses**

(a) The Department of Personnel Administration shall be responsible for prescribing any specific procedures necessary for effective and economical operation of this article. Claims shall be made on authorized forms, scheduled in the normal manner and submitted through regular channels to the State Controller for payment. All claims must be substantiated by invoices, receipts, or other evidence for each item claimed.

(b) Agencies may contract directly with the carrier for movement of household effects of officers and employees at state expense, subject to the same restrictions as if the shipment was arranged by the officer or employee and reimbursed by the State.

(c) If the change in residence results in the salary of the officer or employee being paid by a different appointing power, all allowable moving and relocation expenses shall be paid by the new appointing power except where the old appointing power agrees to pay all or part of the expenses allowable under this Article.

(d) Each department shall be responsible for insuring that upon notice to the employee of an impending move a copy of these rules shall be given to the officer or employee.

(e) When exceptions have been granted by an appointing authority, the written justification of those exceptions shall be maintained with the applicable claims.

NOTE: Authority cited: Sections 19815.4(d), 19816, and 19820, Government Code, Reference: Section 19841 and 19842, Government Code.

**599.619 Reimbursement for Meals and Lodging**

The employee on travel status shall be reimbursed actual expenses for receipted lodging, and for meals and incidentals as provided in this section, unless directed to travel under the provision of 599.624.1. Lodging and/or meals provided by the State or included in hotel expenses or conference fees, or in transportation costs, such as airline tickets, or otherwise provided shall not be claimed for reimbursement. The circumstances of travel will determine the rate allowed.

(a) Short-term Travel. Reimbursement for short-term subsistence will be authorized only when the traveler incurs expenses arising from the use of reasonable, moderately priced commercial lodging and meal establishments, such as hotels, motels, bed and breakfast inns, campgrounds, restaurants, cafes, diners, etc., that cater to the general public. Employees who stay with friends or relatives may claim meals only in accordance with the rates and time frames set forth below. Lodging receipts are required. The short-term rate is intended for trips of such duration that weekly or monthly rates are not obtainable and will be discontinued after the 30th consecutive day assigned to one location unless an extension has been previously documented and approved by the appointing power. In extending short-term travel, the appointing power shall consider the expected remaining length of travel assignment.

(1) In computing reimbursement for continuous short-term travel of more than 24 hours and less than 31 consecutive days, the employee will be reimbursed for actual costs up to the maximum allowed for each meal, incidental, and lodging expense for each complete 24 hours of travel, beginning with the traveler's time of departure and return, as follows:

(A) On the first day of travel on a trip of 24 hours or more:

Trip begins at or before 6 a.m.: breakfast may be claimed on the first day

Trip begins at or before 11 a.m.: lunch may be claimed on the first day

Trip begins at or before 5 p.m.: dinner may be claimed on the first day

(B) On the fractional day of travel at the end of the trip of more than 24 hours:

Trip ends at 8 a.m.: breakfast may be claimed

Trip ends at or after 2 p.m.: lunch may be claimed

Trip ends at or after 7 p.m.: dinner may be claimed

If the fractional day includes an overnight stay, receipted lodging may be claimed. No meal or lodging expense may be claimed or reimbursed more than once on any given date or 24 hour period.

(C) Reimbursement shall be for actual expenses, subject to the following maximum rates:

Meals:

Breakfast .....	\$6.00
Lunch .....	10.00
Dinner .....	18.00
Incidentals .....	6.00

Receipts are not required for regular short term travel meals.

Lodging:

Statewide, with receipts ..... Actual up to \$79.00 plus tax

If lodging receipts are not submitted, reimbursement shall be for meals only at the rates and time frames set forth in this section.

(2) In computing reimbursement for continuous travel of less than 24 hours, actual expenses, up to the maximums in (C) above, will be reimbursed for breakfast and/or dinner and/or lodging in accordance with the following time frames:

Travel begins at or before 6 a.m. and ends at or after 9 a.m.: breakfast may be claimed

Travel begins at or before 4 p.m. and ends at or after 7 p.m.: dinner may be claimed

If the trip of less than 24 hours includes an overnight stay, receipted lodging may be claimed.

No lunch or incidentals may be reimbursed on travel of less than 24 hours.

(b) Long-term Travel. Reimbursement for long-term meals and receipted lodging will be authorized when the traveler incurs expenses in one location comparable to those arising from the use of commercial establishments catering to the long-term visitor. Meals and/or lodging provided by the State shall not be claimed for reimbursement. With approval of the appointing power and upon meeting the criteria in (3) below, an employee on long-term field assignment who is living at the long term location may claim either:

(1) \$24.00 for meals and incidentals and up to \$24.00 for receipted lodging for travel of 12 hours up to 24 hours; either \$24.00 for meals or up to \$24.00 for receipted lodging for travel less than 12 hours, or

(2) Reimbursement for actual individual expense, substantiated by receipts for lodging, utility, gas, and electricity, up to a maximum of \$1,130.00 per calendar month while on a long term assignment, and \$10.00 for incidentals, without receipts, for each period of 12 to 24 hours; \$5.00 for meals and incidentals for periods of less than 12 hours at the long term location.

(3) To claim expenses under either (1) or (2) above, the employee must meet the following criteria:

(A) The employee continues to maintain a permanent residence at the primary headquarters and

(B) The permanent residence is occupied by the employee's dependents, or

(C) The permanent residence is maintained at a net expense to the employee exceeding \$200 per month.

(D) The employee must submit substantiating evidence of these conditions to the appointing power in accordance with its requirements.

(4) Employees who do not meet the criteria to claim (1) or (2) above may claim \$12.00 for meals and incidentals and \$12.00 for receipted lodging for every 12 to 24 hours at the long term location; \$12.00 for meals or \$12.00 receipted lodging for periods of less than 12 hours at the long term location.

(5) With the approval of the appointing power, the reimbursement of long term lodging may continue when the employee is away from the long term location on short term business travel or other absences from the location as approved by the appointing authority.

(c) Out-of-State Travel. Out-of-State travel is any kind of travel outside the State of California for the purpose of conducting business outside the State of California. For short-term out-of-state travel, employees will be reimbursed for actual lodging expenses, supported by receipt, and will be reimbursed for meal and incidental expenses as defined in section 599.619(a). Failure to furnish lodging receipts will limit reimbursement to meals only at the rates specified in (a). Long-term out-of-state travel will be reimbursed according to section 599.619(c).

(d) Out-of-Country Travel. For shorter out-of-country travel, employees will be reimbursed for actual lodging expenses, supported by a receipt, and will be reimbursed for actual meal and incidental expenses subject to maximum rates in accordance with the published Government meal and incidental rates for foreign travel for the dates of travel. Failure to furnish lodging receipts will limit reimbursement to meals only in accordance with the published Government meals and incidental rates for foreign travel. Long-term out-of-country travel will be reimbursed according to section 599.619(a) through (c).

(e) Exceptions to reimburse in excess of maximum lodging rate cited in (a) of this rule may be granted by the appointing power only in an emergency, or when there is no lodging available at the State maximum rate or when it is cost effective. The appointing power shall document the reason for each exception and shall keep this documentation on file for three calendar years from the date of exception.

NOTE: Authority cited; sections 3539.5, 19815.4(d), 19816 and 19820, Government Code. Reference: Sections 3527(b) and 11030, Government Code.

### **599.631 TRANSPORTATION BY PRIVATELY OWNED AUTOMOBILE**

(a) Where the employee is authorized to use a privately owned automobile on official state business the reimbursement rate shall be up to 31 cents per mile. Claims for reimbursement for private vehicle expenses must include the vehicle license number and the name of each state officer, employee, or board, commission, or authority, member transported on the trip. No reimbursement of transportation expense shall be allowed any passenger in any vehicle operated by another state officer, employee, or member.

(1) Expenses arriving from travel between home and headquarters or garage shall not be allowed, except as provided in 599.626(d)(2) or 599.626.1(c), regardless of the employee's normal mode of transportation.

(2) When a trip is commenced or terminated at a claimant's home on a regularly scheduled work day, the distance traveled shall be computed from either his or her residence or headquarters, whichever shall result in the lesser distance except as provided in 599.626.1(c).

(3) However, if the employee commences or terminates travel on a regularly scheduled day off, mileage may be computed from his or her residence.

(b) Where the employee's use of a privately owned automobile is authorized for travel to or from a common carrier terminal, and the automobile is not parked at the terminal during the period of travel, the employee may claim double the number of miles between the terminal and the employee's headquarters of residence, whichever is less, at a rate defined in section 599.631(a), while the employee occupies the automobile for the distance between the terminal and his or her residence or headquarters. If the employee commences or terminates travel one hour before or after his/her regularly scheduled work day, or on a regularly scheduled day off, mileage may be computed from his/her residence.

(c) All ferry, bridge, or toll charges while on state business will be allowed with any required receipts.

(d) All necessary parking charges while on state business will be allowed, with any required receipts, for:

(1) Day parking on trips away from the headquarters office and employee's primary residence.

(2) Overnight parking on trips away from the headquarters and employee's primary residence, except that parking shall not be claimed if expense-free overnight parking is available.

(3) Day parking adjacent to either headquarters office, a temporary job site, or training site, but only if the employee had other reimbursable private or state automobile expenses for the same day. An employee may not prorate weekly or monthly parking fees.

(e) Gasoline, maintenance, and automobile repair expenses will not be allowed.



(f) The mileage reimbursement rates include the cost of maintaining liability insurance at the minimum amount prescribed by a law and collection insurance sufficient to cover the reasonable value of the automobile, less a deductible. When a privately owned automobile operated by a state officer, agent, or employee is damaged by collision or is otherwise accidentally damaged, reimbursement for repair or the deductible to a maximum of \$500.00 will be allowed if:

- (1) The damage occurred while the automobile was used on official business by permission or authorization of the employing agency; and
- (2) The automobile was damaged through no fault of the state officer, agent, or employee; and
- (3) The amount claimed is an actual loss to the state officer, agent, or employee, and is not recoverable directly from or through the insurance coverage of any party involved in the accident; and
- (4) The loss claimed does not result from a decision of a state officer, agent, or employee not to maintain collision coverage; and
- (5) The claim is processed in accordance with the procedures prescribed by the Department of Personnel Administration.

(g) **Specialized Vehicles.** An employee with a physical disability who must operate a motor vehicle on official state business and who can operate only specially equipped or modified vehicles may claim a rate of 24 cents per mile without certification. Where travel is authorized to and from a common carrier terminal, as specified in section 599.631(b). Supervisors approving these claims must determine the employee's need for the use of such vehicles.

#### AUTHORIZED RELOCATION EXPENSES

**Per Diem** - Employees may claim up to 60 days while at the new location until a new permanent residence is found. Specific per diem allowance for excluded employee are attached. Extensions of the per diem may be granted by the Department of Personnel Administration if the employee suffers unusual hardship. Requests for extensions must be submitted to the Relocation Liaison, on a Std. 256 prior to the expiration of the 60 day period. The Relocation Liaison will review the Std. 256 for completeness then forward to the Department of Personnel Administration.

**Shipment of Household Goods** - The State will pay for the packing, transportation, insurance, storage-in-transit, unpacking and installation of employee's household effects. The employer will issue the relocating employee a "Moving Service Authorization" which the employee will give to any licensed mover. The Moving Service Authorization authorizes the mover to bill the State directly. There is no actual dollar limitation, (the State only pays minimum tariff rates), however there is an 11,000 pound weight limit. If the mover estimates the weight of the household goods to be more than 11,000 pounds, the employee should immediately submit a Std. 256 with the mover's estimate to the Relocation Liaison. The Department of Personnel Administration may approve excess weight provided the employee requests the exception in advance of the actual move.

The State will not pay for the shipment of the following prohibited items:

- automobiles
- other motor vehicles
- farm tractor, implements and equipment
- trailers with or without other property
- boats
- all animals, livestock, or pets
- belongings which are not the property of the immediate family of the officer or employee
- belongings related to commercial enterprises engaged in by the officer or employee
- firewood, fuels
- bricks, sand ceramic wall tile

wire fence or other building materials  
wastepaper and rags

Storage in Transit - The State will pay for the storage of household goods for up to 60 days. Storage is limited to 11,000 pounds of household goods unless the excess weight has been previously approved by DPA. The storage company should bill the State directly using the authorization of the Moving Service Authorization. Miscellaneous items taken out of storage prior to the moving company delivering all household goods is not reimbursable and must be paid by the employee.

Sale of Residence - The State will pay for certain costs associated with the sale of the employee's dwelling which was his/her residence at the time of notification of the transfer.

Reimbursable costs are:

- Brokerage Commission
- Escrow fees
- Title insurance
- Prepayment penalties
- Local taxes, charges or fees required to consummate the sale
- Miscellaneous sellers costs up to \$200.00

Nonreimbursable costs are:

- Seller's Points
- Property tax
- Repair work and re-inspection fees

Excluded employees have two years from the reporting date at the new headquarters to submit a claim for reimbursement of seller's costs. There is no extension of the time limit for Non-represented employees.

Settlement of a Lease - The State will pay for the settlement of a lease which was entered into prior to notification of the transfer. Claims for payment of the lease settlement must be submitted within 9 months from the reporting date at the new headquarters.

Movement of a Trailer Coach - The State will pay for the actual cost of transporting the mobile home to the new location plus up to \$2,500 for disassembly and assembly of the trailer. Request for reimbursement in excess of \$2,500 must be submitted to DPA on a Std. 256 prior to the move; approval will only be given for the lowest of three bids. Household goods must be shipped in the mobile home unless DPA approves a separate shipment.

Miscellaneous - There is a \$200.00 miscellaneous allowance with documentation and certification, which is intended to assist the employee in establishing the new household. This allowance should be used to pay utility installation fees, appliance hook-up fees and the like. It is appropriate to use this allowance for cable hook-up. This allowance may not be used to satisfy deposit requirements. The allowance may not be claimed if moving a mobile home; hook-up, etc., are included in the mobile home set-up charge.

Mileage - The employee may be reimbursed 24 cents per mile for one vehicle to make one one-way trip between the old residence and the new residence. Anything over locating cents is considered taxable income.

Private car mileage for the purpose of locating housing at the new location is not reimbursable.

**EXPENSES INCURRED PRIOR TO THE OFFICIAL TRANSFER CANNOT BE CLAIMED.**

<p><b>CLAIM FOR PAYMENT</b>                  Pursuant to Government Code Section 17561   <b>THREATS AGAINST PEACE OFFICERS (SCHOOL DISTRICTS)</b></p>	<p><b>For State Controller Use Only</b></p> <p>(19) Program Number 00162                  (20) Date Filed ___/___/___                  (21) LRS Input ___/___/___</p>	<p><b>Program</b></p> <p style="font-size: 2em;"><b>162</b></p>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) TAP-1, (03)	
	County of Location	(23) TAP-1, (04)(1)(e)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) TAP-1, (04)(2)(e)	
	City <span style="float: right;">State Zip Code</span>	(25) TAP-1, (06)	

Type of Claim	Estimated Claim	Reimbursement Claim		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)	
			(29)	
<b>Fiscal Year of Cost</b>	(06) <b>20___/20___</b>	(12) <b>20___/20___</b>	(30)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code § 17561, I certify that I am the officer authorized by the local agency to file claims with the State of California for costs mandated by Chapter 1249, Statutes of 1992, and Chapter 666, Statutes of 1995, 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 1249, Statutes of 1992, and Chapter 666, Statutes of 1995.

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 Chapter 1249, Statutes of 1992, and Chapter 666, Statutes of 1995, set forth on the attached statements.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_

Telephone Number ( ) - \_\_\_\_\_ Ext. \_\_\_\_\_

E-Mail Address \_\_\_\_\_

<b>Program</b> <b>162</b>	<b>THREATS AGAINST PEACE OFFICERS (SCHOOL DISTRICTS)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Leave blank.
- (02) A set of mailing labels with the claimant's I.D. number and address was enclosed with the letter regarding the claiming instructions. The mailing labels are designed to speed processing and prevent common errors that delay payment. Affix a label in the space shown on form FAM-27. Cross out any errors and print the correct information on the label. Add any missing address items, except county of location and a person's name. If you did not receive labels, print or type your agency's mailing address.
- (03) If filing an original estimated claim, enter an "X" in the box on line (03), Estimated.
- (04) If filing an original estimated claim on behalf of districts within the county, enter an "X" in the box on line (04), Combined.
- (05) If filing an amended or combined claim, enter an "X" in the box on line (05), Amended. Leave boxes (03) and (04) blank.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form TAP-1 and enter the amount from line (11).
- (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 TAP-1, line (11).
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were 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., TAP-1, (03), means the information is located on form TAP-1, line (03). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. Claims cannot be paid unless accompanied by a signed certification.
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

**SUBMIT A SIGNED, ORIGINAL FORM FAM-27 WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS (NO COPIES NECESSARY) TO:**

*Address, if delivered by U.S. Postal Service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 P.O. Box 942850  
 Sacramento, CA 94250

*Address, if delivered by other delivery service:*

OFFICE OF THE STATE CONTROLLER  
 ATTN: Local Reimbursements Section  
 Division of Accounting and Reporting  
 3301 C Street, Suite 500  
 Sacramento, CA 95816

<b>MANDATED COSTS THREATS AGAINST PEACE OFFICERS CLAIM SUMMARY</b>	<b>FORM TAP-1</b>
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(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	19__/19__

(03) Number of peace officers relocated in the fiscal year of claim	
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**Direct Costs**

(04) Reimbursable Components:	(a) Salaries and Benefits	(b) Services and Supplies	(c) Employee Reimbursemen	(d) Total
1. Moving and Relocation Expenses (7/1/95 - 12/31/95)				
2. Moving and Relocation Expenses (1/1/96 - Present)				
(05) Total Direct Costs				



**Indirect Costs**

(06) Indirect Cost Rate	[From J-380 or J-580]	%
(07) Total Indirect Costs	[Line (06) x {line (05)(d) - line (05)(c)}]	
(08) Total Direct and indirect Costs	[Line (05)(d) + line (07)]	



**Cost Reduction**

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

<p><b>THREATS AGAINST PEACE OFFICERS CLAIM SUMMARY Instructions</b></p>	<p><b>FORM TAP-1</b></p>
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- (01) Enter the name of the claimant.
- (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 TAP-1 must be filed for a reimbursement claim. Do not complete form TAP-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by 10%, do not complete form TAP-1. 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 TAP-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 peace officers relocated in the fiscal year of claim due to credible threats.
- (04) Reimbursable Components. For each reimbursable component, enter the totals from form TAP-2, line (05) columns (d), (e), and (f) to form TAP-1, block (04) columns (a), (b), and (c) in the appropriate row. Total the row.
- (05) Total Direct Costs. Total columns (a) through (d).
- (06) Indirect Cost Rate. Enter the indirect cost rate from the Department of Education form J-380 or J-580, as applicable, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06) by the Total Direct Costs, line (05)(d) reduced by Employee Reimbursement, line (05)(c).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(d) 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. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

<p><b>THREATS AGAINST PEACE OFFICERS</b>  <b>COMPONENT/ACTIVITY COST DETAIL</b>  <b>Instructions</b></p>	<p><b>FORM</b>  <b>TAP-2</b></p>
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- (01) Enter the name of the claimant.
- (02) 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 TAP-2 shall be prepared for each component which applies.
- (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), list separately costs associated with each officer's relocation. Enter the employee name(s), position title(s), a brief description of the activities performed, actual time spent by each employee, productive hourly rates, fringe benefits, supplies used, and contracted services. **The descriptions required in column (4)(a) must be of sufficient detail to explain the cost of activities or items being claimed. If the descriptions are incomplete, the claim cannot be processed for payment.** 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 claim 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
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
Salaries	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x				
Benefits	Title Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries				
Material and Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity			
Contracted Services	Name of Contractor Specific Tasks	Hourly Rate	Hours Worked Inclusive Dates			Itemized Cost of Services Performed		Invoices
Employee Reimbursement	Name of Peace Officer	Date of Receipt of Notification of Threat	Date Moving and Relocation Expenses				Amount of Reimburse ment	Invoices

- (05) Total line (04), columns (d), (e), and (f) 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 for the component/activity, number each page. Enter totals from line (05), columns (d), (e), and (f) to form TAP-1, block (04) columns (a), (b), and (c) in the appropriate row.

<b>MANDATED COSTS THREATS AGAINST PEACE OFFICERS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM TAP-2</b>
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(01) Claimant	
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(03) Reimbursable Components: Check **only one** box per form to identify the component being claimed.

Moving and Relocation Expenses (7/1/95) - 12/31/95

Moving and Relocation Expenses (1/1/96 - Present)

(04) Description of Expenses: Complete columns (a) through (g)	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed and	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Material and Supplies	(f) Contracted Services	(g) Employee Reimbursement
<input type="checkbox"/> <input type="checkbox"/>						



APPENDIX

## STATE MANDATES APPORTIONMENT SYSTEM (SMAS)

School mandates included in SMAS

<b>Program Name</b>	<b>Chapter/Statute</b>	<b>Program Number</b>
Expulsion of Pupils: Transcripts	Ch. 1253/75	91
Immunization Records	Ch. 1176/77	32

# STATE OF CALIFORNIA TRAVEL EXPENSE GUIDELINES

## 1. Introduction

The State's per diem travel allowance is paid for each complete 24 hour period. In computing allowances for travel of more than 24 hours, one full allowance may be claimed for each complete 24 hours of travel, beginning with the traveler's departure time. For travel which is the last fractional part of a period travel of more than 24 hours, the allowance for meals or lodging may be claimed provided the travel time meets the following requirements:

*Breakfast:* Breakfast may be claimed if travel began at or prior to 6:00 a.m. and terminated at or after 9:00 a.m..

*Lunch:* Lunch may be claimed if travel began at or prior to 11:00 a.m. and terminated at or after 2:00 p.m..

*Dinner:* Dinner may be claimed if travel began at or prior to 4:00 p.m. and terminated at or after 7:00 p.m..

*Lodging:* Lodging may be claimed if travel is extended overnight.

Travel beginning before Monday or ending after Friday must be justified in writing.

## 2. Reimbursement Rates Effective July 1, 1985

Designated High Cost Areas, Effective 7-1-85 through 7-1-87									
U.S. Postal Service Zip Codes									
Long Beach:	90801	90802	90803	90804	90815				
Los Angeles:	90004	90005	90006	90007	90010	90012	90013	90014	90015
	90017	90019	90020	90021	90024	90025	90028	90035	90036
	90038	90041	90045	90046	90048	90049	90057	90064	90067
	90069	90071	90077	90210	90212	90230	90245		
Monterey:	93940								
Oakland:	96406	94607	94608	94621					
San Diego:	92101	92103	92106	92108	92109	92110			
San Francisco:	94102	94103	94104	94105	94107	94108	94109	94110	94111
	94112	94114	94115	94116	94117	94118	64121	94122	94123
	94124	94127	94129	94131	94132	94133	94134		
San Jose:	95112	95113	95121	95131					
Santa Barbara:	93101	93105	93108	93110	93117				

### A. Mileage

The reimbursement rate for private automobile mileage is 20.5 cents per mile without certification and up to 30.0 cents per mile with certification that the costs of operating the vehicle equals or exceeds the minimum rate.

**B. Short Term Subsistence**

<i>Standard Rate</i>		<i>Rate for Designated High Cost Areas</i>	
Breakfast	\$ 4.00	Breakfast	\$ 5.00
Lunch	7.00	Lunch	8.00
Dinner	13.00	Dinner	15.00
Incidentals	4.00	Incidentals	4.00
Lodging	47.00	Lodging, up to	63.00 with receipt
Total	\$ 75.00	Total	\$ 95.00

**3. Reimbursement Rates Effective July 8, 1987**

<b>Designated High Cost Areas, Effective 7-1-87 through 7-1-88</b>									
<b>U.S. Postal Service Zip Codes</b>									
Anaheim:	92802	92805							
Burbank:	91601								
Costa Mesa:	92626								
Irvine:	92714	92715							
Long Beach:	90801	90802	90803	90804	90815				
Los Angeles:	90004	90005	90006	90007	90010	90012	90013	90014	90015
	90017	90019	90020	90021	90024	90025	90028	90035	90036
	90038	90041	90045	90046	90048	90049	90057	90064	90067
	90069	90071	90077	90210	90212	90230	90245	90292	
Monterey:	93940								
Newport Beach:	92660	92663							
Oakland:	96406	94607	94608	94621					
San Diego:	92101	92103	92106	92108	92109	92110			
San Francisco:	94102	94103	94104	94105	94106	94107	94108	94109	94110
	94111	94112	94114	94115	94116	94117	94118	64121	94122
	94123	94124	94127	94129	94131	94132	94133	94134	
San Jose:	95112	95113	95121	95131					
San Mateo:	94010	94030	94080	94128					
Santa Barbara:	93101	93105	93108	93110	93117				

**A. Mileage**

The rate for the authorized use of a privately owned vehicle is 21.0 cents per mile without certification and up to 30.0 cents per mile with certification that the cost of operating the vehicle equals or exceeds the minimum rate.

**B. Short Term Subsistence***Standard Rate*

Breakfast	\$ 5.00
Lunch	9.00
Dinner	16.00
Incidentals	5.00
Lodging	47.00 without receipt
Total	\$ 82.00

*Rate for Designated High Cost Areas*

Breakfast	\$ 5.00
Lunch	8.50
Dinner	15.50
Incidentals	4.00
Lodging, up to	71.00 with receipt
Total	\$ 104.00

**4. Reimbursement Rates Effective July 1, 1988****A. Mileage**

The rate for the authorized use of a privately owned vehicle is 22.5 cents per mile without certification and up to 30.0 cents per mile with certification that the cost of operating the vehicle equals or exceeds the minimum rate.

**B. Short Term Subsistence***Standard Rate*

Breakfast	\$ 5.00
Lunch	9.00
Dinner	16.00
Incidentals	5.00
Lodging	47.00 without receipt
Total	\$ 82.00

*Maximum Rate*

Actual lodging cost, with a receipt of up to \$75.00, plus applicable taxes is allowable.

**C. Parking**

Parking fees, without a receipt, is allowed for amounts equal to or less than \$6.00.

**5. Reimbursement Rates Effective July 1, 1989****A. Mileage**

The rate for the authorized use of a privately owned vehicle is 24.0 cents per mile without certification and up to 30.0 cents per mile with certification that the cost of operating the vehicle equals or exceeds the minimum rate.

**B. Short Term Subsistence***Standard Rate*

Breakfast	\$ 5.00
Lunch	9.50
Dinner	17.00
Incidentals	5.50
Lodging	47.00 without receipt
Total	\$ 84.00

*Maximum Rate*

Actual lodging cost, with a receipt of up to \$79.00, plus applicable taxes is allowable.

**C. Parking**

Parking fees, without a receipt, is allowed for amounts equal to or less than \$6.00.

**6. Reimbursement Rates Effective September 1, 1992****A. Mileage**

The rate for the authorized use of a privately owned vehicle is 24.0 cents per mile without certification and up to 30.0 cents per mile with certification that the cost of operating the vehicle equals or exceeds the minimum rate.

**B. Short Term Subsistence***Standard Rate*

Breakfast	\$ 5.50
Lunch	9.50
Dinner	17.00
Incidentals	5.00
Lodging	47.00 without receipt
Total	\$ 84.00

*Maximum Rate*

Actual lodging cost, with a receipt of up to \$79.00, plus applicable taxes is allowable.

**C. Parking**

Parking fees, without a receipt, is allowed for amounts equal to or less than \$6.00.

**7. Reimbursement Rates Effective January 1, 1996****A. Mileage**

The rate for the authorized use of a privately owned vehicle is 24.0 cents per mile without certification and up to 30.0 cents per mile with certification that the cost of operating the vehicle equals or exceeds the minimum rate.

**B. Short Term Subsistence***Standard Rate*

Breakfast	\$ 5.50
Lunch	9.50
Dinner	17.00
Incidentals	5.00
Lodging	24.99 without receipt
Total	\$ 61.99

*Maximum Rate*

Actual lodging cost, with a receipt of up to \$79.00, plus applicable taxes is allowable.

**C. Parking**

Parking fees, without a receipt, is allowed for amounts equal to or less than \$6.00.

**8. Reimbursement Rates Effective July 1, 1997****A. Mileage**

The rate for the authorized use of a privately owned vehicle is 31.0 cents per mile.

**B. Short Term Subsistence***Standard Rate*

Breakfast	\$ 5.50
Lunch	9.50
Dinner	17.00
Incidentals	5.00
Lodging	24.99 without receipt
Total	\$ 61.99

*Maximum Rate*

Actual lodging cost, with a receipt of up to \$79.00, plus applicable taxes is allowable.

**C. Parking**

Parking fees, without a receipt, is allowed for amounts equal to or less than \$6.00.

**9. Reimbursement Rates Effective July 1, 1999, Unless Otherwise Specified****A. Mileage**

The rate for the authorized use of a privately owned vehicle is 31.0 cents per mile.

**B. Meals/Incidentals**

Meal expenses for breakfast, lunch, and dinner will be reimbursed in the amount of actual expenses up to the maximums. The term "incidentals" includes, but is not limited to, expenses for laundry, cleaning and pressing of clothing, and fees and tips for services. It does not include taxicab fares, lodging taxes, or the costs of telegrams or telephone calls.

*Maximum Rate*

Breakfast	\$ 6.00
Lunch	10.00
Dinner	18.00
Incidentals	6.00

Actual lodging cost, with a receipt of up to \$79.00, plus applicable taxes is allowable. Effective November 2, 1999, actual lodging is up to \$84.00 plus applicable taxes.

Effective November 2, 1999 through June 30, 2000, when employees are required to do business and obtain lodging in the counties of Alameda, San Mateo and Santa Clara, and Central and Western Los Angeles, reimbursement will be for actual receipted lodging to a maximum of \$110.00, plus applicable taxes. Central and Western Los Angeles is the territory bordered by Sunset Boulevard on the North, the Pacific Ocean on the West, Imperial Boulevard/Freeway 105 on the South, and Freeways 110, 10, and 101 on the East. This area includes downtown Los Angeles, Inglewood, Los Angeles International Airport, Playa del Rey, Venice, Santa Monica, Brentwood, West Los Angeles, Westwood Village, Culver City, Beverly Hills, Century City, West Hollywood, and Hollywood.

**C. Parking**

Parking fees, without a receipt, is allowed for amounts equal to or less than \$10.00.

## GOVERNMENT CODE SECTIONS 17500-17616

### **GC §17500: Legislative findings and declarations**

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for the costs of state-mandated local programs has not provided for the effective determination of the state's responsibilities under Section 6 of Article XIII B of the California Constitution. The Legislature finds and declares that the failure of the existing process to adequately and consistently resolve the complex legal questions involved in the determination of state-mandated costs has led to an increasing reliance by local agencies and school districts on the judiciary and, therefore, in order to relieve unnecessary congestion of the judicial system, it is necessary to create a mechanism which is capable of rendering sound quasi-judicial decisions and providing an effective means of resolving disputes over the existence of state-mandated local programs.

It is the intent of the Legislature in enacting this part to provide for the implementation of Section 6 of Article XIII B of the California Constitution and to consolidate the procedures for reimbursement of statutes specified in the Revenue and Taxation Code with those identified in the Constitution. Further, the Legislature intends that the Commission on State Mandates, as a quasi-judicial body, will act in a deliberative manner in accordance with the requirements of Section 6 of Article XIII B of the California Constitution.

### **GC §17510: Construction of part**

Unless the context otherwise requires, the definitions contained in this chapter govern the construction of this part. The definition of a word applies to any variants thereof and the singular tense of a word includes the plural.

### **GC §17511: "City"**

"City" means any city whether general law or charter, except a city and county.

### **GC §17512: "Commission"**

"Commission" means the Commission on State Mandates.

### **GC §17513: "Costs mandated by the federal government"**

"Costs mandated by the federal government" means any increased costs incurred by a local agency or school district after January 1, 1973, in order to comply with the requirements of a federal statute or regulation. "Costs mandated by the federal government" includes costs resulting from enactment of a state law or regulation where failure to enact that law or regulation to meet specific federal program or service requirements would result in substantial monetary penalties or loss of funds to public or private persons in the state. "Costs mandated by the federal government" does not include costs which are specifically reimbursed or funded by the federal or state government or programs or services which may be implemented at the option of the state, local agency, or school district.

### **GC §17514: "Costs mandated by the state"**

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



**GC §17515: "County"**

"County" means any chartered or general law county. "County" includes a city and county.

**GC §17516: "Executive order"**

"Executive order" means any order, plan, requirement, rule, or regulation issued by any of the following: (a) The Governor. (b) Any officer or official serving at the pleasure of the Governor. (c) Any agency, department, board, or commission of state government. "Executive order" does not include any order, plan, requirement, rule, or regulation issued by the State Water Resources Control Board or by any regional water quality control board pursuant to Division 7 (commencing with Section 13000) of the Water Code. It is the intent of the Legislature that the State Water Resources Control Board and regional water quality control boards will not adopt enforcement orders against publicly owned dischargers which mandate major waste water treatment facility construction costs unless federal financial assistance and state financial assistance pursuant to the Clean Water Bond Act of 1970 and 1974, is simultaneously made available. "Major" means either a new treatment facility or an addition to an existing facility, the cost of which is in excess of 20 percent of the cost of replacing the facility.

**GC §17517: "Fund"**

"Fund" means the State Mandates Claims Fund.

**GC §17518: "Local agency"**

"Local agency" means any city, county, special district, authority, or other political subdivision of the state.

**GC §17519: "School district"**

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

**GC §17520: "Special district"**

"Special district" means any agency of the state which performs governmental or proprietary functions within limited boundaries. "Special district" includes a redevelopment agency, a joint powers agency or entity, a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area. "Special district" does not include a city, a county, a school district, or a community college district. County free libraries established pursuant to Chapter 2 (commencing with Section 27151) of Division 20 of the Education Code, areas receiving county fire protection services pursuant to Section 25643 of the Government Code, and county road districts established pursuant to Chapter 7 (commencing with Section 1550) of Division 2 of the Streets and Highways Code shall be considered "special districts" for all purposes of this part.

**GC §17521: "Test claim"**

"Test claim" means the first claim, including claims joined or consolidated with the first claim, filed with the commission alleging that a particular statute or executive order imposes costs mandated by the state.

**GC §17522: Definitions**

(a) "Initial reimbursement claim" means a claim filed with the Controller by a local agency or school district for costs to be reimbursed for the fiscal years specified in the first statute that appropriates funds for reimbursement of the mandate. (b) "Annual reimbursement claim" means a claim for actual costs incurred in a prior fiscal year filed with the Controller by a local agency or school district for which appropriations are made to the Controller for this purpose. (c) "Estimated reimbursement claim" means a claim filed with the Controller by a local agency or school district in conjunction with an initial reimbursement claim, annual reimbursement claim, or at other times, for estimated costs to be reimbursed during the current or

future fiscal years, for which appropriations are made to the Controller for this purpose. (d) "Entitlement claim" means a claim filed by a local agency or school district with the Controller for the purpose of establishing or adjusting a base year entitlement. All entitlement claims are subject to Section 17616.

**GC §17523: "Deflator"**

"Deflator" means the Implicit Price Deflator for the Costs of Goods and Services to Governmental Agencies, as determined by the Department of Finance.

**GC §17524: "Base year entitlement"**

"Base year entitlement" means that amount determined to be the average for the approved reimbursement claims of each local agency or school district for the three preceding fiscal years adjusted by the change in the deflator. A base year entitlement shall not include any nonrecurring or initial startup costs incurred by a local agency or school district in any of those three fiscal years. For those mandates which become operative on January 1 of any year, the amount of the "approved reimbursement claim" for the first of the three years may be computed by annualizing the amount claimed for the six-month period of January through June in that first year, excluding nonrecurring or startup costs.

**GC §17525: Members: Term and per diem for specified members**

(a) There is hereby created the Commission on State Mandates, which shall consist of seven members as follows: (1) The Controller. (2) The Treasurer. (3) The Director of Finance. (4) The Director of the Office of Planning and Research. (5) A public member with experience in public finance, appointed by the Governor and approved by the Senate. (6) Two members from the following three categories appointed by the Governor and approved by the Senate, provided that no more than one member shall come from the same category: (A) A city council member. (B) A member of a county or city and county board of supervisors. (C) A governing board member of a school district as defined in Section 17519. (b) Each member appointed pursuant to paragraph (5) or (6) of subdivision (a) shall be subject to both of the following: (1) The member shall serve for a term of four years subject to renewal. (2) The member shall receive per diem of one hundred dollars (\$100) for each day actually spent in the discharge of official duties and shall be reimbursed for any actual and necessary expenses incurred in connection with the performance of duties as a member of the commission.

**GC §17526: Open Meetings: Executive sessions**

(a) All meetings of the commission shall be open to the public, except that the commission may meet in executive session to consider the appointment or dismissal of officers or employees of the commission or to hear complaints or charges brought against a member, officer, or employee of the commission. (b) The commission shall meet at least once every month. (c) The time and place of meetings may be set by resolution of the commission, by written petition of a majority of the members, or by written call of the chairperson. The chairperson may, for good cause, change the starting time or place, reschedule, or cancel any meeting. (d) This section shall become operative on July 1, 1996.

**GC §17527: Powers of commission**

In carrying out its duties and responsibilities, the commission shall have the following powers: (a) To examine any document, report, or data, including computer programs and data files, held by any local agency or school district. (b) To meet at times and places as it may deem proper. (c) As a body or, on the authorization of the commission, as a committee composed of one or more members, to hold hearings at any time and place it may deem proper. (d) Upon a majority vote of the commission, to issue subpoenas to compel the attendance of witnesses and the production of books, records, papers, accounts, reports, and documents. (e) To administer oaths. (f) To contract with other agencies or individuals, public or private, as it deems necessary, to provide or prepare services, facilities, studies, and reports to the commission as will assist it in carrying out its duties and responsibilities. (g) To adopt, promulgate, amend, and rescind rules and regulations, which shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act provided for in

Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2. (h) To do any and all other actions necessary or convenient to enable it fully and adequately to perform its duties and to exercise the powers expressly granted to it.

**GC §17528: Election of officers**

The members of the commission shall elect a chairperson and a vice chairperson of the commission.

**GC §17529: Appointment of attorney: Duties**

The commission may appoint as attorney to the commission an attorney at law of this state, who shall hold office at the pleasure of the commission. The attorney shall represent and appear for the commission in all actions and proceedings involving any question under this part or under any order or act of the commission. The attorney shall advise the commission and each member of the commission, when so requested, in regard to all matters in connection with the powers and duties of the commission and the members thereof. The attorney shall generally perform all duties and services as attorney to the commission which the commission may require.

**GC §17530: Appointment of executive director: Duties**

The commission shall appoint an executive director, who shall be exempt from civil service and shall hold office at the pleasure of the commission. The executive director shall be responsible for the executive and administrative duties of the commission and shall organize, coordinate, supervise, and direct the operations and affairs of the commission and expedite all matters within the jurisdiction of the commission. The executive director shall keep a full and true record of all proceedings of the commission, issue all necessary process, writs, warrants, and notices, and perform other duties as the commission prescribes.

**GC §17531: Authority of executive director to employ necessary staff**

The executive director may employ those officers, examiners, experts, statisticians, accountants, inspectors, clerks, and employees as the executive director deems necessary to carry out the provisions of this part or to perform the duties and exercise the powers conferred upon the commission by law.

**GC §17532: Quorum: Investigations, inquiries, and hearings**

A majority of the commissioners shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power of the commission. Any investigation, inquiry, or hearing which the commission has power to undertake or to hold may be undertaken or held by or before any commissioner or commissioners designated for the purpose by the commission. The evidence in any investigation, inquiry, or hearing may be taken by the commissioner or commissioners to whom the investigation, inquiry, or hearing has been assigned or, in his or her or their behalf, by an examiner designated for that purpose. Every finding, opinion, and order made by the commissioner or commissioners so designated, pursuant to the investigation, inquiry, or hearing, when approved or confirmed by the commission and ordered filed in its office, shall be deemed to be the finding, opinion, and order of the commission.

**GC §17533: Provisions not applicable to hearing by commission**

Notwithstanding Section 11425.10, Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 does not apply to a hearing by the commission under this part.

**GC §17550: Reimbursements of local agencies and school districts**

Reimbursement of local agencies and school districts for costs mandated by the state shall be provided pursuant to this chapter.

**GC §17551: Commission hearing and decision upon claims**

(a) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district that the local agency or school district is entitled to be reimbursed by the state for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution. (b) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section 17561.

**GC §17552: Exclusivity of procedure provided by chapter**

This chapter shall provide the sole and exclusive procedure by which a local agency or school district may claim reimbursement for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

**GC §17553: Adoption of procedures for receiving claims and providing hearings: Postponement of hearings**

(a) The commission shall adopt procedures for receiving claims pursuant to this article and for providing a hearing on those claims. The hearing procedure shall provide for presentation of evidence by the claimant, the Department of Finance and any other affected department or agency, and any other interested person. The procedures shall ensure that a statewide cost estimate is adopted within 12 months after receipt of a test claim, when a determination is made by the commission that a mandate exists. This deadline may be extended for up to six months upon the request of either the claimant or the commission. Hearing of a claim may be postponed at the request of the claimant, without prejudice, until the next scheduled hearing. (b) The procedures adopted by the commission pursuant to subdivision (a) shall include the following: (1) Provisions for acceptance of more than one claim on the same statute or executive order relating to the same statute or executive order filed with the commission, and, absent agreement by the test claimants to the contrary, to designate the first to file as the lead test claimant. (2) Provisions for consolidating test claims relating to the same statute or executive order filed with the commission with time limits that do not exceed 90 days from the initial filing for consolidating the test claims and for claimants to designate a single contact for information regarding the test claim. (3) Provisions for claimants to designate a single claimant for a test claim relating to the same statute or executive order filed with the commission, with time limits that do not exceed 90 days from the initial filing for making that designation. (c) If a completed test claim is not received by the commission within 30 calendar days from the date that an incomplete test claim was returned by the commission, the original test claim filing date may be disallowed, and a new test claim may be accepted on the same statute or executive order. (d) In addition, the commission shall determine whether an incorrect reduction claim is complete within 10 days after the date that the incorrect reduction claim is filed. If the commission determines that an incorrect reduction claim is not complete, the commission shall notify the local agency and school district that filed the claim stating the reasons that the claim is not complete. The local agency or school district shall have 30 days to complete the claim. The commission shall serve a copy of the complete incorrect reduction claim on the Controller. The Controller shall have no more than 90 days after the date the claim is delivered or mailed to file any rebuttal to an incorrect reduction claim. The failure of the Controller to file a rebuttal to an incorrect reduction claim shall not serve to delay the consideration of the claim by the commission.

**GC §17554: Commission's authority to expedite claim**

With the agreement of all parties to the claim, the commission may waive the application of any procedural requirement imposed by this chapter or pursuant to Section 17553 in order to expedite action on the claim. The authority granted by this section includes the consolidation of claims and the shortening of time periods.

**GC §17555: Date for public hearing: Test claim form and procedure**

(a) The commission, within 10 days after receipt of a test claim based upon a statute or executive order, shall set a date for a public hearing on the claim within 75 days. The test claim may be based upon estimated costs that a local agency or school district may incur as a result of the statute or executive order and may be filed at any time after the statute is enacted or the executive order is adopted. The claim shall be submitted in a form prescribed by the commission. After a hearing in which the claimant and any other interested organization or individual may participate, the commission shall determine if there are costs mandated by the state. (b) This section shall become operative on July 1, 1996.

**GC §17556: Criteria for not finding costs mandated by the state**

The commission shall not find costs mandated by the state as defined in Section 17514, in any claim submitted by a local agency or school district, if, after a hearing, the commission finds that: (a) The claim is submitted by a local agency or school district which requested legislative authority for that local agency or school district to implement the program specified in the statute, and that statute imposes costs upon that local agency or school district requesting the legislative authority. A resolution from the governing body or a letter from a delegated representative of the governing body of a local agency or school district which requests authorization for that local agency or school district to implement a given program shall constitute a request within the meaning of this paragraph. (b) The statute or executive order affirmed for the state that which had been declared existing law or regulation by action of the courts. (c) The statute or executive order implemented a federal law or regulation and resulted in costs mandated by the federal government, unless the statute or executive order mandates costs which exceed the mandate in that federal law or regulation. (d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service. (e) The statute or executive order provides for offsetting savings to local agencies or school districts which result in no net costs to the local agencies or school districts, or includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate. (f) The statute or executive order imposed duties which were expressly included in a ballot measure approved by the voters in a statewide election. (g) The statute created a new crime or infraction, eliminated a crime or infraction, or changed the penalty for a crime or infraction, but only for that portion of the statute relating directly to the enforcement of the crime or infraction.

**GC §17557: Determination of amount to be subvned for reimbursement: Parameters and guidelines**

(a) If the commission determines there are costs mandated by the state pursuant to Section 17555, it shall determine the amount to be subvned to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 30 days of adoption of a statement of decision on a test claim. At the request of a successful test claimant, the commission may provide for one or more extensions of this 30-day period at any time prior to its adoption of the parameters and guidelines. If proposed parameters and guidelines are not submitted within the 30-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can demonstrate to the commission why an extension of the 30-day period is justified. A local agency, school district, and the state may file a claim or request with the commission to amend, modify, or supplement the parameters or guidelines. The commission may, after public notice and hearing, amend, modify, or supplement the parameters and guidelines. (b) In adopting parameters and guidelines, the commission may adopt an allocation formula or uniform allowance which would provide for reimbursement of each local agency or school district of a specified amount each year. (c) The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred, provided, however, that the commission shall not specify therein any fiscal year for which payment could be provided in the annual Budget Act. A test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. The

claimant may thereafter amend the test claim at any time prior to a commission hearing on the claim without affecting the original filing date as long as the amendment substantially relates to the original test claim.

**GC §17558: Submission of parameters and guidelines to Controller: Transfer of claims; claiming instructions**

(a) The commission shall submit the adopted parameters and guidelines to the Controller. All claims relating to a statute or executive order that are filed after the determination of the test claim pursuant to Section 17557 shall be transferred to the Controller who shall pay and audit the claims from funds made available for that purpose. (b) Not later than 60 days after receiving the adopted parameters and guidelines from the commission, the Controller shall issue claiming instructions for each mandate that requires state reimbursement, to assist local agencies and school districts in claiming costs to be reimbursed. In preparing claiming instructions, the Controller may request the assistance of other state agencies. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the commission. (c) The Controller shall, within 60 days after receiving revised adopted parameters and guidelines from the commission or other information necessitating a revision of the claiming instructions, prepare and issue revised claiming instructions for mandates that require state reimbursement that have been established by commission action pursuant to Section 17555 or after any decision or order of the commission pursuant to Section 17551. In preparing revised claiming instructions, the Controller may request the assistance of other state agencies. (d) This section shall become operative on July 1, 1996.

**GC §17558.5: Reimbursement claim: Audit; remittance advice and other notices of payment**

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to audit by the Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. However, if no funds are appropriated for the program for the fiscal year for which the claim is made, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. (b) The Controller shall notify the claimant in writing within 30 days after issuance of a remittance advice of any adjustment to a claim for reimbursement that results from an audit or review. The notification shall specify the claim components adjusted, the amounts adjusted, and the reason for the adjustment. Remittance advices and other notices of payment action shall not constitute notice of adjustment from an audit or review. (c) Nothing in this section shall be construed to limit the adjustment of payments when inaccuracies are determined to be the result of the intent to defraud, or when a delay in the completion of an audit is the result of willful acts by the claimant or inability to reach agreement on terms of final settlement. (d) This section shall become operative on July 1, 1996.

**GC §17558.6: Legislative intent**

It is the intent of the Legislature that the Commission on State Mandates review its process by which local agencies may appeal the reduction of reimbursement claims on the basis that the reduction is incorrect in order to provide for a more expeditious and less costly process.

**GC §17559: Judicial review**

(a) The commission may order a reconsideration of all or part of a test claim or incorrect reduction claim on petition of any party. The power to order a reconsideration or amend a test claim decision shall expire 30 days after the statement of decision is delivered or mailed to the claimant. If additional time is needed to evaluate a petition for reconsideration filed prior to the expiration of the 30-day period, the commission may grant a stay of that expiration for no more than 30 days, solely for the purpose of considering the petition. If no action is taken on a petition within the time allowed for ordering reconsideration, the petition shall be deemed denied. (b) A claimant or the state may commence a proceeding in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure to set aside a decision of the commission on

the ground that the commission's decision is not supported by substantial evidence. The court may order the commission to hold another hearing regarding the claim and may direct the commission on what basis the claim is to receive a rehearing.

**GC §17560: Deadlines for filing reimbursement claims**

Reimbursement for state-mandated costs may be claimed as follows: (a) A local agency or school district may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b). (b) A local agency or school district may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year. (c) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of Section 17558 between October 15 and January 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

**GC §17561: Reimbursement of costs for state mandated programs**

(a) The state shall reimburse each local agency and school district for all "costs mandated by the state," as defined in Section 17514. (b) (1) For the initial fiscal year during which these costs are incurred, reimbursement funds shall be provided as follows: (A) Any statute mandating these costs shall provide an appropriation therefor. (B) Any executive order mandating these costs shall be accompanied by a bill appropriating the funds therefor, or alternatively, an appropriation for these costs shall be included in the Budget Bill for the next succeeding fiscal year. The executive order shall cite that item of appropriation in the Budget Bill or that appropriation in any other bill which is intended to serve as the source from which the Controller may pay the claims of local agencies and school districts. (2) In subsequent fiscal years appropriations for these costs shall be included in the annual Governor's Budget and in the accompanying Budget Bill. In addition, appropriations to reimburse local agencies and school districts for continuing costs resulting from chaptered bills or executive orders for which claims have been awarded pursuant to subdivision (a) of Section 17551 shall be included in the annual Governor's Budget and in the accompanying Budget Bill subsequent to the enactment of the local government claims bill pursuant to Section 17600 that includes the amounts awarded relating to these chaptered bills or executive orders. (c) The amount appropriated to reimburse local agencies and school districts for costs mandated by the state shall be appropriated to the Controller for disbursement. (d) The Controller shall pay any eligible claim pursuant to this section within 60 days after the filing deadline for claims for reimbursement or 15 days after the date the appropriation for the claim is effective, whichever is later. The Controller shall disburse reimbursement funds to local agencies or school districts if the costs of these mandates are not payable to state agencies, or to state agencies who would otherwise collect the costs of these mandates from local agencies or school districts in the form of fees, premiums, or payments. When disbursing reimbursement funds to local agencies or school districts, the Controller shall disburse them as follows: (1) For initial reimbursement claims, the Controller shall issue claiming instructions to the relevant local agencies pursuant to Section 17558. 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. (A) When claiming instructions are issued by the Controller pursuant to Section 17558 for each mandate determined pursuant to Section 17555 that requires state reimbursement, each local agency or school district to which the mandate is applicable shall submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions. (B) When the commission is requested to review the claiming instructions pursuant to Section 17571, each local agency or school district to which the mandate is applicable shall submit a claim for reimbursement within 120 days after the commission reviews the claiming instructions for reimbursement issued by the Controller. (C) If the local agency or school district does not submit a claim for reimbursement within the 120-day period, or submits a claim pursuant to revised claiming instructions, it may submit its claim for reimbursement as specified in Section 17560. The Controller shall pay these claims from the funds appropriated therefor, provided that the Controller (i) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, and (ii) may reduce any

claim that the Controller determines is excessive or unreasonable. (2) In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor, provided that the Controller (A) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, (B) may reduce any claim that the Controller determines is excessive or unreasonable, and (C) shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years. (3) When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs. All initial reimbursement claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount that would have been allowed had the claim been timely filed, provided that the amount of this reduction shall not exceed one thousand dollars (\$1,000). The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. In no case shall a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates contained in a claims bill.

**GC §17561.5: Payment of claim with interest**

(a) The payment of an initial reimbursement claim by the Controller shall include accrued interest at the Pooled Money Investment Account rate, if the payment is being made more than 365 days after adoption of the statewide cost estimate for an initial claim or, in the case of payment of a subsequent claim relating to that same statute or executive order, if payment is being made more than 60 days after the filing deadline for, or the actual date of receipt of, the subsequent claim, whichever is later. In those instances, interest shall begin to accrue as of the 366th day after adoption of the statewide cost estimate for an initial claim and as of the 61st day after the filing deadline for, or actual date of receipt of, the subsequent claim, whichever is later. (b) This section shall become operative on July 1, 1996.

**GC §17561.6: Payment**

(a) A budget act item or appropriation pursuant to this part for reimbursement of claims shall include an amount necessary to reimburse any interest due pursuant to Section 17561.5. (b) This section shall become operative on July 1, 1996.

**GC §17562: Review of costs of state-mandated local programs**

(a) The Legislature hereby finds and declares that the increasing revenue constraints on state and local government and the increasing costs of financing state-mandated local programs make evaluation of the cumulative effects of state-mandated local programs imperative. Accordingly, it is the intent of the Legislature to establish a method for regularly reviewing the costs of state-mandated local programs, by evaluating the benefit of previously enacted mandates. (b) (1) A statewide association of local agencies or a Member of the Legislature may submit a proposal to the Legislature recommending the elimination or modification of a state-mandated local program. To make such a proposal, the association or member shall submit a letter to the Chairs of the Assembly Committee on Local Government and the Senate Committee on Local Government specifying the mandate and the concerns and recommendations regarding the mandate. The association or member shall include in the proposal all information relevant to the conclusions. If the chairs of the committees desire additional analysis of the submitted proposal, the chairs may refer the proposal to the Legislative Analyst for review and comment. The chairs of the committees may refer up to a total of 10 of these proposals to the Legislative Analyst for review in any year. Referrals shall be submitted to the Legislative Analyst by September 1 of each year. (2) The Legislative Analyst shall review and report to the Legislature with regard to each proposal that is referred to the office pursuant to paragraph (1). The Legislative Analyst shall recommend that the Legislature adopt, reject, or modify the proposal. The report and recommendations shall be submitted to the Legislature by December 1 of each year. (3) The Department of Finance shall review all statutes enacted each year that contain provisions making inoperative Section 2229 or Section 2230 of the Revenue and



Taxation Code or Section 17561 or Section 17565 that have resulted in costs or revenue losses mandated by the state that were not identified when the statute was enacted. The review shall identify the costs or revenue losses involved in complying with the provisions of the statutes. The Department of Finance shall also review all statutes enacted each year that may result in cost savings authorized by the state. The Department of Finance shall submit an annual report of the review required by this subdivision, together with the recommendations as it may deem appropriate, by December 1 of each year. (c) It is the intent of the Legislature that the Assembly Committee on Local Government and the Senate Committee on Local Government hold a joint hearing each year regarding the following: (1) The reports and recommendations submitted pursuant to subdivision (b). (2) The reports submitted pursuant to Sections 17570, 17600, and 17601. (3) Legislation to continue, eliminate, or modify any provision of law reviewed pursuant to this subdivision. The legislation may be by subject area or by year or years of enactment. (d) This section shall become operative on July 1, 1996.

**GC §17563: Use of funds received for public purposes**

Any funds received by a local agency or school district pursuant to the provisions of this chapter may be used for any public purpose.

**GC §17564: Filing of claims: Threshold amount**

(a) No claim shall be made pursuant to Sections 17551 and 17561, nor shall any payment be made on claims submitted pursuant to Sections 17551 and 17561, unless these claims exceed two hundred dollars (\$200), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds two hundred dollars (\$200) even if the individual school district's, direct service district's, or special district's claims do not each exceed two hundred dollars (\$200). The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim. (b) Claims for direct and indirect costs filed pursuant to Section 17561 shall be filed in the manner prescribed in the parameters and guidelines.

**GC §17565: Reimbursement of subsequently mandated costs**

If a local agency or a school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate.

**GC §17567: Insufficiency of appropriation: Proration of claims**

In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. The Controller shall adjust prorated claims if supplementary funds are appropriated for this purpose. In the event that the Controller finds it necessary to prorate claims as provided by this section, the Controller shall immediately report this action to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, the Controller shall transmit this information to the commission which shall include these amounts in its report to the Legislature pursuant to Section 17600 to assure that an appropriation sufficient to pay the claims is included in the local government claims bills or other appropriation bills. If the local government claims bills required by

Section 17612 have been introduced in the Legislature, the Controller shall report directly to the chairperson of the respective committee in each house of the Legislature which considers appropriations to assure inclusion of a sufficient appropriation in the claims bills.

**GC §17568: Payment of claims submitted after deadline**

If a local agency or school district submits an otherwise valid reimbursement claim to the Controller after the deadline specified in Section 17560, the Controller shall reduce the reimbursement claim in an amount equal to 10 percent of the amount which would have been allowed had the reimbursement claim been timely filed, provided that the amount of this reduction shall not exceed one thousand dollars (\$1,000). In no case shall a reimbursement claim be paid which is submitted more than one year after the deadline specified in Section 17560. Estimated claims which were filed by the deadline specified in that section shall be paid in full before payments are made on estimated claims filed after the deadline. In the event the amount appropriated to the Controller for reimbursement purposes is not sufficient to pay the estimated claims approved by the Controller, the Controller shall prorate those claims in proportion to the dollar amount of approved claims filed after the deadline and shall report to the commission or the Legislature in the same manner as described in Section 17566 in order to assure appropriation of funds sufficient to pay those claims.

**GC §17570: Annual report to Legislature**

The Legislative Analyst shall review each unfunded statutory or regulatory mandate for which claims have been approved by the Legislature pursuant to a claims bill during the preceding fiscal year. Any recommendations by the Legislative Analyst to eliminate or modify the mandates shall be contained in the annual analysis of the Budget Bill prepared by the Legislative Analyst.

**GC §17571: Review and modification of claiming instructions**

The commission, upon request of a local agency or school district, shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs. 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.

**GC §17575: Review of bills**

When a bill is introduced in the Legislature, and each time a bill is amended, on and after January 1, 1985, the Legislative Counsel shall determine whether the bill mandates a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution. The Legislative Counsel shall make this determination known in the digest of the bill and shall describe in the digest the basis for this determination. The determination by the Legislative Counsel shall not be binding on the commission in making its determination pursuant to Section 17555.

**GC §17576: Amendment of bills on floor: Notification by Legislative Counsel**

Whenever the Legislative Counsel determines that a bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Department of Finance shall prepare an estimate of the amount of reimbursement which will be required. This estimate shall be prepared for the respective committees of each house of the Legislature which consider taxation measures and appropriation measures and shall be prepared prior to any hearing on the bill by any such committee.

**GC §17577: Amount of estimates**

The estimate required by Section 17576 shall be the amount estimated to be required during the first fiscal year of a bill's operation in order to reimburse local agencies and school districts for costs mandated by the state by the bill.

**GC §17578: Amendment of bills on floor: Notification by Legislative Counsel**

In the event that a bill is amended on the floor of either house, whether by adoption of the report of a conference committee or otherwise, in such a manner as to mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Legislative Counsel shall immediately inform, respectively, the Speaker of the Assembly and the President of the Senate of that fact. Notification from the Legislative Counsel shall be published in the journal of the respective houses of the Legislature.

**GC §17579: Requirement for new mandates to specify reimbursement requirements: Appropriations**

(a) Any bill introduced or amended on and after January 1, 1985, for which the Legislative Counsel has determined the bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, shall contain a section specifying that reimbursement shall be made from the fund pursuant to Section 17610 when the amount of the claim has been determined pursuant to Article 1 (commencing with Section 17550) of this chapter or that there is no mandate or that the mandate is being disclaimed and the reason therefor. (b) Any bill introduced or amended on and after January 1, 1985, may, but is not required to, contain an appropriation to provide reimbursement of costs mandated by the state.

**GC §17581: Conditions for exemption from implementation of statute or executive order**

(a) No local agency shall be required to implement or give effect to any statute or executive order, or portion thereof, during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply: (1) The statute or executive order, or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of local agencies pursuant to Section 6 of Article XIII B of the California Constitution. (2) The statute or executive order, or portion thereof, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements. (b) Notwithstanding any other provision of law, if a local agency elects to implement or give effect to a statute or executive order described in subdivision (a), the local agency may assess fees to persons or entities which benefit from the statute or executive order. Any fee assessed pursuant to this subdivision shall not exceed the costs reasonably borne by the local agency. (c) This section shall not apply to any state-mandated local program for the trial courts, as specified in Section 77203. (d) This section shall not apply to any state-mandated local program for which the reimbursement funding counts toward the minimum General Fund requirements of Section 8 of Article XVI of the Constitution.

**GC §17600: Report on number of mandates and their costs**

At least twice each calendar year the commission shall report to the Legislature on the number of mandates it has found pursuant to Article 1 (commencing with Section 17550) and the estimated statewide costs of these mandates. This report shall identify the statewide costs estimated for each mandate and the reasons for recommending reimbursement.

**GC §17601: Report on claims denied**

The commission shall report to the Legislature on January 15, 1986, and each January 15 thereafter, on the number of claims it denied during the preceding calendar year and the basis on which the particular claims were denied.

**GC §17610: Costs paid from fund: Limit on costs**

(a) The costs arising from a statute containing a statement that the statute mandates a new program or higher level of service and specifying that reimbursement shall be made from the fund shall, upon certification of the estimated statewide cost by the commission to the Controller, be paid from the fund, provided that the estimated statewide cost of the claim does not exceed one million dollars (\$1,000,000). The Controller shall receive, review, and pay reimbursement claims from the fund as the claims are received. Claims for initial reimbursement shall be filed with the Controller within 120 days from the date that the Controller issued claiming instructions on mandates funded by the fund. When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated cost. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount which would have been allowed had the claim been timely filed, provided that the amount of this reduction shall not exceed one thousand dollars (\$1,000). The Controller may withhold payment of any initial reimbursement claim filed after the filing deadline until the next deadline for funding claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. (b) For purposes of this section, "estimated statewide cost" means the total amount of funds estimated to be necessary to reimburse all eligible local agencies and school districts for costs incurred as a result of the mandate during the first 12-month period following the operative date of the mandate. (c) For purposes of this section, "costs arising from a statute" means the total amount of funds necessary to reimburse eligible local agencies and school districts for costs incurred as a result of complying with a mandate for the fiscal years specified in the parameters and guidelines in accordance with Section 17557.

**GC §17612: Local government claims bills: Judicial review of funding deletions**

(a) Immediately upon receipt of the report submitted by the commission pursuant to Section 17600, a local government claims bill shall be introduced in the Legislature. The local government claims bill, at the time of its introduction, shall provide for an appropriation sufficient to pay the estimated costs of these mandates except where the costs have been or will be paid pursuant to Section 17610. (b) The Legislature may amend, modify, or supplement the parameters and guidelines for mandates contained in the local government claims bill. If the Legislature amends, modifies, or supplements the parameters and guidelines, it shall make a declaration in the local government claims bill specifying the basis for the amendment, modification, or supplement. (c) If the Legislature deletes from a local government claims bill funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement.

**GC §17613: Authorization of augmentation for mandated costs**

(a) The Director of Finance may, upon receipt of any report submitted pursuant to Section 17567, authorize the augmentation of the amount available for expenditure to reimburse costs mandated by the state, as defined in Section 17514, as follows: (1) For augmentation of (A) any schedule in any item to reimburse costs mandated by the state in any budget act, or (B) the amount appropriated in a local government claims bill for reimbursement of the claims of local agencies, as defined by Section 17518, from the unencumbered balance of any other item to reimburse costs mandated by the state in that budget act or another budget act or in an appropriation for reimbursement of the claims of local agencies in another local government claims bill. (2) For augmentation of (A) any schedule in any budget act item, or (B) any amount appropriated in a local government claims bill, when either of these augmentations is for reimbursement of mandated claims of school districts, as defined in Section 17519, when the source of this augmentation is (A) the unencumbered balance of any other scheduled amount in that budget act

or another budget act, or (B) an appropriation in another local government claims bill, when either of these appropriations is for reimbursement of mandate claims of school districts. This paragraph applies only to appropriations that are made for the purpose of meeting the minimum funding guarantee for educational programs pursuant to Section 8 of Article XVI of the California Constitution. (b) No authorization for an augmentation pursuant to this section may be made sooner than 30 days after the notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations and the chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

**GC §17614: State Mandates Claims Fund**

There is hereby created the State Mandates Claims Fund. Notwithstanding Section 13340, money in the fund is continuously appropriated without regard to fiscal years for the sole purpose of paying claims pursuant to Section 17610.

**GC §17615: Legislative findings and intent**

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for actual costs mandated by the state on an annual claim basis is time consuming, cumbersome, and expensive at both the local and state levels. The Controller must process voluminous claims with all claims subject to a desk audit and selected claims also subject to a field audit. Local agencies are required to maintain extensive documentation of all claims in anticipation of such an audit. The volume of these records is substantial and will continue to grow with no relief in sight as new programs are mandated. The cost to local agencies and school districts for filing claims, and for maintaining documentation and responding to the Controller's audits is substantial. The current administrative cost to both state and local governments represents a significant expenditure of public funds with no apparent benefit to the taxpayers. It is the intent of the Legislature to streamline the reimbursement process for costs mandated by the state by creating a system of state mandate apportionments to fund the costs of certain programs mandated by the state.

**GC §17615.1: Review of programs for inclusion in system**

Notwithstanding the provisions of Section 2231 of the Revenue and Taxation Code, the commission shall establish a procedure for reviewing, upon request, mandated cost programs for which appropriations have been made by the Legislature for the 1982-83, 1983-84, and 1984-85 fiscal years, or any three consecutive fiscal years thereafter. At the request of the Department of Finance, the Controller, or any local agency or school district receiving reimbursement for the mandated program, the commission shall review the mandated cost program to determine whether the program should be included in the State Mandates Apportionment System. If the commission determines that the State Mandates Apportionment System would accurately reflect the costs of the state mandated program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System.

**GC §17615.2: Calculation of disbursement amounts**

(a) Notwithstanding Section 17561, after November 30, 1985, for those programs included in the State Mandates Apportionment System, after approval by the commission, there shall be disbursed by the Controller to each local agency and school district which has submitted a reimbursement claim for costs mandated by the state in the 1982-83, 1983-84, and the 1984-85 fiscal years, or any three consecutive fiscal years thereafter, an amount computed by averaging the approved reimbursement claims for this three-year period. The amount shall first be adjusted according to any changes in the deflator. The deflator shall be applied separately to each year's costs for the three years which comprise the base period. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1985 and the Budget Act for any subsequent fiscal year thereafter. For purposes of this article, "base period" means the three fiscal years immediately succeeding the commission's approval. (b) When the Controller has made payment on claims prior to commission approval of the program for inclusion in the

State Mandates Apportionment System, the payment shall be adjusted in the next apportionment to the amount which would have been subvned to the local agency or school district for that fiscal year had the State Mandates Apportionment System been in effect at the time of the initial payment.

**GC §17615.3: Annual recalculation of allocation**

Notwithstanding Section 17561, by November 30, 1986, and by November 30 of each year thereafter, for those programs included in the State Mandates Apportionment System, the Controller shall recalculate each allocation for each local agency and school district for the 1985-86 fiscal year, by using the actual change in the deflator for that year. That recalculated allocation shall then be adjusted by the estimated change in the deflator for the 1986 -87 fiscal year, and each fiscal year thereafter, to establish the allocation amount for the 1986-87 fiscal year, and each fiscal year thereafter. Additionally, for programs approved by the commission for inclusion in the State Mandates Apportionment System on or after January 1, 1988, the allocation for each year succeeding the three-year base period shall be adjusted according to any changes in both the deflator and workload. The Controller shall then subvne that amount after adjusting it by any amount of overpayment or underpayment in the 1985-86 fiscal year, and each fiscal year thereafter, due to a discrepancy between the actual change and the estimated change in the deflator or workload. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1986 and the Budget Act for any subsequent fiscal year thereafter. For purposes of this article, "workload" means, for school districts and county offices of education, changes in the average daily attendance; for community colleges, changes in the number of full-time equivalent students; for cities and counties, changes in the population within their boundaries; and for special districts, changes in the population of the county in which the largest percentage of the district's population is located.

**GC §17615.4: Procedure for newly mandated programs**

(a) When a new mandate imposes costs which are funded either by legislation, in local government claims bills, or from the State Mandates Claim Fund, local agencies and school districts may file reimbursement claims as required by Section 17561, for a minimum of three years after the initial funding of the new mandate. (b) After actual cost claims are submitted for three fiscal years against such a new mandate, the commission shall determine, upon request of the Controller or a local entity or school district receiving reimbursement for the program, whether the amount of the base year entitlement adjusted by changes in the deflator and workload accurately reflects the costs incurred by the local agency or school district. If the commission determines that the base year entitlement, as adjusted, does accurately reflect the costs of the program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System. (c) The Controller shall make recommendations to the commission and the commission shall consider the Controller's recommendations for each new mandate submitted for inclusion in the State Mandates Apportionment System. All claims included in the State Mandates Apportionment System pursuant to this section are also subject to the audit provisions of Section 17616.

**GC §17615.5: Procedure where no base year entitlement has been established**

(a) If any local agency or school district has an established base year entitlement which does not include costs for a particular mandate, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, adjusted pursuant to Section 17615.3 by changes in the deflator and workload, or entitlement claims covering a minimum of three consecutive years, after which time its base year entitlement may be adjusted by an amount necessary to fund the costs of that mandate. (b) If any local agency or school district has no base year entitlement, but wishes to begin claiming costs of one or more of the mandates included in the State Mandates Apportionment System, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, or entitlement claims covering the preceding three consecutive years, which shall be adjusted pursuant to Sections 17615.2 and 17615.3 by changes in the deflator and workload, after which time a base year entitlement may be established in an amount necessary to fund the costs of the mandate or mandates.

**GC §17615.6: Procedure where program is no longer mandatory**

If a local agency or school district realizes a decrease in the amount of costs incurred because a mandate is discontinued, or made permissive, the Controller shall determine the amount of the entitlement attributable to that mandate by determining the base year amount for that mandate for the local agency or school district plus the annual adjustments. This amount shall be subtracted from the annual subvention which would otherwise have been allocated to the local agency or school district.

**GC §17615.7: Procedure where program is modified**

If a mandated program included in the State Mandates Apportionment System is modified or amended by the Legislature or by executive order, and the modification or amendment significantly affects the costs of the program, as determined by the commission, the program shall be removed from the State Mandate Apportionment System, and the payments reduced accordingly. Local entities or school districts may submit actual costs claims for a period of three years, after which the program may be considered for inclusion in the State Mandates Apportionment System, pursuant to the provisions of Section 17615.4.

**GC §17615.8: Review of base year entitlement**

(a) The commission shall establish a procedure for reviewing, upon request, any apportionment or base year entitlement of a local agency or school district. (b) Local agencies and school districts which request such a review shall maintain and provide those records and documentation as the commission or its designee determines are necessary for the commission or its designee to make the required determinations. With the exception of records required to verify base year entitlements, the records may not be used to adjust current or prior apportionments, but may be used to adjust future apportionments. (c) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state does not accurately reflect the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission shall direct the Controller to adjust the apportionment accordingly. For the purposes of this section, an apportionment or a base year entitlement does not accurately reflect the costs incurred by a local agency or school district if it falls short of reimbursing, or overreimburses, that local agency's or school district's actual costs by 20 percent or by one thousand dollars (\$1,000), whichever is less. (d) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state accurately reflects the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission may, in its discretion, direct the Controller to withhold, and, if so directed, the Controller shall withhold the costs of the commission's review from the next apportionment to the local agency or school district, if the commission review was requested by the local agency or school district.

**GC §17615.9: Review of programs under SMAS**

The commission shall periodically review programs funded under the State Mandate Apportionments System to evaluate the effectiveness or continued statewide need for each such mandate.

**GC §17616: Audits and verification by Controller**

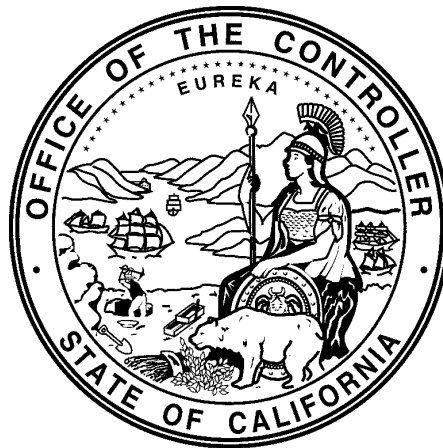
Notwithstanding the provisions of Section 2231 of the Revenue and Taxation Code, the Controller shall have the authority to do either or both of the following: (a) Audit the fiscal years comprising the base year entitlement no later than three years after the year in which the base year entitlement is established. The results of such audits shall be used to adjust the base year entitlements and any subsequent apportionments based on that entitlement, in addition to adjusting actual cost payments made for the base years audited. (b) Verify that any local agency or school district receiving funds pursuant to this article is providing the reimbursed activities.

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Received  
August 2, 2013  
Commission on  
State Mandates

# MANDATED COST MANUAL FOR COMMUNITY COLLEGES

STATE OF CALIFORNIA



**STEVE WESTLY**  
STATE CONTROLLER



## **FOREWORD**

The claiming instructions contained in this manual are issued for the sole purpose of assisting claimants with the preparation of claims for submission to the State Controller's Office. These instructions have been prepared based upon interpretation of the State of California statutes, regulations, and parameters and guidelines adopted by the Commission on State Mandates. Therefore, unless otherwise specified, these instructions should not be construed in any manner to be statutes, regulations, or standards.

If you have any questions concerning the enclosed material, write to the address below or call the Local Reimbursements Section at (916) 324-5729, or email to [lrsdar@sco.ca.gov](mailto:lrsdar@sco.ca.gov).

State Controller's Office  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

Prepared by the State Controller's Office  
Updated September 30, 2003

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### SECTION 3 State Mandated Cost Programs

Program Name	Chapter/Statute	Program Number
Absentee Ballots	Ch. 77/78	231
Collective Bargaining	Ch. 961/75	232
Health Benefits for Survivors of Peace Officers and Firefighters	Ch. 1120/96	233
Health Fee Elimination	Ch. 1/84	234
Investment Reports	Ch. 783/95	235
Law Enforcement College Jurisdiction Agreements	Ch. 284/98	212
Law Enforcement Sexual Harassment Training	Ch. 126/93	236
Mandate Reimbursement Process	Ch. 486/75	237
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## REIMBURSABLE STATE MANDATED COST PROGRAMS

Claims for the following State mandated cost programs may be filed with the SCO. For your convenience, the programs are listed in alphabetical order by program name. An "X" indicates the fiscal year for which a claim may be filed.

2002-03 Reimburse- ment Claims	2003-04 Estimated Claims	Community College Districts	
x	x	Chapter 77/78	Absentee Ballots
x	x	Chapter 961/75	Collective Bargaining
x	x	Chapter 1120/96	Health Benefits for Survivors of Peace Officers & Firefighters
x	x	Chapter 1/84	Health Fee Elimination
x	x	Chapter 783/95	Investment Reports
x	x	Chapter 284/98	Law Enforcement College Jurisdiction Agreements
x	x	Chapter 126/93	Law Enforcement Sexual Harassment Training
x	x	Chapter 486/75	Mandate Reimbursement Process
x	x	Chapter 641/86	Open Meetings Act/Brown Act Reform
x	x	Chapter 465/76	Peace Officers Procedural Bill of Rights
x	x	Chapter 875/85	Photographic Record of Evidence
x	x	Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers
x	x	Chapter 1249/92	Threats Against Peace Officers

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**APPROPRIATIONS FOR THE 2003-04 FISCAL YEAR**
**Source of State Mandated Cost Appropriations**

<b>Schedule</b>	<b>Program</b>	<b>Amount Appropriated</b>
<b>Chapter 379/02, Item 6110-295-0001<sup>1</sup></b>		
(1) Chapter 77/78	Absentee Ballots	\$ 0
(2) Chapter 961/75	Collective Bargaining	0
(3) Chapter 1120/96	Health Benefits for Survivors of Peace Officers and Firefighters	0
(4) Chapter 783/95	Investment Reports	0
(5) Chapter 284/98	Law Enforcement College Jurisdiction Agreements	0
(6) Chapter 126/93	Law Enforcement Sexual Harassment Training	0
(7) Chapter 486/75	Mandate Reimbursement Process	0
(8) Chapter 641/86	Open Meetings Act/Brown Act Reform	0
(9) Chapter 465/76	Peace Officers Procedural Bill of Rights	0
(10) Chapter 875/85	Photographic Record of Evidence	0
(11) Chapter 908/96	Sex Offenders: Disclosure by Law Enforcement Officers	0
(12) Chapter 1249/92	Threats Against Peace Officers	0
<b>Total Appropriations, Item 6110-295-001</b>		<b>\$ 0</b>
<b>Chapter 379/02, Item 6870-295-0001</b>		
(13) Chapter 1/84	Health Fee Elimination	1,000
<b>TOTAL - Funding for the 2003-04 Fiscal Year</b>		<b>\$1,000</b>

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<sup>1</sup> Pursuant to provision 5, "The Controller shall not make any payment from this item to reimburse community college districts for claimed costs of state-mandated education programs. Reimbursements to community college districts for education mandates shall be paid from the appropriate item within the community colleges budget."

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## FILING A CLAIM

### 1. Introduction

The law in the State of California, (Government Code Sections 17500 through 17616), provides for the reimbursement of costs incurred by school districts for costs mandated by the State. Costs mandated by the State means any increased costs which a school district is required to incur after July 1, 1980, as a result of any statute enacted after January 1, 1975, or any executive order implementing such statute which mandates a new program or higher level of service of an existing program.

Estimated claims that show costs to be incurred in the current fiscal year and reimbursement claims that detail the costs actually incurred for the prior fiscal year may be filed with the State Controller's Office (SCO). Claims for on-going programs are filed annually by January 15. Claims for new programs are filed within 120 days from the date claiming instructions are issued for the program. A 10 percent penalty, (up to \$1,000 for continuing claims, no limit for initial claims), is assessed for late claims. The SCO may audit the records of any school district to verify the actual amount of mandated costs and may reduce any claim that is excessive or unreasonable.

When a program has been reimbursed for three or more years, the COSM may approve the program for inclusion in the State Mandates Apportionment System (SMAS). For programs included in SMAS, the SCO determines the amount of each claimant's entitlement based on an average of three consecutive fiscal years of actual costs adjusted by any changes in the Implicit Price Deflator (IPD). Claimants with an established entitlement receive an annual apportionment adjusted by any changes in the IPD and, under certain circumstances, by any changes in workload. Claimants with an established entitlement do not file further claims for the program.

The SCO is authorized to make payments for costs of mandated programs from amounts appropriated by the State Budget Act, by the State Mandates Claims Fund, or by specific legislation. In the event the appropriation is insufficient to pay claims in full, claimants will receive prorated payments in proportion to the dollar amount of approved claims for the program. Balances of prorated payments will be made when supplementary funds are made available.

The instructions contained in this manual are intended to provide general guidance for filing a mandated cost claim. Since each mandate is administered separately, it is important to refer to the specific program for information relating to established policies on eligible reimbursable costs.

### 2. Types of Claims

There are three types of claims: Reimbursement, Estimated, and Entitlement. A claimant may file a reimbursement claim for actual mandated costs incurred in the prior fiscal year or may file an estimated claim for mandated costs to be incurred during the current fiscal year. An entitlement claim may be filed for the purpose of establishing a base year entitlement amount for mandated programs included in SMAS. A claimant who has established a base year entitlement for a program would receive an automatic annual payment which is reflective of the current costs for the program.

All claims received by the SCO will be reviewed to verify actual costs. An adjustment of the claim will be made if the amount claimed is determined to be excessive, improper, or unreasonable. The claim must be filed with sufficient documentation to support the costs claimed. The types of documentation required to substantiate a claim are identified in the instructions for the program. The certification of claim, form FAM-27, must be signed and dated by the entity's authorized officer in order for the SCO to make payment on the claim.

**A. Reimbursement Claim**

A reimbursement claim is defined in GC Section 17522 as any claim filed with the SCO by a local agency for reimbursement of costs incurred for which an appropriation is made for the purpose of paying the claim. The claim must include supporting documentation to substantiate the costs claimed.

Initial reimbursement claims are first-time claims for reimbursement of costs for one or more prior fiscal years of a program that was previously unfunded. Claims are due 120 days from the date of issuance of the claiming instructions for the program by the SCO. The first statute that appropriates funds for the mandated program will specify the fiscal years for which costs are eligible for reimbursement.

Annual reimbursement claims must be filed by January 15 following the fiscal year in which costs were incurred for the program. A reimbursement claim must detail the costs actually incurred in the prior fiscal year.

An actual claim for the 2002-03 fiscal year may be filed by January 15, 2004, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. However, initial reimbursement claims will be reduced by a late penalty of 10% with no limitation. In order for a claim to be considered properly filed, it must include any specific supporting documentation requested in the instructions. Claims filed more than one year after the deadline or without the requested supporting documentation will not be accepted.

**B. Estimated Claim**

An estimated claim is defined in GC Section 17522 as any claim filed with the SCO, during the fiscal year in which the mandated costs are to be incurred by the local agency, against an appropriation made to the SCO for the purpose of paying those costs.

An estimated claim may be filed in conjunction with an initial reimbursement claim, annual reimbursement claim, or at other times for estimated costs to be incurred during the current fiscal year. Annual estimated claims are due January 15 of the fiscal year in which the costs are to be incurred. Initial estimated claims are due on the date specified in the claiming instructions. Timely filed estimated claims are paid before those filed after the deadline.

After receiving payment for an estimated claim, the claimant must file a reimbursement claim by January 15 following the fiscal year in which costs were incurred. If the claimant fails to file a reimbursement claim, monies received for the estimated claims must be returned to the State.

**C. Entitlement Claim**

An entitlement claim is defined in GC Section 17522 as any claim filed by a local agency with the SCO for the sole purpose of establishing or adjusting a base year entitlement for a mandated program that has been included in SMAS. An entitlement claim should not contain nonrecurring or initial start-up costs. There is no statutory deadline for the filing of entitlement claims. However, entitlement claims and supporting documents should be filed by January 15 to permit an orderly processing of claims. When the claims are approved and a base year entitlement amount is determined, the claimant will receive an apportionment reflective of the program's current year costs. School mandates included in SMAS are listed in Section 2, number 6.

Once a mandate has been included in SMAS and the claimant has established a base year entitlement, the claimant will receive automatic payments from the SCO for the mandate. The automatic apportionment is determined by adjusting the claimant's base year entitlement for changes in the implicit price deflator of costs of goods and services to governmental agencies, as determined by the State Department of Finance. For programs approved by the COSM for inclusion in SMAS on or after January 1, 1988, the payment for each year succeeding the three year base period is adjusted according to any changes by both the deflator and average daily attendance. Annual apportionments for programs included in the system are paid on or before November 30 of each year.

A base year entitlement is determined by computing an average of the claimant's costs for any three consecutive years after the program has been approved for the SMAS process. The amount is first adjusted according to any changes in the deflator. The deflator is applied separately to each year's costs for the three years, which comprise the base year. The SCO will perform this computation for each claimant who has filed claims for three consecutive years. If a claimant has incurred costs for three consecutive years but has not filed a claim in each of those years, the claimant may file an entitlement claim, form FAM-43, to establish a base year entitlement. An entitlement claim does not result in the claimant being reimbursed for the costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.

### **3. Minimum Claim Amount**

For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given year do not exceed \$1,000, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564. The county shall determine if the submission of a combined claim is economically feasible and shall be responsible for disbursing the funds to each special district. Combined claims may be filed only when the county is the fiscal agent for the special districts. A combined claim must show the individual claim costs for each eligible school district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a special district, provides to the county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

GC Section 17564(a) provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds one thousand dollars (\$1,000), provided that a county superintendent of schools may submit a combined claim on behalf of school districts within their county if the combined claim exceeds \$1,000, even if the individual school district's claim does not each exceed \$1,000. The county superintendent of schools shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school district. These combined claims may be filed only when the county superintendent of schools is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district provides a written notice of its intent to file a separate claim to the county superintendent of schools and to the SCO at least 180 days prior to the deadline for filing the claim.

### **4. Filing Deadline for Claims**

Initial reimbursement claims (first-time claims) for reimbursement of costs of a previously unfunded mandated program must be filed within 120 days from the date of issuance of the program's claiming instructions by the SCO. If the initial reimbursement claim is filed after the deadline, but within one year of the deadline, the approved claim must be reduced by a 10% penalty. A claim filed more than one year after the deadline cannot be accepted for reimbursement.

Annual reimbursement claims for costs incurred during the previous fiscal year and estimated claims for costs to be incurred during the current fiscal year must be filed with the SCO and postmarked on or before January 15. If the annual or estimated reimbursement claim is filed after the deadline, but within one year of the deadline, the approved claim must be reduced by a 10% late penalty, not to exceed \$1,000. Claims must include supporting data to show how the amount claimed was derived. Without this information, the claim cannot be accepted.

Entitlement claims do not have a filing deadline. However, entitlement claims and supporting documents should be filed by January 15 to permit an orderly processing of claims. Entitlement claims are used to establish a base year entitlement amount for calculating automatic annual payments. Entitlement does not result in the claimant being reimbursed for costs incurred, but rather entitles the claimant to receive automatic payments from SMAS.



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## 5. Payment of Claims

In order for the SCO to authorize payment of a claim, the Certification of Claim, form FAM-27, must be properly filled out, signed, and dated by the entity's authorized officer.

Reimbursement and estimated claims are paid within 60 days of the filing deadline for the claim. A claimant is entitled to receive accrued interest at the pooled money investment account rate if the payment was made more than 60 days after the claim filing deadline or the actual date of claim receipt, whichever is later. For an initial claim, interest begins to accrue when the payment is made more than 365 days after the adoption of the program's statewide cost estimate. The SCO may withhold up to 20 percent of the amount of an initial claim until the claim is audited to verify the actual amount of the mandated costs. The 20 percent withheld is not subject to accrued interest.

In the event the amount appropriated by the Legislature is insufficient to pay the approved amount in full for a program, claimants will receive a prorated payment in proportion to the amount of approved claims timely filed and on hand at the time of proration.

The SCO reports the amounts of insufficient appropriations to the State Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, this information is transmitted to the COSM which will include these amounts in its report to assure that an appropriation sufficient to pay the claims is included in the next local government claims bill or other appropriation bills. When the supplementary funds are made available, the balance of the claims will be paid.

Unless specified in the statutes, regulations, or parameters and guidelines, the determination of allowable and unallowable costs for mandates is based on the Parameters and Guidelines adopted by the COSM. The determination of allowable reimbursable mandated costs for unfunded mandates is made by the COSM. The SCO determines allowable reimbursable costs, subject to amendment by the COSM, for mandates funded by special legislation. Unless specified, allowable costs are those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. In order for costs to be allowable and thus eligible for reimbursement, the costs must meet the following general criteria:

1. The cost is necessary and reasonable for proper and efficient administration of the mandate and not a general expense required to carry out the overall responsibilities of government.
2. The cost is allocable to a particular cost objective identified in the Parameters and Guidelines.
3. The cost is net of any applicable credits that offset or reduce expenses of items allocable to the mandate.

The SCO has identified certain costs that, for the purpose of claiming mandated costs, are unallowable and should not be claimed on the claim forms unless specified as reimbursable under the program. These expenses include, but are not limited to, subscriptions, depreciation, memberships, conferences, workshops general education, and travel costs.

## 6. State Mandates Apportionment System (SMAS)

Chapter 1534, Statutes of 1985, established SMAS, a method of paying certain mandated programs as apportionments. This method is utilized whenever a program has been approved for inclusion in SMAS by the COSM.

When a mandated program has been included in SMAS, the SCO will determine a base year entitlement amount for each school district that has submitted reimbursement claims, (or entitlement claims), for three consecutive fiscal years. A base year entitlement amount is determined by averaging the approved reimbursement claims, (or entitlement claims), for 1982-83, 1983-84, and 1984-85 years or any three consecutive fiscal years thereafter. The amounts are first adjusted by any change in IPD, which is applied separately to each year's costs for the three years

that comprise the base period. The base period means the three fiscal years immediately succeeding the COSM's approval.

Each school district with an established base year entitlement for the program will receive automatic annual payments from the SCO reflective of the program's current year costs. The amount of apportionment is adjusted annually for any change in the IPD. If the mandated program was included in SMAS after January 1, 1988, the annual apportionment is adjusted for any change in both the IPD and workload.

In the event a school district has incurred costs for three consecutive fiscal years but did not file a reimbursement claim in one or more of those fiscal years, the school district may file an entitlement claim for each of those missed years to establish a base year entitlement. An "entitlement claim" means any claim filed by a county with the SCO for the sole purpose of establishing a base year entitlement. A base year entitlement shall not include any nonrecurring or initial start-up costs.

Initial apportionments are made on an individual program basis. After the initial year, all apportionments are made by November 30. The amount to be apportioned is the base year entitlement adjusted by annual changes in the IPD for the cost of goods and services to governmental agencies as determined by the State Department of Finance.

In the event the county determines that the amount of apportionment does not accurately reflect costs incurred to comply with a mandate, the process of adjusting an established base year entitlement upon which the apportionment is based, is set forth in GC Section 17615.8 and requires the approval of the COSM.

School Mandates Included In SMAS

Program Name	Chapter/Statute	Program Number
Immunization Records	Ch. 1176/77	32

Pupil Expulsion Transcripts, program #91, Chapter 1253/75 was removed from SMAS for the 2002-03 fiscal year. This program was consolidated with other mandate programs that are included in Pupil Suspension, Expulsions, and Expulsion Appeals, program #176.

**7. Direct Costs**

A direct cost is a cost that can be identified specifically with a particular program or activity. Each claimed reimbursable cost must be supported by documentation as described in Section 12. Costs that are typically classified as direct costs are:

**(1) Employee Wages, Salaries, and Fringe Benefits**

For each of the mandated activities performed, the claimant must list the names of the employees who worked on the mandate, their job classification, hours worked on the mandate, and rate of pay. The claimant may, in-lieu of reporting actual compensation and fringe benefits, use a productive hourly rate:

**(a) Productive Hourly Rate Options**

A local agency may use one of the following methods to compute productive hourly rates:

- Actual annual productive hours for each employee
- The weighted-average annual productive hours for each job title, or
- 1,800\* annual productive hours for all employees

If actual annual productive hours or weighted-average annual productive hours for each job title is chosen, the claim must include a computation of how these hours were computed.

\* 1,800 annual productive hours excludes the following employee time:

- o Paid holidays
- o Vacation earned
- o Sick leave taken
- o Informal time off
- o Jury duty
- o Military leave taken.

**(b) Compute a Productive Hourly Rate**

1. Compute a productive hourly rate for salaried employees to include actual fringe benefit costs. The methodology for converting a salary to a productive hourly rate is to compute the employee's annual salary and fringe benefits and divide by the annual productive hours.

**Table 1 Productive Hourly Rate, Annual Salary + Benefits Method**

<b>Formula:</b>	<b>Description:</b>
$[(EAS + Benefits) \div APH] = PHR$	EAS = Employee's Annual Salary
	APH = Annual Productive Hours
$[(\$26,000 + \$8,099)] \div 1,800 \text{ hrs} = 18.94$	PHR = Productive Hourly Rate

- As illustrated in Table 1, if you assume an employee's compensation was \$26,000 and \$8,099 for annual salary and fringe benefits, respectively, using the "Salary + Benefits Method," the productive hourly rate would be \$18.94. To convert a biweekly salary to EAS, multiply the biweekly salary by 26. To convert a monthly salary to EAS, multiply the monthly salary by 12. Use the same methodology to convert other salary periods.
2. A claimant may also compute the productive hourly rate by using the "Percent of Salary Method."

**Table 2 Productive Hourly Rate, Percent of Salary Method**

<b>Example:</b>		
<b>Step 1: Fringe Benefits as a Percent of Salary</b>		<b>Step 2: Productive Hourly Rate</b>
Retirement	15.00 %	<b>Formula:</b> $[(EAS \times (1 + FBR)) \div APH] = PHR$  $[(\$26,000 \times (1.3115)) \div 1,800 ] = \$18.94$
Social Security & Medicare	7.65	
Health & Dental Insurance	5.25	
Workers Compensation	3.25	
<b>Total</b>	<b>31.15 %</b>	
<b>Description:</b>		
EAS = Employee's Annual Salary		APH = Annual Productive Hours
FBR = Fringe Benefit Rate		PHR = Productive Hourly Rate

- As illustrated in Table 3, both methods produce the same productive hourly rate.

Reimbursement for personnel services includes, but is not limited to, compensation paid for salaries, wages and employee fringe benefits. Employee fringe benefits include employer's contributions for social security, pension plans, insurance, workmen's compensation insurance and similar payments. These benefits are eligible for reimbursement as long as they are distributed equitably to all activities. Whether these costs are allowable is based on the following presumptions:

- The amount of compensation is reasonable for the service rendered.
- The compensation paid and benefits received are appropriately authorized by the governing board.
- Amounts charged for personnel services are based on payroll documents that are supported by time and attendance or equivalent records for individual employees.
- The methods used to distribute personnel services should produce an equitable distribution of direct and indirect allowable costs.

For each of the employees included in the claim, the claimant must use reasonable rates and hours in computing the wage cost. If a person of a higher-level job position performs an activity which normally would be performed by a lower-level position, reimbursement for time spent is allowable at the average salary range for the lower-level position. The salary rate of the person at the higher level position may be claimed if it can be shown that it was more cost effective in comparison to the performance by a person at the lower-level position under normal circumstances and conditions. The number of hours charged to an activity should reflect the time expected to complete the activity under normal circumstances and conditions. The numbers of hours in excess of normal expected hours are not reimbursable.

### (c) Calculating an Average Productive Hourly Rate

In those instances where the claiming instructions allow a unit as a basis of claiming costs, the direct labor component of the unit cost should be expressed as an average productive hourly rate and can be determined as follows:

	<u>Time Spent</u>	<u>Productive Hourly Rate</u>	<u>Total Cost by Employee</u>
Employee A	1.25 hrs	\$6.00	\$7.50
Employee B	0.75 hrs	4.50	3.38
Employee C	3.50 hrs	10.00	35.00
Total	5.50 hrs		\$45.88
Average Productive Hourly Rate is $\$45.88/5.50 \text{ hrs.} = \$8.34$			

### (d) Employer's Fringe Benefits Contribution

A local agency has the option of claiming actual employer's fringe benefit contributions or may compute an average fringe benefit cost for the employee's job classification and claim it as a percentage of direct labor. The same time base should be used for both salary and fringe benefits when computing a percentage. For example, if health and dental insurance payments are made annually, use an annual salary. After the percentage of salary for each fringe benefit is computed, total them.

For example:

<u>Employer's Contribution</u>	<u>% of Salary</u>
Retirement	15.00%
Social Security	7.65%
Health and Dental	5.25%
Insurance	0.75%
Worker's Compensation	0.75%
Total	<u>28.65%</u>

**(e) Materials and Supplies**

Only actual expenses can be claimed for materials and supplies, which were acquired and consumed specifically for the purpose of a mandated program. The claimant must list the materials and supplies that were used to perform the mandated activity, the number of units consumed, the cost per unit, and the total dollar amount claimed. Materials and supplies purchased to perform a particular mandated activity are expected to be reasonable in quality, quantity and cost. Purchases in excess of reasonable quality, quantity and cost are not reimbursable. Materials and supplies withdrawn from inventory and charged to the mandated activity must be based on a recognized method of pricing, consistently applied. Purchases shall be claimed at the actual price after deducting discounts, rebates and allowances received by local agencies.

**(f) Calculating a Unit Cost for Materials and Supplies**

In those instances where the claiming instructions suggest that a unit cost be developed for use as a basis of claiming costs mandated by the State, the materials and supplies component of the unit cost should be expressed as a unit cost of materials and supplies as shown in Table 1 or Table 2:

**Table 1 Calculating A Unit Cost for Materials and Supplies**

<b>Supplies</b>	<u>Cost Per Unit</u>	<u>Amount of Supplies Used Per Activity</u>	<u>Unit Cost of Supplies Per Activity</u>
Paper	0.02	4	\$0.08
Files	0.10	1	0.10
Envelopes	0.03	2	0.06
Photocopies	0.10	4	<u>0.40</u>
			<u>\$0.64</u>

**Table 2 Calculating a Unit Cost for Materials and Supplies**

<b>Supplies</b>	<b>Supplies Used</b>	<b>Unit Cost of Supplies Per Activity</b>
Paper (\$10.00 for 500 sheet ream)	250 Sheets	\$5.00
Files (\$2.50 for box of 25)	10 Folders	1.00
Envelopes (\$3.00 for box of 100)	50 Envelopes	1.50
Photocopies (\$0.05 per copy)	40 Copies	<u>2.00</u>
		<u><u>\$9.50</u></u>
<p>If the number of reimbursable instances, is 25, then the unit cost of supplies is \$0.38 per reimbursable instance (<math>\\$9.50 / 25</math>).</p>		

**(g) Contract Services**

The cost of contract services is allowable if the local agency lacks the staff resources or necessary expertise, or it is economically feasible to hire a contractor to perform the mandated activity. The claimant must give the name of the contractor; explain the reason for having to hire a contractor; describe the mandated activities performed; give the dates when the activities were performed, the number of hours spent performing the mandate, the hourly billing rate, and the total cost. The hourly billing rate shall not exceed the rate specified in the claiming instructions for the mandated program. The contractor's invoice, or statement, which includes an itemized list of costs for activities performed, must accompany the claim.

**(h) Equipment Rental Costs**

Equipment purchases and leases (with an option to purchase) are not reimbursable as a direct cost unless specifically allowed by the claiming instructions for the particular mandate. Equipment rentals used solely for the mandate are reimbursable to the extent such costs do not exceed the retail purchase price of the equipment plus a finance charge. The claimant must explain the purpose and use for the equipment, the time period for which the equipment was rented and the total cost of the rental. If the equipment is used for purposes other than reimbursable activities, only the prorata portion of the rental costs can be claimed.

**(i) Capital Outlay**

Capital outlays for land, buildings, equipment, furniture and fixtures may be claimed if the claiming instructions specify them as allowable. If they are allowable, the claiming instructions for the program will specify a basis for the reimbursement. If the fixed asset or equipment is also used for purposes other than reimbursable activities for a specific mandate, only the prorata portion of the purchase price used to implement the reimbursable activities can be claimed.

**(j) Travel Expenses**

Travel expenses are normally reimbursable in accordance with travel rules and regulations of the local jurisdiction. For some programs, however, the claiming instructions may specify certain limitations on expenses, or that expenses can only be reimbursed in accordance with the State Board of Control travel standards. When claiming travel expenses, the claimant must explain the purpose of the trip, identify the name and address of the persons incurring the expense, the date and time of departure and return for the trip, description of each expense claimed, the cost of transportation,

number of private auto mileage traveled, and the cost of tolls and parking with receipts required for charges over \$10.00.

**(k) Documentation**

It is the responsibility of the claimant to make available to the SCO, upon request, documentation in the form of general and subsidiary ledgers, purchase orders, invoices, contracts, canceled warrants, equipment usage records, land deeds, receipts, employee time sheets, agency travel guidelines, inventory records, and other relevant documents to support claimed costs. The type of documentation necessary for each claim may differ with the type of mandate.

**8. Indirect Costs**

Indirect costs are: (a) Incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. Indirect costs can originate in the department performing the mandate or in departments that supply the department performing the mandate with goods, services and facilities. As noted previously, in order for a cost to be allowable, it must be allocable to a particular cost objective. With respect to indirect costs, this requires that the cost be distributed to benefiting cost objectives on bases, which produce an equitable result in relation to the benefits derived by the mandate.

A college has the option of using a federally approved rate, utilizing the cost accounting principles from Office of Management and Budget Circular A-21 "Cost Principles for Educational Institutions," or the Controller's methodology outlined in the following paragraphs. If the federal rate is used, it must be from the same fiscal year in which the costs were incurred.

The Controller allows the following methodology for use by community colleges in computing an indirect cost rate for state mandates. The objective of this computation is to determine an equitable rate for use in allocating administrative support to personnel that performed the mandated cost activities claimed by the community college. This methodology assumes that administrative services are provided to all activities of the institution in relation to the direct costs incurred in the performance of those activities. Form FAM-29C has been developed to assist the community college in computing an indirect cost rate for state mandates. Completion of this form consists of three main steps:

1. The elimination of unallowable costs from the expenses reported on the financial statements.
2. The segregation of the adjusted expenses between those incurred for direct and indirect activities.
3. The development of a ratio between the total indirect expenses and the total direct expenses incurred by the community college.

The computation is based on total expenditures as reported in "California Community Colleges Annual Financial and Budget Report, Expenditures by Activity (CCFS-311)." Expenditures classified by activity are segregated by the function they serve. Each function may include expenses for salaries, fringe benefits, supplies, and capital outlay. OMB Circular A-21 requires expenditures for capital outlays to be excluded from the indirect cost rate computation.

Generally, a direct cost is one incurred specifically for one activity, while indirect costs are of a more general nature and are incurred for the benefit of several activities. As previously noted, the objective of this computation is to equitably allocate administrative support costs to personnel that perform mandated cost activities claimed by the college. For the purpose of this computation we have defined indirect costs to be those costs which provide administrative support to personnel who perform mandated cost activities. We have defined direct costs to be those costs that do not provide administrative support to personnel who perform mandated cost activities and those costs that are directly related to instructional activities of the college. Accounts that should be classified

as indirect costs are: Planning, Policy Making and Coordination, Fiscal Operations, Human Resources Management, Management Information Systems, Other General Institutional Support Services, and Logistical Services. If any costs included in these accounts are claimed as a mandated cost, i.e., salaries of employees performing mandated cost activities, the cost should be reclassified as a direct cost. Accounts in the following groups of accounts should be classified as direct costs: Instruction, Instructional Administration, Instructional Support Services, Admissions and Records, Counseling and Guidance, Other Student Services, Operation and Maintenance of Plant, Community Relations, Staff Development, Staff Diversity, Non-instructional Staff-Retirees' Benefits and Retirement Incentives, Community Services, Ancillary Services and Auxiliary Operations. A college may classify a portion of the expenses reported in the account Operation and Maintenance of Plant as indirect. The claimant has the option of using a 7% or a higher indirect cost percentage if the college can support its allocation basis.

The indirect cost rate, derived by determining the ratio of total indirect expenses to total direct expenses when applied to the direct costs claimed, will result in an equitable distribution of the college's mandate related indirect costs. An example of the methodology used to compute an indirect cost rate is presented in Table 4.



**Table 4 Indirect Cost Rate for Community Colleges**

<b>MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES</b>						<b>FORM FAM-29C</b>
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Subtotal Instruction	599	\$19,590,357	\$1,339,059	\$18,251,298	\$0	\$18,251,298
Instructional Administration and Instructional Governance	6000					
Academic Administration	6010	2,941,386	105,348	2,836,038	0	2,836,038
Course and Curriculum Develop.	6020	21,595	0	21,595	0	21,595
Academic/Faculty Senate	6030					
Other Instructional Administration & Instructional Governance	6090					
Instructional Support Services	6100					
Learning Center	6110	22,737	863	21,874	0	21,874
Library	6120	518,220	2,591	515,629	0	515,629
Media	6130	522,530	115,710	406,820	0	406,820
Museums and Galleries	6140	0	0	0	0	0
Academic Information Systems and Tech.	6150					
Other Instructional Support Services	6190					
Admissions and Records	6200	584,939	12,952	571,987	0	571,987
Counseling and Guidance	6300					
Counseling and Guidance	6310					
Matriculation and Student Assessment	6320					
Transfer Programs	6330					
Career Guidance	6340					
Other Student Counseling and Guidance	6390					
Other Student Services	6400					
Disabled Students Programs & Services	6420					
Subtotal		\$24,201,764	\$1,576,523	\$22,625,241	\$0	\$22,625,241

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
Extended Opportunity Programs & Services	6430					
Health Services	6440	0	0	0	0	0
Student Personnel Admin.	6450	289,926	12,953	276,973	0	276,973
Financial Aid Administration	6460	391,459	20,724	370,735	0	370,735
Job Placement Services	6470	83,663	0	83,663	0	83,663
Veterans Services	6480	25,427	0	25,427	0	25,427
Miscellaneous Student Services	6490	0	0	0	0	0
Operation & Maintenance of Plant	6500					
Building Maintenance and Repairs	6510	1,079,260	44,039	1,035,221	0	1,035,221
Custodial Services	6530	1,227,668	33,677	1,193,991	0	1,193,991
Grounds Maintenance and Repairs	6550	596,257	70,807	525,450	0	525,450
Utilities	6570	1,236,305	0	1,236,305	0	1,236,305
Other	6590	3,454	3,454	0	0	0
Planning, Policy Making, and Coordination	6600	587,817	22,451	565,366	565,366	0
General Inst. Support Services	6700					
Community Relations	6710	0	0	0	0	0
Fiscal Operations	6720	634,605	17,270	617,335	553,184	(a) 64,151
Human Resources Management	6730					
Noninstructional Staff Benefits & Incentives	6740					
Staff Development	6750					
Staff Diversity	6760					
Logistical Services	6770					
Management Information Systems	6780					
Subtotal		\$30,357,605	\$1,801,898	\$28,555,707	\$1,118,550	\$27,437,157

Table 4 Indirect Cost Rate for Community Colleges (continued)

MANDATED COST INDIRECT COST RATE FOR COMMUNITY COLLEGES						FORM FAM-29C
(01) Claimant				(02) Period of Claim		
(03) Expenditures by Activity				(04) Allowable Costs		
Activity	EDP	Total	Adjustments	Total	Indirect	Direct
General Inst. Sup. Serv. (cont.)	6700					
Other General Institutional Support Services	6790					
Community Services	6800					
Community Recreation	6810	703,858	20,509	683,349	0	683,349
Community Service Classes	6820	423,188	24,826	398,362	0	398,362
Community Use of Facilities	6830	89,877	10,096	79,781	0	79,781
Economic Development	6840					
Other Community Svcs. & Economic Development	6890					
Ancillary Services	6900					
Bookstores	6910	0	0	0	0	0
Child Development Center	6920	89,051	1,206	87,845	0	87,845
Farm Operations	6930	0	0	0	0	0
Food Services	6940	0	0	0	0	0
Parking	6950	420,274	6,857	413,417	0	413,417
Student Activities	6960	0	0	0	0	0
Student Housing	6970	0	0	0	0	0
Other	6990	0	0	0	0	0
Auxiliary Operations	7000					
Auxiliary Classes	7010	1,124,557	12,401	1,112,156	0	1,112,156
Other Auxiliary Operations	7090	0	0	0	0	0
Physical Property Acquisitions	7100	814,318	814,318	0	0	0
(05) Total		\$34,022,728	\$2,692,111	\$31,330,617	\$1,118,550	\$30,212,067
(06) Indirect Cost Rate: (Total Indirect Cost/Total Direct Cost)				3,70233%		
(07) Notes						
(a) Mandated Cost activities designated as direct costs per claim instructions.						

## 9. Offset Against Mandated Claims

As noted previously, allowable costs are defined as those direct and indirect costs, less applicable credits, considered to be eligible for reimbursement. When all or part of the costs of a mandated program are specifically reimbursable from local assistance revenue sources (e.g., state, federal, foundation, etc.), only that portion of any increased costs payable from school district funds is eligible for reimbursement under the provisions of GC Section 17561.

### Example 1:

As illustrated in Table 5, this example shows how the "Offset against State Mandated Claims" is determined for school districts receiving block grant revenues not based on a formula allocation. Program costs for each of the situations equals \$100,000.

**Table 5 Offset Against State Mandates, Example 1**

	<b>Program Costs</b>	<b>Actual Local Assistance Revenues</b>	<b>State Mandated Costs</b>	<b>Offset Against State Mandated Claims</b>	<b>Claimable Mandated Costs</b>
1.	\$100,000	\$95,000	\$2,500	\$-0-	\$2,500
2.	100,000	97,000	2,500	-0-	2,500
3.	100,000	98,000	2,500	500	2,000
4.	100,000	100,000	2,500	2,500	-0-
5.	100,000 *	50,000	2,500	1,250	1,250
6.	100,000 *	49,000	2,500	250	2,250

\* School district share is \$50,000 of the program cost.

Numbers (1) through (4), in Table 5, show intended funding at 100% from local assistance revenue sources. Numbers (5) and (6) show cost sharing on a 50/50 basis with the district. In numbers (1) through (6), included in the program costs of \$100,000 are state mandated costs of \$2,500. The offset against state mandated claims is the amount of actual local assistance revenues which exceeds the difference between program costs and state mandated costs. This offset cannot exceed the amount of state mandated costs.

In (1), local assistance revenues were less than expected. Local assistance funding was not in excess of the difference between program costs and state mandated costs. As a result, the offset against state mandated claims is zero and \$2,500 is claimable as mandated costs.

In (4), local assistance revenues were fully realized to cover the entire cost of the program, including the state mandate activity; therefore, the offset against state mandated claims is \$2,500, and claimable costs are \$0..

In (5), the district is sharing 50% of the project cost. Since local assistance revenues of \$50,000 were fully realized, the offset against state mandated claims is \$1,250.

In (6), local assistance revenues were less than the amount expended and the offset against state mandated claims is \$250. Therefore, the claimable mandated costs are \$2,250.

### Example 2:

As illustrated in Table 6, this example shows how the offset against state mandated claims is determined for school districts receiving special project funds based on approved actual costs. Local assistance revenues for special projects must be applied proportionately to approved costs.

**Table 6 Offset Against State Mandates, Example 2**

	<b>Program Costs</b>	<b>Actual Local Assistance Revenues</b>	<b>State Mandated Costs</b>	<b>Offset Against State Mandated Claims</b>	<b>Claimable Mandated Costs</b>
1.	\$100,000	\$100,000	\$2,500	\$2,500	\$-0-
2.	100,000 **	75,000	2,500	1,875	625
3.	100,000 **	45,000	1,500	1,125	375

\*\* School district share is \$25,000 of the program cost.

In (2), the entire program cost was approved. Since the local assistance revenue source covers 75% of the program cost, it also proportionately covered 75% of the \$2,500 state mandated costs, or \$1,875.

If in (3) local assistance revenues are less than the amount expected because only \$60,000 of the \$100,000 program costs were determined to be valid by the contracting agency, then a proportionate share of state mandated costs is likewise reduced to \$1,500. The offset against state mandated claims is \$1,125. Therefore, the claimable mandated costs are \$375.

### **Federal and State Funding Sources**

The listing in Appendix C is not inclusive of all funding sources that should be offset against mandated claims but contains some of the more common ones. State school fund apportionments and federal aid for education, which are based on average daily attendance and are part of the general system of financing public schools as well as block grants which do not provide for specific reimbursement of costs (i.e., allocation formulas not tied to expenditures), should not be included as reimbursements from local assistance revenue sources.

### **Governing Authority**

The costs of salaries and expenses of the governing authority, such as the school superintendent and governing board, are not reimbursable. These are costs of general government as described in the Office of Management and Budget Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments".

## **10. Notice of Claim Adjustment**

All claims submitted to the SCO are reviewed to determine if the claim was prepared in accordance with the claiming instructions. If any adjustments are made to a claim, the claimant will receive a "Notice of Claim Adjustments" detailing adjustments made by the SCO.

## **11. Audit of Costs**

All claims submitted to the State Controller's Office (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 SCO's claiming instructions and the Parameters and Guidelines (P's & G's) adopted by the Commission on State Mandates (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.

Pursuant to Government Code (GC) Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. All documents used to support the reimbursable activities, must be

retained during the period subject to audit. If an audit has been initiated by the Controller during the period subject to audit, the retention period is extended until the ultimate resolution of any audit findings.

On-site audits will be conducted by the SCO as deemed necessary. Accordingly, all documentation to support actual costs claimed must be retained for a period of three 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 three years from the date of initial payment of the claim. Claim documentation shall be made available to the SCO on request.

## 12. Source Documents

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

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

## 13. Claim Forms and Instructions

A claimant may submit a computer generated report in substitution for Form-1 and Form-2, provided the format of the report and data fields contained within the report are identical to the claim forms included with these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file an estimated or reimbursement claim. The SCO will revise the manual and claim forms as necessary.

### A. Form-2, Component/Activity Cost Detail

This form is used to segregate the detail costs by claim component. In some mandates, specific reimbursable activities have been identified for each component. The expenses reported on this form must be supported by the official financial records of the claimant and copies of supporting documentation, as specified in the claiming instructions, must be submitted with the claims. All supporting documents must be retained for a period of not less than three years after the reimbursement claim was filed or last amended.

### B. Form-1, Claim Summary

This form is used to summarize direct costs by component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from Form-2 and are carried forward to form FAM-27.

Community colleges have the option of using a federally approved rate (i.e., utilizing the cost accounting principles from the Office of Management and Budget Circular A-21) or form FAM-29C.

### C. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized officer of the county. All applicable information from Form-1 must be carried forward onto this form in order for the SCO to process the claim for payment. An original and one copy of the FAM-27 is required.

Claims should be rounded to the nearest dollar. Submit a signed original and one copy of form FAM-27, Claim for Payment, and all other forms and supporting documents (**To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.**) Use the following mailing addresses:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
Other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## 14. RETENTION OF CLAIMING INSTRUCTIONS

For your convenience, the revised claiming instructions in this package have been arranged in alphabetical order by program name. These revisions should be inserted in the School Mandated Cost Manual and the old forms they replace should be removed. The instructions should then be retained permanently for future reference, and the forms should be duplicated to meet your filing requirements. Annually, updated forms and any other information or instructions claimants may need to file claims, as well as instructions and forms for all new programs released throughout the year will be placed on the SCO's web site at [www.sco.ca.gov/ard/local/locreim/index/shtml](http://www.sco.ca.gov/ard/local/locreim/index/shtml).

If you have any questions concerning mandated cost reimbursements, please write to us at the address listed for filing claims, send e-mail to [lrsdar@sco.ca.gov](mailto:lrsdar@sco.ca.gov), or call the Local Reimbursements Section at (916) 324-5729.

All claims submitted to the 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 SCO's claiming instructions and the COSM's P's and G's. 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 the SCO as deemed necessary. Pursuant to GC Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a school district is subject to audit by the State Controller no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and shall be made available to the SCO on request.

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2003-08

ABSENTEE BALLOTS  
(COMMUNITY COLLEGES)

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 the Absentee Ballots (AB) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On June 17, 1981, the Board of Control, predecessor agency to the COSM, determined that Elections Code Section 3003, as added by Chapter 77 Statutes of 1978, and Chapter 920, Statutes of 1994, established costs mandated by the State according to the provisions listed in the amended P's & G's.

Chapter 1032, Statutes of 2002 (AB 3005) required the COSM to amend the P's & G's to delete "community college districts," as defined by Government Code Section 17519, from the list of eligible claimants. Rather than billing community college districts for election services provided by the community college districts, the community college districts must file a claim directly with the SCO for reimbursement of these costs. For your reference, the P's & G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college district, as defined in GC §17519, that has incurred increased costs as a direct result of administering their own election program, in compliance with Chapter 77, Statutes of 1978. Community college districts cannot claim reimbursement when the county election official administers a community college district's election.

**Filing Deadlines**

**A. Reimbursement Claims**

Beginning with the 2002-03 fiscal year, estimated claims may be filed with the SCO and be delivered or postmarked on or before **September 9, 2003** or an actual claim for the 2002-03 fiscal year may be filed by January 15, 2004, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%.

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, community college districts 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%. Claimants 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%, claimants 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. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

### **Minimum Claim Cost**

For initial claims and annual claims filed **on or after September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC § 17564.

### **Reimbursement of Claims**

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.

Reimbursement claims will only be reimbursed to the extent that expenditures can be supported. 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. Refer to Sections IV and V of the attached amended P's & G's.

### **Audit of Costs**

All claims submitted to the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the P's & G's adopted by the 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 the SCO as deemed necessary. Pursuant to GC § 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a community college district is subject to audit by the State Controller no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. Therefore, all documentation to support actual costs

claimed must be retained for the same period, and shall be made available to the 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.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

### **Address for Filing Claims**

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

# PARAMETERS AND GUIDELINES AMENDMENT

Elections Code Sections 3003 and 3024

Statutes 1978, Chapter 77  
Statutes 2002, Chapter 1032

## *Absentee Ballots*

### **I. SUMMARY OF THE MANDATE**

Elections Code section 3003, as added by Statutes 1978, chapter 77, and amended by Statutes 1994, chapter 920, requires that absentee ballots be available to any registered voter.<sup>1</sup> The Board of Control, predecessor agency to the Commission on State Mandates, determined at its hearing of June 17, 1981, that a reimbursable state mandate requiring an “increased level of service” exists in Statutes 1978, chapter 77. Under prior law, absentee ballots were provided only when the following conditions were met:

- a. illness,
- b. absence from precinct at day of election,
- c. physical handicap,
- d. conflicting religious commitments, or
- e. voter’s residence is more than ten miles from his polling place.

Elections Code section 3024, as added by Statutes 2002, chapter 1032<sup>2</sup> requires the Commission on State Mandates to amend these parameters and guidelines to “delete school districts, county boards of education, and community college districts from the list of eligible claimants.”

AB 3005 specifies that the cost to administer absentee ballots when issues and elective offices related to school districts, as defined by Government Code section 17519, are included on a ballot election with non-education issues and elective offices shall not be fully or partially prorated to a school district.

### **II. ELIGIBLE CLAIMANTS**

“Local agencies,” as defined in Government Code section 17518, that have incurred increased costs as a direct result of this mandate are eligible to claim reimbursement of those costs.

“School districts,” as defined in Government Code section 17519, that have incurred increased costs as a direct result of administering their own election program are eligible to claim reimbursement of those costs. School districts cannot claim reimbursement when the county election official administers a school district election.

### **III. PERIOD OF REIMBURSEMENT**

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government

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<sup>1</sup> Statutes 1994, chapter 920 only renumbered Elections Code section 3003.

<sup>2</sup> Assembly Bill No. 3005 (2001-2002 Reg. Sess.), hereafter referred to as AB 3005.

Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years costs shall be submitted within 120 days of issuance of the claiming instructions by the State Controller.

For initial claims and annual claims filed prior to September 30, 2002, including amendments thereof, if the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564. For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given fiscal year do not exceed \$1000, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564.

#### A. Local Agencies

Government Code section 17557, prior to its amendment by Statutes 1998, chapter 681 (effective September 22, 1998) stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for that fiscal year.

Statutes 1978, chapter 77 became effective on January 1, 1979. The test claim was filed on January 2, 1981. Therefore, in accordance with Section 17557, as in effect on the date of the filing of the test claim, all costs incurred by local agencies in compliance with Statutes 1978, chapter 77 are eligible for reimbursement on or after July 1, 1980. The first claim submitted will report costs incurred from July 1, 1980 through June 30, 1981.

#### B. School Districts

California Code of Regulations, title 2, section 1185.3, prior to its amendment (effective September 13, 1999), stated that a parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before November 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. An amendment was filed on August 25, 1997. Therefore, in accordance with Section 1185.3, as in effect on the date of the filing of the parameters and guidelines amendment, all costs incurred by school districts in compliance with Statutes 1978, chapter 77 are eligible for reimbursement on or after July 1, 1996 through September 27, 2002.

Effective September 13, 1999, California Code of Regulations, title 2, section 1183.2, states that a parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. This amendment, as required by AB 3005, was effective September 28, 2002. Therefore, only those costs incurred by school districts to administer their own election program in compliance with Statutes 1978, chapter 77 are eligible for reimbursement on or after September 28, 2002.

### **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 under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

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

For each eligible claimant, these parameters and guidelines shall provide reimbursement only for costs associated with the increase in absentee ballot filings, as determined under the formulas below.

#### A. Elections Done by the County Election Official and Billed to the Local Agency

Methods 1, 2 and 3, below, are intended for use where a local agency election is done by the county election official and billed to the local agency. When county election officials provide election services to other local agencies, the costs of those billed services pursuant to the Uniform District Election Law (Elections Code section 10500 et seq.) shall not be included in the county's reimbursement claim.

##### Method 1

This method applies when the county election official does all calculations and provides a billing that distinguishes the reimbursable amount and the non-reimbursable amount billed.

If the county election official determines the claimant's pro rata share of reimbursable costs and reports the pro rata share of these costs in a separate bill or as a line item on a bill, the claimant may claim the amount paid to the county for the reimbursable costs.

##### Method 2

This method assumes that the percentage increase in absentee ballots is uniform throughout the county, and uses the countywide figures to determine the percentage of reimbursable costs.

1. Obtain data from county election official on the number of reimbursable absentee ballots (n), the number of absentee ballots cast (z) for the fiscal year, and the amount billed to the local agency by the county for total absentee ballot costs.
2. Calculate the Reimbursable Cost Percentage

$$\frac{n}{z} \cdot 100 = \text{Reimbursable Cost Percentage (p)}$$

3. Calculate the Reimbursable Costs

$$\frac{p}{100} \cdot \text{amount billed by county} = \text{Amount of Reimbursable Costs}$$

Method 3

This method is more complex, and requires the local agency to have data on numbers of ballots and absentee ballots filed in the local agency area. It requires the collection of more data, which may or may not be readily available.

1. Base Year Calculation (remains the same for all fiscal years claimed)

w) Number of ballots cast in the district or local agency area from January 1, 1975 through December 30, 1978 (w)

x) Number of absentee ballots cast in the district or local agency area from January 1, 1975 through December 30, 1978 (x)

2. Calculation for Fiscal Year Claimed (compute for each fiscal year claimed)

y) Number of ballots cast in the district or local agency area in fiscal year claimed (y)

z) Number of absentee ballots cast in the district or local agency area in fiscal year claimed (z)

3. Formula for Calculating Number of Reimbursable Absentee Ballots Filed

$$z - \frac{(x \cdot y)}{w} = \text{Number of reimbursable absentee ballots (n)}$$

4. Calculation of Reimbursable Cost Percentage

$$\frac{n}{z} \cdot 100 = \text{Reimbursable Cost Percentage (p)}$$

5. Calculation of Reimbursable Costs

$$\frac{p}{100} \cdot \text{amount billed by county} = \text{Amount of Reimbursable Costs}$$

B. Local Agencies or School Districts that Administer their Own Elections

Method 4, below, is intended for use where local agencies and school districts do their own elections and thus have the information on both numbers of ballots and absentee ballots, as well as the per-ballot cost information needed for item 4.

Method 4

1. Base Year Calculation (remains the same for all fiscal years claimed)

w) Number of ballots cast in the district or local agency area from January 1, 1975 through December 30, 1978 (w)

x) Number of absentee ballots cast in the district or local agency area from January 1, 1975 through December 30, 1978 (x)

2. Calculation for Fiscal Year Claimed (compute for each claim)
  - y) Number of ballots cast in the district or local agency area in fiscal year claimed (y)
  - z) Number of absentee ballots cast in the district or local agency area in fiscal year claimed (z)

3. Formula for Calculating Number of Reimbursable Absentee Ballots Filed

$$z - \frac{(x \cdot y)}{w} = \text{Number of reimbursable absentee ballots (n)}$$

4. Calculation of Cost Per Absentee Ballot Filing (See section V. Claim Preparation and Submission)

- |  |          |
|--|----------|
| a. Material                              | \$ _____ |
| b. Postage                               | \$ _____ |
| c. Labor                                 | \$ _____ |
| d. Overhead                              | \$ _____ |
| e. Cost per Absentee Ballot<br>(a+b+c+d) | \$ _____ |

5. Computation of Reimbursement

- |  |          |
|--|----------|
| A. Number of reimbursable filings (Item 3)(n)  | _____    |
| B. Cost per Absentee Ballot filing (Item 4)(e) | \$ _____ |
| Total Reimbursement (A • B)                    | \$ _____ |

**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 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 the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

### Local Agencies

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and



B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

### School Districts

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 chapter<sup>3</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

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<sup>3</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

of the claim. 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 SAVINGS AND REIMBURSEMENTS**

Any offsetting savings 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, services 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 statute or executive order creating the mandate 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 (a), and California Code of Regulations, title 2, section 1183.2.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>ABSENTEE BALLOTS</b>			For State Controller Use Only (19) Program Number 00231 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">231</span>
L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) AB-1, (03)(a)	
	County of Location		(23) AB-1, (03)(b)	
	Street Address or P.O. Box Suite		(24) AB-1, (03)(c)	
	City State Zip Code		(25) AB-1, (03)(d)	
<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	(26) AB-1, (05)(e)	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27) AB-1, (06)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) AB-1, (07)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29) AB-1, (08)	
<b>Fiscal Year of Cost</b>	(06) <b>20__ / 20__</b>	(12) <b>20__ / 20__</b>	(30) AB-1, (09)	
<b>Total Claimed Amount</b>	(07)	(13)	(31) AB-1, (10)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32) AB-1, (11)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33) AB-1, (12)	
<b>Net Claimed Amount</b>		(16)	(34) AB-1, (13)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	
<b>(37) CERTIFICATION OF CLAIM</b>				
In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.				
I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.				
The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.				
Signature of Authorized Officer			Date	
_____			_____	
Type or Print Name			Title	
(38) Name of Contact Person for Claim			Telephone Number ( ) - Ext.	
_____			_____	
E-Mail Address			_____	
_____			_____	

<b>Program</b> <b>231</b>	<b>ABSENTEE BALLOTS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form AB-1 and enter the amount from line (09).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form AB-1, line (09). The total claimed amount should exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), not to exceed \$1,000.
- (15) If filing an actual reimbursement claim and an estimated 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 on 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. AB-1.2, (03)(a) means the information is located on form AB-1.2, block (03), line (a). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the 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 an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

**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**

<b>Program</b> <b>231</b>	<b>MANDATED COSTS ABSENTEE BALLOTS CLAIM SUMMARY</b>	<b>FORM AB-1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
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**Method 4**  
This method requires the school district to have data on the number of ballots and absentee ballots filed.

(03) (a) Number of ballots cast from 01/01/75 through 12/30/78	
(b) Number of absentee ballots cast from 01/01/75 through 12/30/78	
(c) Number of ballots cast in the fiscal year of claim	
(d) Number of absentee ballots cast in the fiscal year of claim	

Direct Costs	Object Accounts				
(04) Total Cost of Absentee Ballots in the Fiscal Year of Claim	(a) Salaries and Benefits	(b) Services and Supplies	(c) Travel and Training	(d) Fixed Assets	(e) Total
(05) Total Direct Costs					

<b>Indirect Costs</b>	
(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%] %
(07) Total Indirect Costs	[Line (06) x line (05)(a)]
(08) Total Cost of Absentee Ballots in the Fiscal Year of Claim	[Line (05)(e) + line (07)]
(09) Number of Reimbursable Absentee Ballots Filed	[Line (03)(d) - {line (03)(b) x line (03)(c) ÷ line (03)(a)}]
(10) Amount Billed by the County (attach billing statement)	
(11) Increased Costs	[Line (10) x {line (09) ÷ line (03)(d)}]

<b>Cost Reduction</b>	
(12) Less: Offsetting Savings	
(13) Less: Other Reimbursements	
(14) Total Claimed Amount	[Line (11) - {line (12) + line (13)}]

<p>Program <b>231</b></p>	<p><b>ABSENTEE BALLOTS CLAIM SUMMARY Instructions</b></p>	<p><b>FORM AB-1</b></p>
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- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.  
Form AB-1 must be filed for a reimbursement claim. Do not complete form AB-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 AB-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) (a) Enter the number of ballots cast from January 1, 1975, through December 30, 1978.  
(b) Enter the number of absentee ballots cast from January 1, 1975, through December 30, 1978.  
(c) Enter the number of ballots cast in the fiscal year of claim.  
(d) Enter the number of absentee ballots cast in the fiscal year of claim.
- (04) Enter the total costs from form AB-2, line (05), columns (d), through (g) to form AB-1, block (04), columns (a), through (d) in the appropriate row. Total the row.
- (05) Enter the total for each row.
- (06) Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Enter the result of multiplying Total Direct Costs, line (05)(e), by the Indirect Cost Rate, line (06).
- (08) Enter the sum of Total Direct Costs, line (05)(e), and Total Indirect Costs, line (07).
- (09) To determine the number of additional absentee ballot filings that are reimbursable, multiply the number of absentee ballots cast from 01/01/75 to 12/30/78, line (03)(b), by the number of ballots cast in the fiscal year of claim, line (03)(c). Divide that product by the number of ballots cast from 01/01/75 to 12/30/78, line (03)(a). Subtract the quotient from the number of ballots cast in the fiscal year of claim, line (03)(d). Enter the difference as the number of additional ballot filings.
- (10) Enter the amount that was billed to the community college district by the county.
- (11) Enter the product of multiplying line (10) by the quotient from dividing line (09) by line (03)(d).
- (12) 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.
- (13) 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.
- (14) Subtract the sum of Offsetting Savings, line (12), and Other Reimbursements, line (13), from Increased Costs, line (11). 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.

Program <b style="font-size: 2em;">231</b>	<b>MANDATED COSTS</b> <b>ABSENTEE BALLOTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>AB-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Component: Total Cost of Absentee Ballots in the Fiscal Year of Claim

(04) Description of Expenses: Complete columns (a) through (g).	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Services and Supplies	(f) Travel and Training	(g) Fixed Assets

(05) Total <input type="text"/> Subtotal <input type="text"/> Page: ___ of ___					
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<b>Program</b> <b>231</b>	<b>ABSENTEE BALLOTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>AB-2</b>
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- (01) Enter the name of the claimant.
- (02) 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 AB-2 shall be prepared for each applicable component.
- (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, etc. Contract services are reimbursable to the extent that the activities performed require special skill or knowledge that are not readily available from the claimant's staff. If a piece of equipment acquired for the Absentee Ballots program is also utilized for other programs, only a prorated cost of the equipment is reimbursable. **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 three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be three 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 supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
<b>Salaries and Benefits</b>	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Services and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service		Cost= Hourly Rate x Hours Worked or Total Contract			Copy of Contract and Invoices
<b>Travel and Training</b>	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		
	Employee Name/Title Name of Class		Dates Attended			Registration Fee		
<b>Fixed Assets</b>	Description of Equipment Purchased		Unit Cost				Cost= Unit Cost x Usage	

- (05) Total line (04), columns (d) through (g) 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 (g) to form AB-1, block (04), columns (a) through (d) in the appropriate row.



## Collective Bargaining

### 1. Summary of Chapters 961/75 and 1213/91

The Rodda Act repealed Education Code Article 5 (commencing with § 13080), of Chapter 1 of Division 10 and added Chapter 10.7 (commencing with § 3540) to Division 4 of Title 1 of the Government Code, relating to public educational employment relations.

The Rodda Act, which became operative July 1, 1976, repealed the Winton Act and enacted provisions requiring the employer and employee to meet and negotiate, thereby creating a collective bargaining atmosphere for public school employers. It also established the Public Employment Relations Board (PERB). PERB is responsible for issuing formal interpretations and rulings regarding collective bargaining under the Rodda Act.

Government Code Section 3547.5 as added by Chapter 1213, Statutes of 1991, requires school districts to publicly disclose major provisions of a collective bargaining agreement after negotiations but before the agreement becomes binding.

On July 17, 1978, the Commission on State Mandates (COSM), (formerly Board of Control) determined that Chapter 961, Statutes of 1975, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

On August 20, 1998, COSM determined that Chapter 1213, Statutes of 1991, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code § 17500) of Division 4 of Title 2.

### 2. Eligible Claimants

Any school district (K-12), county office of education, or community college district that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### 3. Appropriations

These claiming instructions are issued following the adoption of the amended parameters and guidelines by COSM. To determine if this program is funded in subsequent fiscal years, refer to the schedule "Appropriation for State Mandated Cost Programs" in the *Annual Claiming Instructions for State Mandated Costs* issued in October of each year to county superintendents of schools and superintendents of schools.

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

Section 17564(a) of the Government Code provides that no claim shall be filed pursuant to Section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school districts, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual district's claim does not exceed \$200. A combined claim must show the individual claim costs for each district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating school district. A school district may

withdraw from the combined claim form by providing a written notice of its intent to file a separate claim to the county superintendent of schools and the State Controller's Office at least 180 days prior to the deadline for filing the claim.

## 5. Filing Deadline

- A. Initial Claims-** -County offices of education and school districts that submitted 1998-99 fiscal year claims for professional and consultant services at the \$100 per hour rate may amend their claims to be reimbursed at the \$135 per hour rate.

Pursuant to Government Code Section 17561, Subdivision (d)(1)(A), initial claims must be filed within 120 days from the issuance date of claiming instructions. Accordingly:

- (1) Amended reimbursement claims for the 1998-99 fiscal year must be filed with the State Controller's Office and postmarked by August 3, 2000. If the amended reimbursement claim is filed after the deadline of August 3, 2000, the approved amount of the difference between the \$100 and \$135 rate change must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.
- (2) An amended 1999-00 estimated claim for professional and consultant services at the \$135 per hour rate may be filed with the State Controller's Office and postmarked by August 3, 2000. Timely filed amended estimated claims will be paid before late claims.

## B. Annually Thereafter

Refer to the item "Reimbursable State Mandated Cost Programs" contained in the cover letter for mandated cost programs issued annually in October that identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_/19\_\_ Reimbursement Claim" and/or "19\_\_/20\_\_ Estimated Claim," claims may be filed as follows:

- (1) An estimated claim filed with the State Controller's Office must be postmarked by January 15 of the fiscal year in which costs will be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year. If the school district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the school district may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the "Appropriation for State Mandated Cost Programs" in the previous fiscal year's annual claiming instructions.

- (2) A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by January 15 following the fiscal year in which costs will be incurred. If the claim is filed after the deadline but by January 15 of the succeeding fiscal year, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

## 6. Reimbursable Activities

The objective of the reporting forms is to determine the Rodda Act costs incurred during the current year and compare them with the adjusted costs incurred in the base year under the Winton Act. The first three claim components listed below apply to both the Winton Act and Rodda Act. Components D through F, which apply to the Rodda Act, represent activities that were not required under the Winton Act.

**A. Determining Bargaining Units and Exclusive Representation**

The cost of determining appropriate bargaining units, exclusive representation and representatives are reimbursable. Activities determined to be eligible reimbursements for this component are as follows:

**(1) Bargaining Unit Lists**

Development of proposed lists for the bargaining unit determination hearings.

(a) Contract services necessary for development of proposed lists.

(b) Salaries and benefits of district employees and related costs necessary to develop proposed lists.

**(2) PERB Hearings**

Representation costs for the school employer at PERB hearings held to determine the bargaining units and their exclusive representative.

(a) Salaries and benefits of district employees used to prepare for and represent employer at hearings.

(b) Contract services used to prepare for and represent the employer at hearings.

**(3) Substitutes**

The cost of hiring substitutes to replace the employer and exclusive bargaining unit witnesses required testifying at PERB hearings. The claimant must include with the claim, a list of teacher witnesses, their job classifications, and the date they were required to testify.

The cost of substitute release time for employee witnesses asked to attend PERB hearings by bargaining units, but not required to testify, is not eligible for reimbursement in this component.

**(4) Travel**

Travel Expenses incurred by district employer representatives required to attend PERB hearings. Reimbursement shall reflect the rate specified by the regulations governing employees of the local school district. However, the reimbursement cannot exceed the rate adopted by the Board of Control for state employees.

**(5) Transcript**

The cost of preparing one transcript per PERB hearing is reimbursable.

**B. Election of Unit Representation**

The cost of elections and decertification elections of unit representatives is reimbursable in the event PERB determines that a question of representation exists and orders an election held by secret ballot. The claimant must include with the claim, any PERB agreements or orders that state how the election must be held.

Activities eligible for reimbursement for this component are as follows:

**(1) Precinct Voting List**

The salaries, benefits, and related cost of developing and preparing a precinct list, if required by PERB.

**(2) Ballot Tally Observers**

The salary and benefits of a school employer representative, if required by PERB to observe the ballot count.

### C. Cost of Negotiations

Costs associated with receipt of the exclusive representative's initial contract proposal, holding public hearings, providing a reasonable number of copies of the employer's contract proposal to the public, development and presentation of the initial district contract proposal, negotiation of the contract, reproduction and distribution of the final contract agreement. The claimant must include with the claim, a listing of the dates of all negotiation sessions held during the fiscal year of claim.

Activities determined to be eligible for reimbursement of this component are as follows:

(1) Representative's Contract Proposal

The employer's cost of analyzing the exclusive representative's initial contract proposal.

- (a) Salaries and benefits for public school employer representatives and supporting personnel participating in planning sessions and related contract services.

(2) Public Hearings

The cost of holding public hearings related to the contract negotiations.

(3) Public Distribution of Proposed Contract

The cost of providing a reasonable number of copies of the district's proposed contract to the public.

- (a) Reproduction of copies of the initial contract proposal for the district's supervisory, management, and confidential representatives are reimbursable.
- (b) A reasonable number of copies of the initial contract for distribution to the public is reimbursable.

(4) District Contract Proposal

The cost of employer salaries and benefits necessary for development and presentation of the initial district proposal and related contract services.

(5) Negotiation

The cost of negotiating a contract with the employee representatives.

- (a) Salaries and benefits for district employer representatives participating in negotiations and related contract services. Reimbursable costs for a maximum of five school district representatives per unit per negotiating session will be reimbursed.
- (b) Substitutes hired so that exclusive bargaining unit representatives can attend negotiations. List the job classification of the bargaining unit representative who required a substitute. List the dates and time the substitute worked. Substitute costs for a maximum of five representatives per unit negotiating per session are reimbursable.

(6) Public Distribution of Final Contract

The cost of reproduction of the contract and distribution of the final contract agreement.

- (a) Reproduction of copies of the initial contract for distribution to the district's supervisory, management, and confidential employee representatives.
- (b) A reasonable number of copies of the final contract for purposes of public information.

**The following costs are not eligible for reimbursement of this component:**

- (c) The cost of copies of the final contract provided to the collective bargaining unit members.
- (d) The salaries of union representatives.

**D. Impasse Proceedings**

The cost of impasse proceedings is reimbursable. Activities determined to be reimbursable for this component are as follows:

**(1) Mediation**

Representation costs for the school employer at mediation sessions are reimbursable.

- (a) Salaries and benefits for district employees to prepare and represent the employer at the sessions. Cost for a maximum of five public school employer representatives per mediation session will be reimbursed.
- (b) Contract services used to prepare for and represent the employer at the sessions.
- (c) The cost of substitutes hired to allow exclusive bargaining unit representatives to attend impasse proceedings. List the job classification of the employee witnesses and the dates and time of their attendance at mediation sessions. Reimbursement to a public school district employer is limited to the cost of hiring a maximum of five substitutes to replace five representatives so they can attend a mediation session.
- (d) The cost of renting facilities for the sessions.
- (e) The cost of the mediator is not eligible for reimbursement.

**(2) Fact Finding**

The cost of development and publication of the findings of the panel.

- (a) All the costs of the district employer representative serving on the fact-finding panel.
- (b) Fifty percent of the cost of the fact-finding panel mutually incurred by the employer representative and the employee bargaining unit representative. This may include the cost of teacher substitutes so that witnesses can attend fact-finding proceedings and the rental of facilities required to conduct the fact-finding hearing.
- (c) Special costs imposed on the district for the development of unique data required by a fact-finding panel. Describe the special costs and explain why this data would not have been required by a fact-finding panel under the Winton Act.

**E. Collective Bargaining Agreement Disclosure**

Disclosure of collective bargaining agreement *after* the negotiation and *before* adoption by the governing body, as required by Government Code Section 3547.5 and California State Department of Education Management Advisory 92-01 (or subsequent replacement).

- (1) Prepare the disclosure forms and documents.
- (2) Distribute a copy of the disclosure forms and documents to board members with a copy of the proposed agreement.
- (3) Make a copy of the disclosure forms and documents and the proposed agreement available to the public, prior to the day of the public meeting.
- (4) Train employer's personnel to prepare the disclosure forms and documents.
- (5) Materials and supplies necessary to prepare the disclosure forms and documents.

For items (1) through (3) above, list the date(s) of the public hearing(s) at which the major provisions of the agreement were disclosed in accordance with the requirements of Government Code Section 3547.5 and the Department of Education Advisory 92-01 (or subsequent replacement).

Procedures or formats that exceed those or duplicate activities required under any other statute or executive orders are not reimbursable under this component.

**F. Contract Administration**

The cost of contract administration and adjudication of contract disputes either by arbitration or litigation is reimbursable.

Activities determined to be reimbursable for this component are as follows:

**(1) Training Sessions**

Reasonable costs incurred for a reasonable number of training sessions held for supervisory and management personnel regarding contract administration and interpretation of the negotiated contract.

**(2) Grievances**

(a) Salaries and benefits of public school personnel involved in adjudication of contract disputes along with related contract services.

(b) Substitutes hired so that representative of an exclusive bargaining unit can attend adjudication hearings regarding contract disputes. List the job classifications of the employee witnesses and the dates and time they were required to attend adjudication hearings.

(c) The cost of one transcript per hearing is reimbursable.

**(3) Contract Disputes Presented Before PERB**

(a) Public school employer costs regarding contract disputes that are presented before PERB.

(b) Litigation costs incurred by a public school employer as a defendant in a court suit involving contract disputes may be reimbursable. (See (4) "Appeal of PERB Ruling," below, if claimant is the plaintiff).

(c) Expert witness fees if the witness is called by the public school employer.

(d) Reasonable reproduction costs for copies of a new contract that is required as a result of a dispute.

(e) A public school employer's portion of an arbitrator's fees (50% of costs) for adjudicating grievances.

**(4) Appeal of PERB Ruling**

Reasonable claimant costs associated with a contract dispute are reimbursable when the claimant is the plaintiff in a court suit to appeal a PERB ruling and the claimant is the prevailing party.

(a) The costs incurred become eligible for reimbursement in the fiscal year in which the appeal process has been exhausted.

(b) The claimant must include with the claim a copy of the court's ruling.

(c) If the claim includes costs associated with more than one appeal, the costs associated with each appeal must be shown separately.

No reimbursement is allowed where the public school employer has filed action directly with the courts without first submitting the dispute to PERB, if required.

No reimbursement shall be provided for filing of a brief with the court by a person who is not party to a litigation (i.e., amicus curiae).

**The following costs are not eligible for reimbursement of this component:**

(d) Contract interpretations conducted at staff meetings.

- (e) Personal development and informational programs (i.e., classes, conferences, seminars, workshops) and time spent by employees attending such meetings.
- (f) Labor/management non-adversarial training sessions
- (g) Purchase of books and subscriptions for personal development and information purposes.

### **G. Unfair Labor Practice Charges**

The cost of unfair labor practice adjudication process and public notice complaints are reimbursable.

Activities determined to be reimbursable for this component are as follows:

#### **(1) Unfair Labor Practice Presented to PERB**

- (a) Salaries and benefits of public school district representatives and related contract services.
- (b) The cost of substitutes hired to replace representatives of an exclusive bargaining unit required to attend adjudication hearings regarding unfair labor practice charges.
- (c) The cost of a transcript for each PERB hearing.
- (d) Reasonable reproduction costs.
- (e) Expert witness fees if the witness is called by the public school district.

#### **(2) Appeal of a PERB Ruling**

Claimant costs associated with the appeal of a PERB unfair labor practice decision are reimbursable if the claimant is the prevailing party.

- (a) The costs incurred become eligible for reimbursement in the fiscal year in which the appeal process has been exhausted.
- (b) The claim must include a copy of the court's ruling.
- (c) If the claim includes costs associated with more than one appeal, the costs associated with each appeal must be shown separately.

#### **The following costs are not eligible for reimbursement of this component:**

- (d) Appeal of an unfair labor practice if PERB is the prevailing party.
- (e) The filing of a brief with the court by a person who is not party to the litigation (i.e., amicus curiae).

## **7. Reimbursement Limitations**

### **A. Fringe Benefits**

The actual fringe benefit costs may be claimed if supported by an itemized list of the costs, such as for: Retirement, social security, health and dental insurance, workers' compensation, etc.. If no itemization is submitted, twenty one percent of direct salary may be used for computing the fringe benefit costs.

### **B. Contract Services**

The contract services guidelines in 8.A.(3) shall prevail, except that the reimbursable fee for collective bargaining contract services will not exceed \$135 per hour. Additionally, annual retainer fees shall be based on a fee not greater than \$135 per hour. The claims that are based on annual retainers shall contain a certification that the fee is no greater than \$135 per hour. Reasonable expenses will also be paid if identified on the monthly billings of consultants. However, travel expenses for consultants and experts (including attorneys) hired by the claimant shall not be

reimbursed in an amount higher than that received by state employees as established under Title 2, Division 2, Section 700ff, California Code of Regulations.

### C. Travel Expenses

Reimbursement of business and travel expenses is limited to an amount and type of that which can be claimed by state employees. Refer to Appendix B, State of California, Travel Expense Guidelines, for current per diem rates.

### D. Other Revenue Sources

Any offsetting savings or reimbursement the claimant received from any source including, but not limited to, service fees collected, federal funds, and other state funds as a direct result of this mandate shall be identified and deducted so only net local cost is claimed.

### E. Governing Authority

Salaries and expenses of the governing authority e.g. the Board of Trustees and Superintendent of Schools, are not reimbursable as a direct cost. These are costs of general government as described by the federal guideline "Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government," ASMB C-10.

### F. Quantify "Increased" Costs

Determination of increased costs for each of these components requires the cost of current year Rodda Act activities to be offset (reduced) by the cost of the base year Winton Act activities. The Winton Act base year is generally fiscal year 1974-75.

Winton Act base year costs are adjusted by the Implicit Price Deflator (IPD) prior to offset against the current year Rodda Act costs for claim components, 6.A., 6.B., and 6.C. The IPD shall be listed in the annual claiming instructions.

Base Year	Adjustment	
1974-75	1.490	1979-80 FY
1974-75	1.560	1980-81 FY
1974-75	1.697	1981-82 FY
1974-75	1.777	1982-83 FY

The cost of a claimant's current year Rodda Act activities are offset (reduced) by the cost of the base year Winton Act activities either by matching each component when claimants can provide sufficient documentation to segregate each component of the Winton Act base year activity costs or, by combining all three components when claimant cannot satisfactorily segregate each component of the Winton Act base year costs.

All allowable activity costs for Rodda Act components, 6.D., 6.E., 6.F., and 6.G., are increased costs since there were no similar activities required by the Winton Act; therefore no Winton Act base year offset is to be calculated.

## 8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphic presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms CB-1 and CB-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in this program. The claim forms provided for this program can be duplicated



and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary.

#### **A. Form CB-2, Component/Activity Cost Detail**

This form is used to segregate the detailed costs by claim component. A separate form CB-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

##### **(1) Salaries and Benefits**

Identify the employee(s) and/or show the classification of each employee(s) involved. Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate, and related fringe benefits.

Reimbursement of 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 workers' compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities that the employee performs.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate. The worksheet used to compute the hourly salary rate must be submitted with your claim. Actual benefit percent must be itemized. If no itemization is submitted, twenty one percent (21%) must be used for computation of claim costs. Identify the classification of employees committed to functions required under the Winton Act and those required by Chapter 961, Statutes of 1975.

##### **(2) Materials and Supplies**

Only expenditures that can be identified as a direct result of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate. The cost of materials and supplies that are not used exclusively for the mandate is limited to the pro rata portion used to comply with 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.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

##### **(3) Contract Services**

Show the name(s) of professionals or consultants separately, specify the functions performed relative to the mandate, length of appointment, and the itemized costs of such services. Invoices must be submitted as supporting documentation with the claim. The maximum reimbursable fee for contract services is \$135 per hour. Annual retainer fees shall be no greater than \$135 per hour. Reasonable expenses will also be paid as identified on the monthly billings of consultants.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

##### **(4) Travel**

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

Source documents may include, but are not limited to, employee travel expense claims, receipts and other documents evidencing the travel expenses.

For audit purposes all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

**B. Form CB-1, Claim Summary**

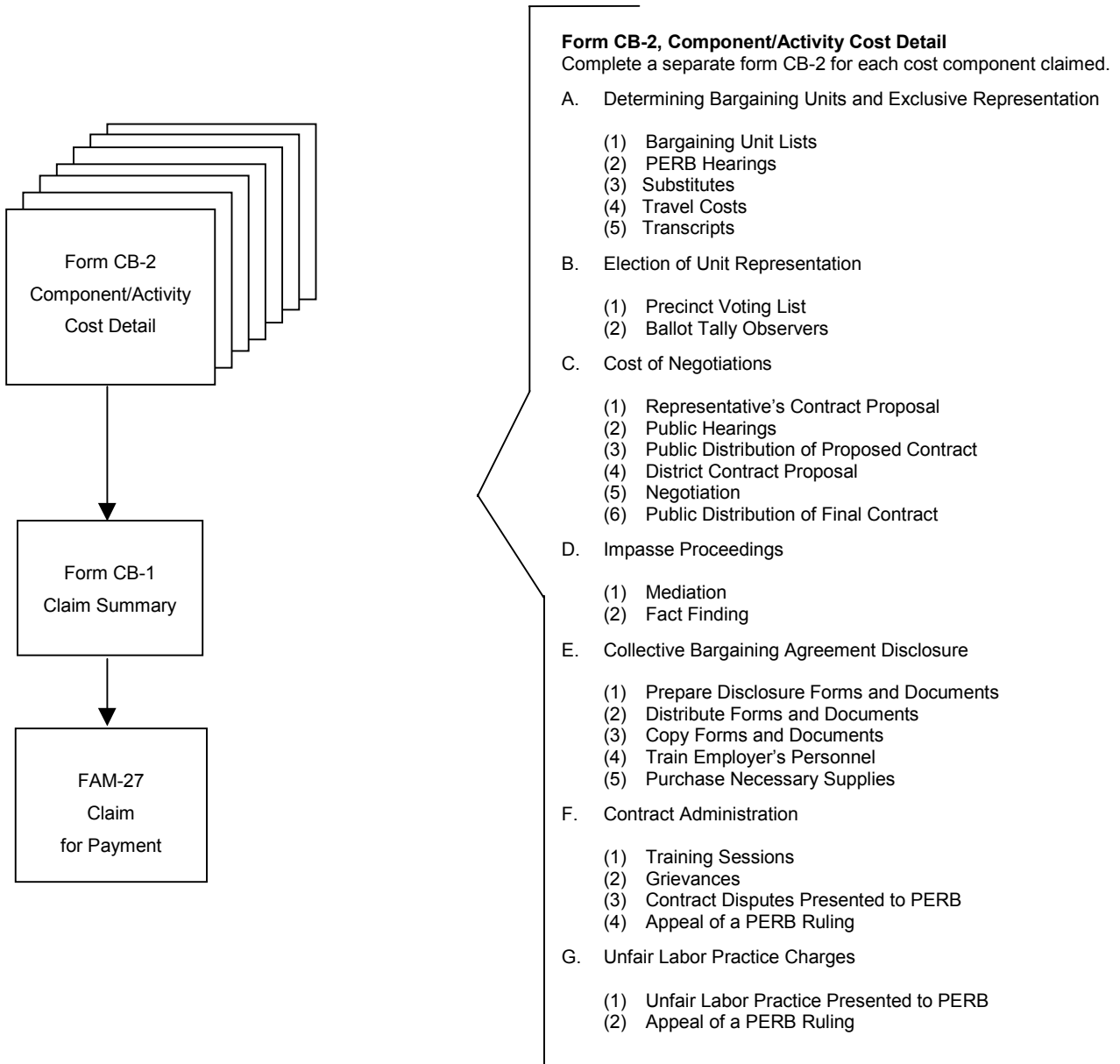
This form is used to summarize direct costs by cost component and compute allowable indirect costs for the mandate. The direct costs summarized on this form are derived from form CB-2 and carried forward to form FAM-27.

School districts and county offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. Community college districts must use one of the following three alternatives: A federally approved rate based on OMB Circular A-21; the State Controller's FAM-29C that utilizes CCFS-311.

**C. Form FAM-27, Claim for Payment**

This form contains a certification that must be signed by an authorized officer of the school district. All applicable information from form CB-1 must be carried forward to this form in order for the State Controller's Office to process the claim for payment.

Illustration of Forms



<b>CLAIM FOR PAYMENT</b>			<b>For State Controller Use Only</b>		<b>Program</b>	
<b>Pursuant to Government Code Section 17561</b>			(19) Program Number 00232		<b>232</b>	
<b>COLLECTIVE BARGAINING</b>			(20) Date Filed ___/___/___			
			(21) LRS Input ___/___/___			
<b>L A B E L  H E R E</b>	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>			
	(02) Claimant Name		(22) CB-1, (03)(1)(e)			
	County of Location		(23) CB-1, (03)(2)(e)			
	Street Address or P.O. Box		(24) CB-1, (03)(3)(e)			
	City		(25) CB-1, (03)(4)(e)			
	State		(26) CB-1, (03)(5)(e)			
Zip Code		(27) CB-1, (03)(6)(e)				
<b>Type of Claim</b>		<b>Estimated Claim</b>		<b>Reimbursement Claim</b>		
(03) Estimated <input type="checkbox"/>		(09) Reimbursement <input type="checkbox"/>		(28) CB-1, (03)(7)(e)		
(04) Combined <input type="checkbox"/>		(10) Combined <input type="checkbox"/>		(29) CB-1, (04)(d)		
(05) Amended <input type="checkbox"/>		(11) Amended <input type="checkbox"/>				
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20 ___	(12) <b>20</b> ___/20 ___	(30) CB-1, (04)(e)			
<b>Total Claimed Amount</b>	(07)	(13)	(31) CB-1, (05)(e)			
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32) CB-1, (07)			
<b>Less: Prior Claim Payment Received</b>		(15)	(33) CB-1, (11)			
<b>Net Claimed Amount</b>		(16)	(34) CB-1, (12)			
<b>Due from State</b>	(08)	(17)	(35) CB-1, (14)			
<b>Due to State</b>		(18)	(36) CB-1, (15)			
<b>(37) CERTIFICATION OF CLAIM</b>						
<p>In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.</p> <p>I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.</p> <p>The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.</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 <b>232</b>	<b>COLLECTIVE BARGAINING</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing a combined estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended estimated 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 the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form CB-1 and enter the amount from line (16).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form CB-1, line (16). The total claimed amount must be a minimum of \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated 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 on 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., CB-1, (03)(01)(e), means the information is located on form CB-1, block (03), line (1), column (e). 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 an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

**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**

<b>Program</b> <b>232</b>	<b>MANDATED COSTS</b> <b>COLLECTIVE BARGAINING</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>CB-1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
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<b>Rodda Act Direct Costs</b>	<b>Cost Elements</b>				
(03) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Travel and Training	(d) Contract Services	(e) Total
1. Determining Bargaining Units and Exclusive Representation					
2. Election of Unit Representation					
3. Cost of Negotiations					
4. Impasse Proceedings					
5. Collective Bargaining Agreement Disclosure					
6. Contract Administration					
7. Unfair Labor Practice Charges					
(04) Total Rodda Act Direct Costs					

<b>Winton Act Direct Costs</b>					
(05) Base Year, 1974-75 Direct Costs					
(06) Base Year Direct Costs Adjusted by IPD				[Line (05)(e) x 3.291 for 2002-03 F.Y.]	
(07) Increased Direct Costs				[Line (04)(e) – line (06)]	

<b>Indirect Costs</b>					
(08) Total Rodda Act Direct Costs less Contract Services				[Line (04)(e) – line (04)(d)]	
(09) Base Year Costs less Contract Services adjusted by IPD				[(Line (05)(e) - line (05)(d)) x 3.291]	
(10) Increased Direct Costs less Contract Services				[Line (08) - line (09)]	
(11) Indirect Cost Rate				[Federally approved OMB A-21, FAM-29C, or 7%]	%
(12) Increased Indirect Costs				[Line (10) x line (11)]	
(13) Total Increased Direct and Indirect Costs				[Line (07) + line (12)]	

<b>Cost Reduction</b>					
(14) Less: Offsetting Savings					
(15) Less: Other Reimbursements					
(16) Total Claimed Amount				[Line (13) – {line (14) + line (15)}]	

<b>Program 232</b>	<b>COLLECTIVE BARGAINING CLAIM SUMMARY Instructions</b>	<b>FORM CB-1</b>
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- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.
- Form CB-1 must be filed for a reimbursement claim. Do not complete form CB-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 CB-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) For each of the reimbursable components, enter the total allowable cost from form CB-2, line (05), columns (d) through (g) onto form CB-1, block (03), lines (1) through (7), columns (a) through (d). Total each line and enter in column (e).
- (04) Add columns (03)(d) and (e) for Cost Elements, and enter the totals on this line.
- (05) Method A. Enter the 1974-75 Winton Act (base year) costs on line (05)(e). Enter on line (05)(d) any contract service costs included in line (05)(e).
- Method B. Enter the amount from form CB-1.1, line (04)(b) onto line (05)(e). Enter on line (05)(d) any contract service costs included in line (05)(e).
- (06) Method A. Multiply the base year cost on line (05)(e) by the implicit price deflator (IPD). The 2002-03 IPD is 3.291.
- Method B. Enter the amount from form CB-1.1, line (04)(d).
- (07) Subtract the Base Year Direct Costs Adjusted by the IPD, line (06), from Total Rodda Act Direct Cost, line (04)(e).
- (08) Subtract Total Contract Services, line (04)(d), from Total Rodda Act Direct Costs, line (04)(e).
- (09) Subtract Base Year Contract Services, line (05)(d), from Base Year, 1974-75 Direct Costs, line (05)(e), and multiply the remainder by the IPD.
- (10) Subtract Base Year Costs less Contract Services adjusted by the IPD, line (09), from Total Rodda Act Direct Costs less Contract Services, line (08).
- (11) Community college districts may use the federally approved OMB A-21 rate, the rate computed using form FAM-29C, or the 7% indirect cost rate.
- (12) Multiply Incremental Direct Costs less Contract Services, line (10), by Indirect Cost Rate, line (11).
- (13) Enter the sum of Incremental Costs, line (07), and Incremental Indirect Costs, line (12).
- (14) 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.
- (15) 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.
- (16) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (14), and Other Reimbursements, line (15), from Total Direct and Indirect Costs, line (13). Enter the remainder on this line and carry the amount forward to form FAM-27, line (13) for the Reimbursement Claim.

PROGRAM <b>232</b>	<b>MANDATED COSTS</b>  <b>COLLECTIVE BARGAINING</b>  <b>DETERMINING WINTON ACT COSTS</b>	<b>FORM</b> <b>CB-1.1</b>
(01) Claimant _____		(02) Fiscal Year 20__/20__

NOTE: Beginning with the 1992-93 claims, a community college has the option of using Method A or Method B for this segment of the claim to determine increased costs due to the Rodda Act.

Method A: Community college districts have been using this method in previous fiscal years to determine increased costs. The community college district reduces the current Rodda Act costs by the total 1974-75 Winton Act (base year) cost adjusted by annual changes in the implicit price deflator. Rodda Act costs in excess of the adjusted Winton Act costs are claimable. If a community college district chooses to continue with this method, do not complete form CB-1.1.

Method B: This method is new. It may be advantageous for a community college district to use this method if the district can provide cost documentation for each 1974-75 Winton Act cost component listed below. The Rodda Act has the three similar matching cost components. Under each matched component, report only the amount of Winton Act costs adjusted by changes in the implicit price deflator for which current Rodda Act costs exist. Examples: (1) If the Rodda Act costs exceed the adjusted Winton Act costs for the component, all Winton Act costs of the component must be reported for purposes of reducing the Rodda Act costs. (2) If the adjusted Winton Act costs exceed current Rodda Act costs for the component, residual Winton Act costs do not have to be applied against current Rodda Act costs of other components. If Method B is chosen, the claimant must complete the following:

- (01) Enter the name of the claimant.
- (02) Enter the fiscal year for which costs are being filed.
- (03) Complete the following:
  - (a) Enter in column (a) the current Rodda Act costs for each of the three cost components, if any.
  - (b) Enter in column (b) the amount of the 1974-75 Winton Act costs applicable to each of the three components. The total on line (4) column (b) should be the same as shown on form CB-1, line (5)(e).
  - (c) Enter in column (c) the product of multiplying the 1974-75 Winton Act cost component in column (b) by the implicit price deflator specified for the fiscal year of the claim.
  - (d) Enter in each row, column (d), the lesser amount of column (a) or column (c). Total column (d) and forward the amount to form CB-1, line (06).

Similar Cost Components of the Rodda Act and Winton Act	(a) Current Rodda Act Costs	(b) 1974-75 Winton Act Costs Applied	(c) 1974-75 Winton Act Costs Adjusted by IPD	(d) Winton Act Costs to be Applied
1. Determination of Bargaining and Exclusive Representation	\$	\$	\$	\$
2. Election of Unit Representation				
3. Meet and Confer (Cost of Negotiations)				
4. Totals	\$	\$	\$	\$





<b>PROGRAM</b> <b>232</b>	<b>MANDATED COSTS</b> <b>COLLECTIVE BARGAINING</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>CB-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Determining Bargaining Units and Exclusive Representation	<input type="checkbox"/> Collective Bargaining Agreement Disclosure
<input type="checkbox"/> Election of Unit Representation	<input type="checkbox"/> Contract Administration
<input type="checkbox"/> Cost of Negotiations	<input type="checkbox"/> Unfair Labor Practice Charges
<input type="checkbox"/> Impasse Proceedings	

(04) Description of Expenses: Complete columns (a) through (g)	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Travel	(g) Contract Services

(05) Total <input style="width:30px;" type="text"/>	Subtotal <input style="width:30px;" type="text"/>	Page: ___ of ___				
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<b>PROGRAM</b> <b>232</b>	<b>COLLECTIVE BARGAINING</b> <b>Component/Activity Cost Detail</b> <b>Instructions</b>	<b>FORM</b> <b>CB-2</b>
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- (01) Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year costs were incurred.
- (03) Reimbursable Components. Check the box that indicates the cost component being claimed. Check only one box per form. A separate form CB-2 shall be prepared for each component that applies.
- (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 name(s), position title(s), a brief description of the activities performed, actual time spent by each employee, productive hourly rate(s), fringe benefit(s), materials and supplies used, travel, and contract services. **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 three years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. 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)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
<b>Benefits</b>	Title Activities	Benefit Rate	Hours Worked	Benefits = Benefit Rate x Salaries				
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
<b>Travel</b>	Purpose of Trip Name and Title Departure and Return Date	Per Diem Rate Mileage Rate Travel Cost	Days Miles Travel Mode			Total Travel Cost = Rate x Days or Miles		
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Cost = Hourly Rate x Hours Worked	

- (05) Total line (04), columns (d), (e), (f) , and (g) 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 costs, number each page. Enter totals from line (05), columns (d), (e), (f), and (g) to form CB-1, block (03), columns (a), (b), (c), and (d) in the appropriate row.

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2001-07

HEALTH BENEFITS FOR SURVIVORS OF  
PEACE OFFICERS AND FIREFIGHTERS

(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 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 Health Benefits for Survivors of Peace Officers and Firefighters (HB). These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Labor Code (LC) Section 4856 as added by Chapter 1120, Statutes of 1996, requires community college districts to provide lifelong health benefits to the survivors of peace officers and firefighters who died in the line of duty **after** September 30, 1996. Chapter 193, Statutes of 1997, requires community college districts to provide health benefits to survivors of peace officers and firefighters killed in the line of duty **before** September 30, 1996. Chapter 193, Statutes of 1997, also amended LC Section 4856 to apply these benefits retroactively.

On October 26, 2000, the COSM determined that LC Section 4856 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.

**Eligible Claimants**

Any community college district, employing peace officers pursuant to Penal Code Section 830, and incurring increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**A. Initial Claims**

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. If the death of the peace officer or firefighter occurred **before** 9/30/96, reimbursement claims for Chapter 193, Statutes of 1997, for the period 1/1/98 to 6/30/98 and fiscal years 1998-99 and 1999-00, must be filed with the SCO and be delivered or postmarked on or before **October 2, 2001**. If death occurred **after** 9/30/96, for Chapter 1120, Statutes of 1996, reimbursement costs for fiscal years 1997-98 through 1999-00, must be filed with the SCO and be delivered or postmarked on or before **October 2, 2001**. Estimated claims for the 2000-01 fiscal year must also be delivered or postmarked on or before **October 2, 2001**. Thereafter, having received payment for an estimated claim, the claimant must file an annual 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.

Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among fiscal years. If the claims are late, the penalty should be applied to a single fiscal year.

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, community college districts 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%. Claimants 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%, claimants 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. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Timely filed claims will be paid before late claims.

### **Minimum Claim Cost**

For initial claims and annual claims filed **on or after September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564.

### **Reimbursement of 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 the 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 the 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 the 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 the 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

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**

Labor Code Section 4856, Government Code Section 21635  
Statutes of 1996, Chapter 1120  
Statutes of 1997, Chapter 193

### *Health Benefits for Survivors of Peace Officers and Firefighters*

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#### **I. SUMMARY AND SOURCE OF THE MANDATE**

Statutes of 1996, chapter 1120 enacted Labor Code section 4856, which requires local agencies to provide lifelong health benefits to the survivors of peace officers and firefighters who die in the line of duty. Statutes of 1997, chapter 193 further amended Labor Code section 4856 by applying this benefit retroactively. Additionally, chapter 1120 amended Government Code section 21635, by deleting language exempting local agencies from collective bargaining under the Meyers-Milias-Brown Act with their employees for survivor health benefits.

On October 26, 2000, the Commission adopted its Statement of Decision that the test claim legislation constitutes a reimbursable state mandated program upon local governments within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

#### **II. ELIGIBLE CLAIMANTS**

1. Providing Survivor Health Benefits (Labor Code Section 4856)  
Counties, cities, a city and county, and special districts, as defined in Government Code section 17518 that employ peace officers and firefighters, and school districts, as defined in Government Code section 17519, that employ peace officers are eligible claimants.
2. Collective Bargaining (Government Code Section 21635)  
Counties, cities, a city and county, and special districts, as defined in Government Code section 17518 are eligible claimants.

#### **III. PERIOD OF REIMBURSEMENT**

Section 17557 of the Government Code, prior to its amendment by Statutes of 1998, chapter 681, (effective September 22, 1998), stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for this mandate was filed on June 9, 1998.

Statutes of 1996, chapter 1120, an urgency statute, became effective September 30, 1996. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *after* September 30, 1996. And it allows collective bargaining for the continued health benefits coverage of a surviving spouse. Therefore, costs incurred for Statutes of 1996, chapter 1120, are eligible for reimbursement on or after July 1, 1997.

Statutes of 1997, chapter 193, became effective on January 1, 1998. It requires that local agencies provide health benefits to the survivors of peace officers and firefighters killed in the line of duty *before* September 30, 1996. Therefore, cost incurred for Statutes of 1997, chapter 193, are eligible for reimbursement on or after January 1, 1998.

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 issuance of claiming instructions.

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**

For each eligible claimant, all direct and indirect costs of labor, materials, supplies and services, training and travel for the performance of the following activities, are eligible for reimbursement:

##### **Component A. Providing Survivor Health Benefits (Labor Code Section 4856)**

1. Developing or updating internal policies, procedures and manuals as necessary to provide health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856 (one-time activity).
2. Upon the death of a peace officer or firefighter killed in the line of duty, the ongoing costs of maintaining files, manually or electronically, related to providing health benefits to the deceased peace officer's or firefighter's surviving spouse and eligible dependents, as required under Labor Code section 4856, is reimbursable.
3. **Dependent Notification**
  - a. Upon the death of a peace officer or firefighter killed in the line of duty, providing a one-time notification to the surviving spouse that the local government employer must continue providing health benefits to the deceased employee's spouse and minor dependents under the same terms and conditions provided before death, or prior to the accident or injury that caused death. If there is no surviving spouse, then providing a one-time notification to the minor dependents, or guardian, that the local



government employer must continue providing health benefits until the minor dependents reach the age of 21 years.

- b. Providing a one-time notice to the minor dependents of peace officers or firefighters killed in the line of duty, when they are no longer eligible for continued health benefits under the surviving spouse's coverage. Or, if there is no surviving spouse, when the minor dependents reach the age of 21 years.
  - c. Upon remarriage of the surviving spouse, providing a one-time notice to the surviving spouse that the new spouse or stepchildren cannot be added as family members under the continued health benefits coverage of the surviving spouse.
4. Upon the death of a peace officer or firefighter killed in the line of duty, communicating with the insurance plan provider for the purpose of notifying the insurance plan provider of the peace officer's or firefighter's death, and coordinating with the insurance plan provider to ensure that the deceased peace officer's or firefighter's surviving spouse and eligible dependents will continue receiving health benefits under the same terms and conditions as provided before death, or prior to the accident or injury that caused death.
  5. Upon the death of a peace officer or firefighter killed in the line of duty, the amount of the insurance premiums paid to HMOs, or the contributions to self-insured pools, for the continued health benefits coverage to the deceased peace officer's or firefighter's surviving spouse, as required under Labor Code section 4856, is reimbursable. Eligible minor dependents are provided health benefits under the surviving spouse's coverage. If there is no surviving spouse, eligible dependents are provided health benefits until the age of 21 years. A surviving spouse's new spouse or stepchildren are ineligible for continued health benefits under the surviving spouse's coverage.

Component B. Collective Bargaining for the Continued Health Benefits Coverage of a Surviving Spouse (Government Code Section 21635)

1. Developing or updating internal policies, procedures and manuals as necessary to collectively bargain with local employee representatives (one-time activity).
2. Maintaining files manually or electronically related to collective bargaining.
3. The cost of up to five employer representatives and the cost of up to five employee representatives will be reimbursed for the following activities if a representative of a recognized employee organization requests that the local governmental employer meet and confer in good faith.
  - a. Reviewing the recognized employee organization's initial contract proposal.
  - b. Developing and presenting the local government employer's response to the recognized employee organization's initial contract proposal.
  - c. Participating in negotiating planning sessions in preparation of pending negotiations with the recognized employee organization's representatives.

- d. Negotiating with the recognized employee organization's representatives.
- e. Holding public hearings, pursuant to Government Code 3505.1, so that the governing board can approve the memorandum of understanding.
- f. Reproducing and distributing to employer representatives (supervisory, management, and confidential) that portion of the final contract agreement. Reproducing and distributing copies of the final contract to collective bargaining unit members are not reimbursable.

**V. CLAIM PREPARATION AND SUBMISSION**

Claims 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 this document.

SUPPORTING DOCUMENTATION

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

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, the productive hourly rate, and related employee benefits.

Reimbursement includes compensation paid for salaries, wages, and employee benefits. Employee benefits include regular compensation paid to an employee during periods of authorized absences (e.g., annual leave, sick leave) and the employer's contributions to social security, pension plans, insurance, and workers' compensation insurance. Employee benefits are eligible for reimbursement when distributed equitably to all job activities performed by the employee.

2. Materials and Supplies

Only expenditures that can be identified as a direct cost 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

Contracted services for participation of employer representatives in contract negotiations and negotiation planning sessions will be reimbursed. Provide the name(s) of the

contractor(s) who performed the services, including any fixed contracts 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. Submit contract consultant and attorney invoices with the claim.

#### 4. 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.

#### 5. Training

The cost of training an employee to perform the mandated activities 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.

#### Cities, Counties, and Special Districts

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) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

#### School Districts

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
2. County offices of education must use the J-580 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the State Department of Education.
3. 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. SUPPORTING DATA**

For audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, 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, and all reimbursement claims are subject to audit during the period specified in Government Code, section 17558.5, subdivision (a).

**VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received 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 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 claiming instructions, for those costs mandated by the State contained herein.

**IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH BENEFITS FOR SURVIVORS OF                  PEACE OFFICERS AND FIREFIGHTERS</b>	For State Controller Use Only (19) Program Number 00233 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>233</b>
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L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) HB-1, (03)	
	County of Location		(23) HB-1, (04)(A)(1)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) HB-1, (04)(B)(1)(f)	
	City	State	Zip Code	(25) HB-1, (04)(B)(2)(f)

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) HB-1, (04)(B)(3)(f)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) HB-1, (04)(B)(4)(f)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) HB-1, (04)(B)(5)(f)	
			(29) HB-1, (06)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20 ___	(12) <b>20</b> ___/20 ___	(30) HB-1, (07)	
<b>Total Claimed Amount</b>	(07)	(13)	(31) HB-1, (09)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32) HB-1, (10)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_

\_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

<b>Program</b> <b>233</b>	<b>HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03), Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05), Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HB-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09), Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11), Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form HB-1, line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated 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 on 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., HB-1, (04)(A)(1)(f), means the information is located on form HB-1, block (04), line (A)(1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

**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**

Program <b>233</b>	<b>MANDATED COSTS</b> <b>HEALTH BENEFITS FOR SURVIVORS OF</b> <b>PEACE OFFICERS AND FIREFIGHTERS</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HB-1</b>
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(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/>	
	Estimated <input type="checkbox"/>	20__/20__

**Claim Statistics**

(03) Number of peace officers and firefighters who died in the line of duty during the fiscal year	
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Direct Costs	Object Accounts				
(04) Reimbursable Components	(a)	(b)	(c)	(d)	(f)
	Salaries and Benefits	Materials and Supplies	Contract Services	Travel and Training	Total
<b>A. One-Time Costs</b>					
1. Develop Policies & Procedures					
<b>B. Ongoing Costs</b>					
1. File Maintenance					
2. Dependent Notification					
3. Insurance Notification					
4. Continued Coverage					
(05) Total Direct Costs					

**Indirect Costs**

(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs	[Line (06) x line (05)(a)]	
(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)}]



<b>Program</b> <b>233</b>	<b>HEALTH BENEFITS FOR SURVIVORS OF                  PEACE OFFICERS AND FIREFIGHTERS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>HB-1</b>
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- (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 HB-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 HB-1 must be filed for a reimbursement claim. Do not complete form HB-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 HB-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the number of peace officers and firefighters who died in the line of duty during the fiscal year of the claim.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form HB-2, line (05), columns (d) through (g) to form HB-1, block (04), columns (a) through (d) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
- (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.

Program <b style="font-size: 24pt;">233</b>	<b>MANDATED COSTS</b> <b>HEALTH BENEFITS FOR SURVIVORS OF</b> <b>PEACE OFFICERS AND FIREFIGHTERS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	FORM HB-2
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

**One-Time Costs:**     Develop Policies and Procedures (A1)

**Ongoing Costs:**     File Maintenance (A2)                       Insurance Notification (A4)

Dependent Notification (A3)                       Continued Coverage (A5)

(04) Description of Expenses			Object Accounts			
(a) Employee Names, Job Classifications, Functions Performed, Description of Expenses, and *Date of Death	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
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<b>Program</b> <b>233</b>	<b>HEALTH BENEFITS FOR SURVIVORS OF PEACE OFFICERS AND FIREFIGHTERS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM HB-2</b>
<b>Instructions</b>		

(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 HB-2 should be completed for each department.

(02) Fiscal Year. Enter the fiscal year for which costs were incurred.

(03) Reimbursable Components. Each component title lists the corresponding reimbursable activity from the Parameters and Guidelines. For example, Continued Coverage (A5), means the component description is listed in the Parameters and Guidelines under Section IV. Reimbursable Activities, Component A. 5.

Check the box which indicates the cost component being claimed. Check only one box per form. A separate form HB-2 shall be prepared for each applicable component.

(04) \*Date of Death. Enter the date of death for each peace officer and firefighter in block (04), column (a).

Ch. 193/97, Death **before** 9/30/96: Reimbursement of costs for the period 1/1/98 to 6/30/98 and fiscal years 1998-99 and 1999-00 for actual claims and 2000-01 for estimated claims.

Ch. 1120/96, Death **after** 9/30/96: Reimbursement of costs for fiscal years 1997-98 through 1999-00 for actual claims and 2000-01 for estimated claims.

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 three 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 three 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)	
<b>Salaries</b>	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked  Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked or Total Contract			Invoice
<b>Travel and Training</b>	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		
Travel									
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 HB-1, block (04), columns (a) through (e) in the appropriate row.

## HEALTH FEE ELIMINATION

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

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

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

### 2. Eligible Claimants

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

### 3. Appropriations

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

### 4. Types of Claims

#### A. Reimbursement and Estimated Claims

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

#### B. Minimum Claim

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

### 5. Filing Deadline

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

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

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

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

## 6. Reimbursable Components

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

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

\$10.00 per semester

\$5.00 for summer school

\$5.00 for each quarter

Beginning with the summer of 1997, the fees are:

\$11.00 per semester

\$8.00 for summer school or

\$8.00 for each quarter

The district may increase fees by the same percentage increase as the Implicit Price Deflator (IPD) for the state and local government purchase of goods and services. Whenever the IPD calculates an increase of one dollar (\$1) above the existing amount, the fees may be increased by one dollar (\$1).

## 7. Reimbursement Limitations

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

## 8. Claiming Forms and Instructions

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

**A. Form HFE- 2, Health Services**

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

**B. Form HFE-1.1, Claim Summary**

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

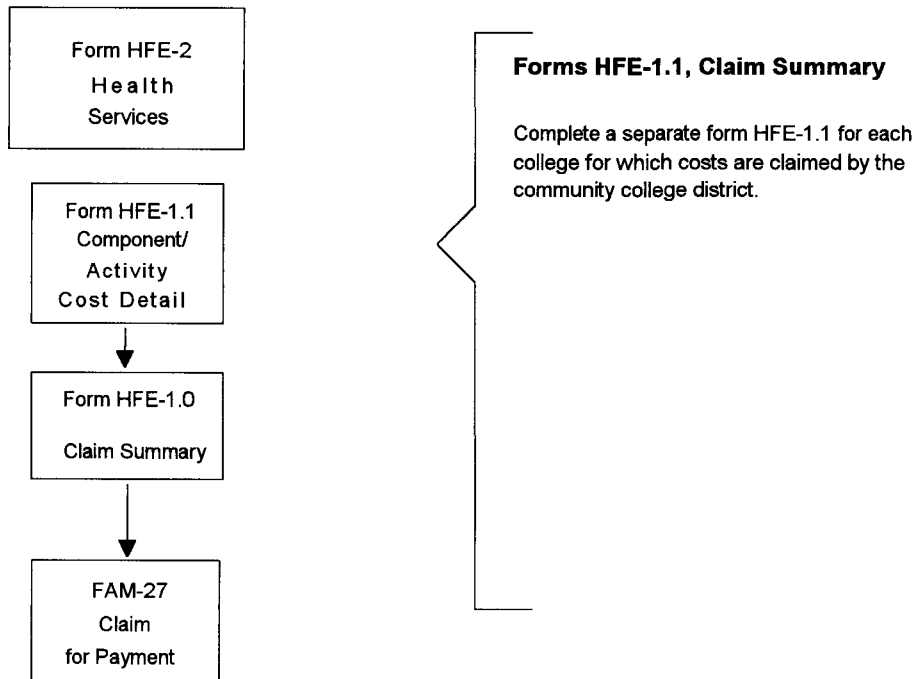
**C. Form HFE-1.0, Claim Summary**

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

**D. Form FAM-27, Claim for Payment**

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

**Illustration of Claim Forms**



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>HEALTH FEE ELIMINATION</b>	For State Controller Use Only (19) Program Number 00234 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>234</b>
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L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) HFE-1.0, (04)(b)	
	County of Location		(23)	
	Street Address or P.O. Box		(24)	
	Suite		(25)	
	City		(25)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28)	
			(29)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20 ___	(12) <b>20</b> ___/20 ___	(30)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_

\_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

<b>Program</b> <b>234</b>	<b>HEALTH FEE ELIMINATION</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form HFE-1.1 and enter the amount from line (13).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form HFE-1.1, line (13 ). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated 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 on line (18), Due to State.
- (19) to (21) Leave blank.
- (22) to (36) Reimbursement Claim Data. Bring forward the cost information as specified on the left-hand column of lines (22) through (36) for the reimbursement claim, e.g., HFE-1.0, (04)(b), means the information is located on form HFE-1.0, block (04), column (b). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

**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**



<b>MANDATED COSTS HEALTH FEE ELIMINATION CLAIM SUMMARY</b>	<b>FORM HFE-1.0</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/19__
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**(03) List all the colleges of the community college district identified in form HFE-1.1, line (03)**

(a) Name of College	(b) Claimed Amount
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
19.	
20.	
21.	
<b>(04) Total Amount Claimed</b>	[Line (3.1b) + line (3.2b) + line (3.3b) + ...line (3.21b)]

<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.0</b>
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(01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office on behalf of its colleges.

(02) Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which the expenses were/are to be incurred. A separate claim must be filed for each fiscal year.

Form HFE-1.0 must be filed for a reimbursement claim. Do not complete form HFE-1.0 if you are filing an estimated claim and the estimate is not more than 110% of the previous fiscal year's actual costs. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, forms HFE-1.0 and HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) List all the colleges of the community college district which have increased costs. A separate form HFE-1.1 must be completed for each college showing how costs were derived.

(04) Enter the total claimed amount of all colleges by adding the Claimed Amount, line (3.1b) + line (3.2b) ...+ (3.21b).

<b>Program</b> <span style="font-size: 2em; font-weight: bold;">234</span>	<b>MANDATED COSTS</b> <b>HEALTH FEE ELIMINATION</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>HFE-1.1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year  20__/20__
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(03) Name of College

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

LESS                   SAME                   MORE

	Direct Cost	Indirect Cost	Total
(05) Cost of health services for the fiscal year of claim			
(06) Cost of providing current fiscal year health services in excess of 1986-87			
(07) Cost of providing current fiscal year health services at 1986-87 level [Line (05) - line (06)]			

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

	(a) Number of Students Enrolled	(b) Students Exempt per EC 76355(c)(1)	(c) Students Exempt per EC 76355(c)(2)	(d) Students Exempt per EC 76355(c)(3)	(e) Number of Students Subject to Health Fee (a)-(b)-(c)-(d)	(f) Unit Cost Per Student Per EC 76355	(g) Student Health Fees (e) x (f)
1. Per Fall Semester							
2. Per Spring Semester							
3. Per Summer Session							
4. Per First Quarter							
5. Per Second Quarter							
6. Per third Quarter							

(09) Total health fee that could have been collected: The sum of (Line (08)(1)(c) through line (08)(6)(c))

(10) Subtotal [Line (07) - line (09)]

**Cost Reduction**

(11) Less: Offsetting Savings

(12) Less: Other Reimbursements

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

<b>Program 234</b>	<b>HEALTH FEE ELIMINATION CLAIM SUMMARY Instructions</b>	<b>FORM HFE-1.1</b>
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- (01) Enter the name of the claimant. Only a community college district may file a claim with the State Controller's Office (SCO) on behalf of its colleges.
  
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
 Form HFE-1.1 must be filed for a reimbursement claim. Do not complete form HFE-1.1 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 HFE-1.1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
  
- (03) Enter the name of the college or community college district that provided student health services in the 1986-87 fiscal year and continue to provide the same services during the fiscal year of claim.
  
- (04) Compare the level of services provided during the fiscal year of reimbursement to the 1986-87 fiscal year and indicate the result by marking a check in the appropriate box. If the "Less" box is checked, STOP and do not complete the remaining part of this claim form. No reimbursement is forthcoming.
  
- (05) Enter the direct cost, indirect cost, and total cost of health services for the fiscal year of claim on line (05). Direct cost of health services is identified on the college expenditure report authorized by Education Code §76355 and included in the Community College Annual Financial and Budget Report CCFS-311, EDP Code 6440, column 5. If the amount of direct costs claimed is different than that shown on the expenditure report, provide a schedule listing those community college costs that are in addition to, or a reduction to expenditures shown on the report. For claiming indirect costs, college districts have the option of using a federally approved rate from the Office of Management and Budget Circular A-21, form FAM-29C, or a 7% indirect cost rate.
  
- (06) Enter the direct cost, indirect cost, and total cost of health services that are in excess of the level provided in the 1986-87 fiscal year.
  
- (07) Enter the difference of the cost of health services for the fiscal year of claim, line (05) and the cost of providing current fiscal year services that are in excess of the level provided in the 1986-87 fiscal year line (06).
  
- (08) Complete columns (a) through (g) to provide details on the number of students enrolled, the number of students exempt per EC Section 76355(c)(1), (2), and (3), and the amount of health service fees that could have been collected. After 05/01/01, the student fees for health supervision and services are \$12.00 per semester, \$9.00 for summer school, and \$9 for each quarter.
  
- (09) Enter the sum of student health fees that could have been collected, other than exempt students.
  
- (10) Enter the difference of the cost of providing health services at the 1986-87 level, line (07) and the total health fee that could have been collected, line (09). If line (09) is greater than line (07), no claim shall be filed.
  
- (11) Enter the total savings experienced by the school identified in line (03) as a direct cost of this mandate. Submit a detailed schedule of savings with the claim.
  
- (12) Enter the total of other reimbursements received from any source, (i.e., federal, other state programs, etc..) Submit a detailed schedule of reimbursements with the claim.
  
- (13) Subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12), from Total 1986-87 Health Service Cost excluding Student Health Fees.

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

<b>MANDATED COSTS</b> <b>HEALTH ELIMINATION FEE</b> <b>HEALTH SERVICES</b>	<b>FORM</b> <b>HFE-2</b>
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(01) Claimant:	(02) Fiscal Year costs were incurred:
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(03) Place an "X" in column (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.	(a) FY 1986/87	(b) FY of Claim
Child Abuse Birth Control/Family Planning Stop Smoking Library, Videos and Cassettes		
First Aid, Major Emergencies		
First Aid, Minor Emergencies		
First Aid Kits, Filled		
Immunizations Diphtheria/Tetanus Measles/Rubella Influenza Information		
Insurance On Campus Accident Voluntary Insurance Inquiry/Claim Administration		
Laboratory Tests Done Inquiry/Interpretation Pap Smears		
Physical Examinations Employees Students Athletes		
Medications Antacids Antidiarrheal Aspirin, Tylenol, Etc Skin Rash Preparations Eye Drops Ear Drops Toothache, oil cloves Stingkill Midol, Menstrual Cramps Other, list		
Parking Cards/Elevator Keys Tokens Return Card/Key Parking Inquiry Elevator Passes Temporary Handicapped Parking Permits		

<b>MANDATED COSTS HEALTH ELIMINATION FEE HEALTH SERVICES</b>		<b>FORM HFE-2</b>	
(01) Claimant:		(02) Fiscal Year costs were incurred:	
(03) Place an "X" in columns (a) and/or (b), as applicable, to indicate which health services were provided by student health service fees for the indicated fiscal years.		(a) FY 1986/87	(b) FY of Claim
<b>Referrals to Outside Agencies</b> Private Medical Doctor Health Department Clinic Dental Counseling Centers Crisis Centers Transitional Living Facilities, battered/homeless women Family Planning Facilities Other Health Agencies			
<b>Tests</b> Blood Pressure Hearing Tuberculosis Reading Information Vision Glucometer Urinalysis Hemoglobin EKG Strep A testing PG Testing Monospot Hemacult Others, list			
<b>Miscellaneous</b> Absence Excuses/PE Waiver Allergy Injections Band-aids Booklets/Pamphlets Dressing Change Rest Suture Removal Temperature Weigh Information Report/Form Wart Removal Others, list			
<b>Committees</b> Safety Environmental Disaster Planning			

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2003-06  
INVESTMENT REPORTS  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 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 the Investment Reports (INR) program. These claiming instructions are issued subsequent to adoption of the program's amended parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On March 27, 1997, the COSM determined that the provisions of GC Section 53646, subdivisions (a), (b), and (e), as added by Chapter 783, Statutes of 1995, and amended by Chapters 156 and 749, Statutes of 1996, imposed a new program or a higher level of service in an existing program, by requiring agencies to render an annual statement of investment policy and to render quarterly reports of investments. These instructions incorporate amendments to the original mandate that was filed on October 13, 2000. For your reference, the amended P's & G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college district, as defined in GC Section 17519, that have incurred increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**A. Reimbursement Claims**

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Reimbursement claims for fiscal years 1999-00 through 2001-02 must be filed with the SCO and be delivered or postmarked on or before **September 9, 2003**.

Beginning with the 2002-03 fiscal year, estimated claims may be filed with the SCO and be delivered or postmarked on or before **September 9, 2003** or an actual claim for the 2002-03 fiscal year may be filed by January 15, 2004, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%.

Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. 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 will not be accepted.**



## **B. Estimated Claims**

Unless otherwise specified in the claiming instructions, claimants 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%. Claimants 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%, claimants 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. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

### **Minimum Claim Cost**

For initial claims and annual claims filed **on or after September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564. The county superintendent of schools shall determine if the submission of a combined claim is economically feasible and shall be responsible for disbursing the funds to each school district. Combined claims may be filed only when the county is the fiscal agent for the school districts. A combined claim must show the individual claim costs for each eligible school district.

### **Reimbursement of Claims**

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.

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. Refer to Sections IV and V of the attached amended P's & G's.

### **Audit of Costs**

All claims submitted to the 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 the 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 the SCO as deemed necessary. Pursuant to GC Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a school district is subject to audit by the State Controller no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the

claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and shall be made available to the 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.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

### **Address for Filing Claims**

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

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
Other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## PARAMETERS AND GUIDELINES AMENDMENT

Government Code Section 53646, Subdivisions (a), (b), and (e)

Statutes 1995, Chapter 783  
Statutes 1996, Chapter 156  
Statutes 1996, Chapter 749

### *Investment Reports*

#### **I. SUMMARY OF THE MANDATE**

Statutes 1995, chapter 783 repealed the 1993 version of Government Code section 53646, and replaced it with a new section. Statutes 1996, chapter 156, an urgency bill, and Statutes 1996, chapter 749, amended subdivisions (a) and (e) of section 53646. Government Code section 53646 requires the treasurer or chief fiscal officer to render an annual statement of investment policy and a quarterly report of investments, containing specified information to the legislative body and oversight committee, as specified.

On March 27, 1997, the Commission on State Mandates determined that the provisions of Government Code section 53646, subdivisions (a), (b) and (e), as added by Statutes 1995, chapter 783, and amended by Statutes 1996, chapters 156 and 749, impose a new program or a higher level of service in an existing program upon specified local agencies and school districts within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code by requiring those agencies to perform the following activities:

- To render an annual statement of investment policy pursuant to Government Code section 53646, subdivision (a).
- To render quarterly reports of investments, as specified, pursuant to Government Code section 53646, subdivisions (b) and (e).

#### **II. ELIGIBLE CLAIMANTS**

The eligible claimants are any county, city, city and county or other public agency or political subdivision of the state, including school districts as defined in Government Code section 17519.

#### **III. PERIOD OF REIMBURSEMENT**

Government Code section 17557, prior to its amendment by Statutes 1998, chapter 681 (effective September 22, 1998), states that a test claim shall be submitted on or before December 31st following a given fiscal year to establish eligibility for that fiscal year. The test claim for *Investment Reports* was filed on December 23, 1996, establishing eligibility for fiscal year 1995-1996. However, the test claim statutes were not in effect on July 1, 1995. Therefore, initial reimbursement claims were filed for costs incurred, as follows:

Costs incurred pursuant to Statutes 1995, chapter 783 are reimbursable on or after January 1, 1996.

Costs incurred pursuant to Statutes 1996, chapter 156 an urgency statute, are reimbursable on or after July 12, 1996.

- Costs incurred pursuant to Statutes 1996, chapter 749 are reimbursable on or after January 1, 1997.

California Code of Regulations, title 2, section 1183.2, states that a parameters and guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. An amendment was filed on October 13, 2000. Therefore, in accordance with Section 1183.2, all costs incurred by eligible claimants in compliance with Statutes 1995, chapter 783, and Statutes 1996, chapters 156 and 749 are eligible for reimbursement on or after July 1, 1999.

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 Government Code section 17561, subdivision (d)(1), all claims for reimbursement of costs shall be submitted within 120 days of issuance of the claiming instructions by the State Controller.

For initial claims and annual claims filed prior to September 30, 2002, including amendments thereof, if the total costs for a given fiscal year do not exceed \$200, no reimbursement shall be allowed except as otherwise allowed by Government Code section 17564. For initial claims and annual claims filed on or after September 30, 2002, if the total costs for a given fiscal year do not exceed \$1000, 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 under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

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

For each eligible claimant, the following activities are reimbursable:

A. Statement of Investment Policy

Prepare and submit the annual statement of investment policy, and changes to:

1. The legislative body and any oversight committee for consideration at a public meeting, effective January 1, 1996.<sup>1</sup>
2. The county board of supervisors and any oversight committee for review and approval at a public meeting, effective January 1, 1997.

B. Quarterly Report of Investments

1. Implementation Costs

Develop or modify existing policies and procedures for compiling data necessary to render the quarterly report of investments, as required in Government Code section 53646, subdivisions (b)(1), (2), (3) and/or (e), and update same as needed pursuant to the annual statement of investment policy.

2. Ongoing Costs

Compile data necessary to render a quarterly report of investments to the chief executive officer, the internal auditor, and the legislative body of the local agency within 30 days following the end of the quarter covered by the report. (Gov. Code, § 53646, subd. (b) (1), (2), and (3) and/or (e).)

a. For each investment that is held on the last day of each quarter and included in a quarterly report of investments, the following activities are eligible for reimbursement:

1. One-time data entry into investment reporting application or software:
  - the type of investment and issuer,
  - date of maturity, and
  - par and dollar amount invested
2. Providing a description of any of the local agency's funds, investments or programs, including lending programs that are under the management of contracted parties.
3. Obtaining and reporting current market value as of the date of the quarterly report, and reporting the source of this valuation for all investments held by the local agency<sup>2</sup> and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.

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<sup>1</sup>For the period from January 1, 1996, through December 31, 1996, counties are eligible for reimbursement for the costs incurred to carry out this activity.

<sup>2</sup> Government Code section 53630, subdivision (a), defines "local agency" as "county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state."

4. Providing required copies of the most recent statement(s) received by a local agency<sup>3</sup> from the Local Agency Investment Fund, the Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, a county investment pool, or any combination of these. [Unit Cost Per Page]
  5. Determining if, on the last day of each quarter, the portfolio complies with the statement of investment policy, and providing an explanation if the portfolio does not comply. (Gov. Code, § 53646, subd. (b) (2).)
- b. Compiling the cash flow information necessary to provide a statement, and any required explanation, denoting the local agency's ability to meet its pool's expenditure requirements for the next six months. Cash flow information needed to provide this statement includes forecasted expenditure requirements and non-investment revenue, plus investment revenue anticipated from securities held at the end of the quarter (Gov. Code, § 53636, subd. (b)(3).).
  - c. Automated Systems. The use of specialized software for compiling information required in the quarterly reports of investments is reimbursable. However, if the specialized software is used for other purposes, only the pro rata cost of the software, including licensing agreement, that is *directly related* to the reimbursable activities specified above, may be claimed under Materials and Supplies and/or Contracted Services.
3. Non-Reimbursable Activities
 

The following activities are not reimbursable:

    - a. Duplicate entry of investment transactions<sup>4</sup> into custodian bank records or other databases.
    - b. Producing and presenting reports of transactions related to securities not held at the end of a quarter.
    - c. Determining if investment transactions related to securities not held at the end of the quarter comply with the investment policy.
    - d. Accumulating and compiling data necessary to prepare the monthly reports of investment transactions pursuant to Government Code section 53607, or any other monthly investment reports.

## 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.

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<sup>3</sup> Ibid.

<sup>4</sup> Type of investment and issuer, date of maturity, and par and dollar amount invested. (Gov. Code, § 53646, subd. (b).)

## 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.

### 6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity

according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## 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.

1. School districts must use the J-380 (or subsequent replacement) non-restrictive indirect cost rate provisionally approved by the California Department of Education.
2. 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.
3. Community colleges have the option of using (1) a federally approved rate, using the cost accounting principles from the OMB 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.

### 4. Counties, Cities and Special Districts

Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachment A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

- a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates.



The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

- b. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachment A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

## **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 chapter<sup>5</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. 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 SAVINGS AND REIMBURSEMENTS**

Any offsetting savings 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, services fees collected, federal funds, and other state funds, shall be identified and deducted from this claim. Service fees collected include cost reimbursements received by counties pursuant to Government Code sections 27135, 27013 and 53684, subdivision (b).

## **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 statute or executive order creating the mandate 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.

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<sup>5</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

## **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 (a), and California Code of Regulations, title 2, section 1183.2.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>INVESTMENT REPORTS</b>	For State Controller Use Only (19) Program Number 00235 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>235</b>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) INR-1, (03)	
	County of Location	(23) INR-1, (04)(1)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) INR-1, (04)(2)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) INR-1, (06)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) INR-1, (07)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) INR-1, (09)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) INR-1, (10)
			(29)
<b>Fiscal Year of Cost</b>	(06) <b>20__ / 20__</b>	(12) <b>20__ / 20__</b>	(30)
<b>Total Claimed Amount</b>	(07)	(13)	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due from State</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer	Date

Type or Print Name	Title
(38) Name of Contact Person for Claim	Telephone Number ( ) - Ext.
	E-Mail Address

<b>Program 235</b>	<b>INVESTMENT REPORTS Certification Claim Form Instructions</b>	<b>FORM FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office..
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form INR-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form INR-1, line (11). The total claimed amount must exceed \$1,000.
- (14) **Filing Deadline. Initial Claims of Ch. 783/95 et seq.** If the reimbursement claims for fiscal years 1999-00 through 2001-02 and estimated claims for 2002-03 are filed after **September 9, 2003**, the claims must be reduced by a late penalty. Costs for all initial reimbursement claims must be filed separately to the fiscal year in which the costs were incurred. 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 zero if the claim was timely filed, otherwise, enter 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 on 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., INR-1, (04)(1)(f), means the information is located on form INR-1, block (04), line (1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS 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**

Program <b>235</b>	<b>MANDATED COSTS                  INVESTMENT REPORTS                  CLAIM SUMMARY</b>	<b>FORM                  INR-1</b>
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(01) Claimant	(02) Type of Claim	Fiscal Year
	Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	20__ / 20 __

**Claim Statistics**

(03) Number of investment reports prepared during the fiscal year	
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Object Accounts						
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	(a)	(b)	(c)	(d)	(e)	(f)
	Salaries and Benefits	Materials and Supplies	Training and Travel	Contract Services	Fixed Assets	Total
(04) Reimbursable Components						
1. Statement of Investment Policy						
2. Quarterly Report of Investments						
(05) Total Direct Costs						

**Indirect Costs**

(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs	[Line (06) x line (05)(a)]	
(08) Total Direct and Indirect Costs	[Line (05)(f) + line (07)]	

**Cost Reduction**

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

<b>Program</b> <b>235</b>	<b>INVESTMENT REPORTS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>INR-1</b>
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- (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 form INR-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 INR-1 must be filed for a reimbursement claim. Do not complete form INR-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 INR-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 investment reports that were prepared during the fiscal year.
  
- (04) For each reimbursable component, enter the total from form INR-2, line (05), columns (d), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e) in the appropriate row. Total each row.
  
- (05) Total columns (a) through (f).
  
- (06) Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
  
- (07) Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
  
- (08) Enter the sum of Total Direct Costs, line (05)(f), and Total Indirect Costs, line (07).
  
- (09) 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) 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) Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). 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.

<b>Program</b>  <span style="font-size: 24pt; font-weight: bold;">235</span>	<b>MANDATED COSTS</b> <b>INVESTMENT REPORTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>INR-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

Statement of Investment Policy
  Quarterly Report of Investments

(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 and Benefits	(e) Materials and Supplies	(f) Training and Travel	(g) Contract Services	(h) Fixed Assets

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___						
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<b>Program</b>  <b>235</b>	<b>INVESTMENT REPORTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>INR-2</b>
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- (01) Enter the name of the claimant.
- (02) 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 INR-2 shall be prepared for each applicable component.
- (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, training costs, etc. Contract services are reimbursable to the extent that the activities performed require special skill or knowledge that are not readily available from the claimant's staff. If equipment or specialized software required for the quarterly report is acquired and is also utilized for other programs, only the prorated cost of the expense is reimbursable. **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 three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be 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)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Title Activities	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description Of Materials, Specialized Software and Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Travel and Training</b>	Purpose of Trip	Per Diem Rate	Days						
Travel	Name and Title Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode			Cost = Rate x Days or Miles or Total Travel Cost			
Training	Employee Name/ Title Name of Class		Dates Attended			Registration Fee			
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Dates of Service				Cost = Hourly Rate x Hours Worked		Copy of Contract
<b>Fixed Assets</b>	Description of Equipment Purchased Equipment ID	Unit Cost	Quantity Used				Cost = Unit Cost x Quantity Used		

- (05) Total line (04), columns (d), (e), (f), (g), and (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), (e), (f), (g), and (h) to form INR-1, block (04), columns (a), (b), (c), (d), and (e) in the appropriate row.



OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2002-05

LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS

In accordance with Government Code (GC) Section 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 the Law Enforcement College Jurisdiction Agreements program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Education Code Section 67381, as added by Chapter 284, Statutes of 1998, requires law enforcement agencies of all public colleges and universities and some independent post secondary institutions to enter into written agreements with local law enforcement agencies delineating their respective geographical boundaries for investigating certain violent crimes on campuses. § 67381 further requires the agreements to be posted for public viewing and a copy to be transmitted to the Legislative Analyst.

On April 26, 2001, the COSM determined that Chapter 284/98, 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.

**Eligible Claimants**

Any community college or joint powers authority between community colleges that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**A. Reimbursement Claims**

Reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Costs incurred in implementing the provisions of this program are reimbursable for the period January 1, 1999, through June 30, 1999, and fiscal years 1999-00, and 2000-01 and must be filed with the SCO and be delivered or postmarked on or before **August 6, 2002**. Estimated claims for 2001-02 fiscal year must also be delivered or postmarked on or before **August 6, 2002**. Thereafter, having received payment for an estimated claim, the claimant must file an annual 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.

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 will not be accepted.**

## **B. Estimated Claims**

Unless otherwise specified in the claiming instructions, school districts 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%. Claimants 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%, claimants 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. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

### **Minimum Claim Cost**

GC Section 17564 provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds two hundred dollars (\$200), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds \$200, even if the individual school district's, direct service district's, or special district's claims do not each exceed \$200. The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the SCO, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

### **Reimbursement of 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 the 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 the 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 the 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 the 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

**Address for Filing Claims**

Submit a signed, original form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by

U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by

Other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## **Parameters and Guidelines**

Education Code Section 67381

Statutes of 1998, Chapter 284

### *Law Enforcement College Jurisdiction Agreements*

#### **I. SUMMARY OF THE MANDATE**

Education Code section 67381 requires law enforcement agencies of all public colleges and universities and some independent postsecondary institutions to enter into written agreements with local law enforcement agencies delineating their respective geographical boundaries for investigating certain violent crimes on campuses. The section further requires the agreements to be posted for public viewing and a copy to be transmitted to the Legislative Analyst.

On April 26, 2001, the Commission on State Mandates (Commission) adopted the Statement of Decision for *Law Enforcement College Jurisdiction Agreements* (98-TC-20, formerly *Campus Safety Plans*.) The Commission found that Education Code section 67381 constitutes a new program or higher level of service and imposes costs mandated by the state within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. Accordingly, the Commission approved this test claim for the following reimbursable activities:

1. Preparing the written agreements, or
2. Reviewing and modifying existing agreements to conform with section 67381, and
3. Placing these written agreements in a place of public viewing and transmitting them to the Legislative Analyst.

The Commission further found that that the activity of community colleges being responsible for their own costs of investigating crimes and incidents on campuses does not constitute a reimbursable state mandate.

#### **II. ELIGIBLE CLAIMANTS**

Any community college, or joint powers authority between community colleges, which incurs increased costs as a result of this mandate is eligible to claim reimbursement.

#### **III. PERIOD OF REIMBURSEMENT**

The test claim for this mandate was submitted on June 25, 1999. Therefore, pursuant to Government Code section 17557, all mandated costs incurred on or after January 1, 1999, which is the effective date of Statutes of 1998, chapter 284, are reimbursable.

Actual costs for one fiscal year should be included in each claim. Estimated costs for the subsequent year may be included on the same claim, if applicable. Pursuant to Government Code section 17551, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of release of claiming instructions by the State Controller.

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

#### **IV. REIMBURSABLE ACTIVITIES**

For each eligible claimant, the following activities are eligible for reimbursement:

##### **A. Written Agreements**

For campus law enforcement agencies to enter into written agreements with local law enforcement agencies, to designate which law enforcement agency shall have operational responsibility for the investigation of each Part I violent crime<sup>1</sup> occurring on each campus and delineate the specific geographical boundaries of each agency's operational responsibility, including maps as necessary.

If a campus law enforcement agency already has a written agreement, to review and modify the existing agreement to conform to Education Code section 67381.

##### **B. Public Viewing**

For the community college to make the written agreements available for public viewing.

##### **C. State Reporting**

For the community college to transmit a copy of each written agreement it has entered into, and any other information it deems pertinent to the implementation of the agreement, to the Legislative Analyst.

The activity of community colleges being responsible for their own costs of investigating crimes and incidents on campuses is not reimbursable.

##### **D. Training**

To train staff on implementing the reimbursable activities listed in section IV, activities A through C, of these parameters and guidelines. (One-time activity for each employee.)

#### **V. CLAIM PREPARATION AND SUBMISSION**

Each claim for reimbursement pursuant to this mandate must be timely filed and identify each of the following cost elements to each reimbursable activity identified in Section IV of this document.

##### **A. Direct Cost Reporting**

Direct costs are those costs incurred specifically for the reimbursable activities. Direct costs that are eligible for reimbursement are:

###### **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**

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<sup>1</sup> Per Education Code section 67381, subdivision (i), "Part 1 violent crimes" means willful homicide, forcible rape, robbery, and aggravated assault, as defined in the Uniform Crime Reporting Handbook of the Federal Bureau of Investigation.

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.

6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## B. Indirect Cost Rates

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

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

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

## VI. SUPPORTING DATA

### A. Source Documents

For auditing purposes, all incurred costs claimed must be traceable to source documents that show evidence of the validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements.

### B. Record Keeping

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 chapter is subject to audit by the State Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended.\* See the State Controller's claiming instructions regarding retention of required documentation during the audit period.

## VII. OFFSETTING SAVINGS AND REIMBURSEMENTS

Any offsetting savings 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 received 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.

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

### **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 claiming instructions, for those costs mandated by the state contained herein.

### **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Parameters and guidelines may be amended pursuant to Title 2, California Code of Regulations, section 1183.2.



<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561  <b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS</b>	For State Controller Use Only (19) Program Number 00212 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b>  <span style="font-size: 2em;"><b>212</b></span>
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L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) LECJ-1, (04)(1)(f)	
	County of Location		(23) LECJ-1, (04)(2)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) LECJ-1, (04)(3)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) LECJ-1, (04)(4)(f)	
			(26) LECJ-1, (06)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) LECJ-1, (06)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) LECJ-1, (07)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) LECJ-1, (09)	
			(29) LECJ-1, (10)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/___ <b>20</b> ___	(12) <b>20</b> ___/___ <b>20</b> ___	(30)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer	Date
Type or Print Name	Title

(38) Name of Contact Person for Claim	Telephone Number ( ) - Ext.	
	E-Mail Address	

<b>Program 212</b>	<b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS Certification Claim Form Instructions</b>	<b>FORM FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form LECJ-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form LECJ-1, line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter 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 an estimated 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 on 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., LECJ-1, (04)(1)(f), means the information is located on form LECJ-1, line (04)(1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS 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**

<b>Program</b> <b>212</b>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>LECJ-1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 19__/20__
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**Claim Statistics**

(03) (Leave Blank)

Direct Costs	Object Accounts					
(04) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Fixed Assets	(e) Travel and Training	(f) Total
1. Written Agreements						
2. Public Viewing						
3. State Reporting						
4. Training						
(05) Total Direct Costs						

**Indirect Costs**

(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs	[Line (05)(a) x line (06)]	
(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)}]

<b>Program 212</b>	<b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS CLAIM SUMMARY Instructions</b>	<b>FORM LECJ-1</b>
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- (01) Enter the name of the claimant.
- (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 LECJ-1 must be filed for a reimbursement claim. Do not complete form LECJ-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 LECJ-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Leave blank.
- (04) Reimbursable Components. For each reimbursable component, enter the totals from form LECJ-2, line (05), columns (d) through (h), to form LECJ-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. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by Total Salaries and Benefits, line (05)(a).
- (08) Total Direct and Indirect Costs. Enter the sum of the 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.

<b>Program 212</b>	<b>MANDATED COSTS LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM LECJ-2</b>
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Written Agreements	<input type="checkbox"/> Public Viewing
<input type="checkbox"/> State Reporting	<input type="checkbox"/> Training

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

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
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<b>Program</b> <span style="font-size: 2em; font-weight: bold;">212</span>	<b>LAW ENFORCEMENT COLLEGE JURISDICTION AGREEMENTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>LECJ-2</b>
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- (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 LECJ-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 LECJ-2 shall be prepared for each applicable component.
- (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 and training expenses. **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 three years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. If no funds are appropriated for the initial payment at the time the claims are filed, supporting documents must be retained for three 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 supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Title  Activities	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked  Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked			Copy of Contract
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Usage		
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days					Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate  Travel Cost	Miles  Travel Mode					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 LECJ-1, block (05), columns (a) through (e) in the appropriate row.

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2001-03

LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 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 Law Enforcement Sexual Harassment Training (LESH). 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).

Penal Code Section 13519.7, subdivisions (a) and (c), as added by Chapter 126, Statutes of 1993, require peace officers who are victims of sexual harassment in the workplace to follow sexual harassment complaint guidelines developed by the Commission on Peace Officer Standards and Training, and that peace officers who completed their basic training before January 1, 1995, receive supplementary training on sexual harassment in the workplace.

On September 28, 2000, the COSM determined that Penal Code Section 13519.7, subdivisions (a) and (c), establish costs mandated by the State according to the provisions listed in the P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college district employs peace officers and incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

Pursuant to Penal Code Section 13519.7, subdivision (c), the supplementary training on sexual harassment in the workplace should have been completed by January 1, 1997. Therefore, it is anticipated that a majority of the training costs would have been incurred prior to the 1998-99 fiscal year. However, if costs are being claimed for the 1998-99 and subsequent fiscal years, include a brief explanation of why the sexual harassment training was not completed until that time on form LESH-2.

**A. Initial Claims**

Initial reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Therefore, reimbursement claims for the 1996-97 through 1999-00 fiscal years and an estimated claim for the 2000-01 fiscal year must be filed with the SCO and must be delivered or postmarked on or before **August 28, 2001**. Thereafter, having received payment for an estimated claim, the claimant must file an annual 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.

Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among fiscal years. If the claims are late, the penalty should be applied to a single fiscal year.

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, community college districts 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%. Claimants 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%, claimants 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 the 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 the SCO and postmarked by **August 28, 2001**. Timely filed claims will be paid before late claims.

## **Minimum Claim Cost**

GC Section 17564(a) provides that no claim shall be filed pursuant to GC Section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of community colleges, as the fiscal agent for the district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if an individual claim does not exceed \$200. A combined claim must show the individual claim costs for each eligible district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must be filed in a combined form. The county superintendent receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing the county superintendent and the SCO with a written notice of its intent to file a separate claim at least 180 days prior to the deadline for filing the claim. Claims should be rounded to the nearest dollar.

## **Reimbursement of 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 the 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 the 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 the 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. If no funds are appropriated for initial claims at the time the claims are 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 the SCO on request.

### **Retention of Claiming Instructions**

Claiming instructions and forms 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

Submit a signed, original and form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## **Parameters and Guidelines**

Penal Code Section 13519.7, Subdivisions (a) and (c)  
Statutes of 1993, Chapter 126

### *Law Enforcement Sexual Harassment Complaint Procedures and Training*

#### **I. SUMMARY OF MANDATE**

Penal Code Section 13519.7 as added by Statutes of 1993, Chapter 126, requires, in subdivision (a), that city police departments, county sheriffs' departments, districts, and state university departments follow sexual harassment complaint guidelines developed by the Commission on Peace Officer Standards and Training (POST) and, in subdivision (c), that peace officers, who completed their basic training before January 1, 1995, receive supplementary training on sexual harassment in the workplace by January 1, 1997.

On September 28, 2000, the Commission on State Mandates (Commission) adopted its Statement of Decision on the subject test claim, finding that Penal Code section 13519.7, subdivisions (a) and (c), constitutes a reimbursable state mandated program as follows:

“The sexual harassment guidelines, entitled “Sexual Harassment in the Workplace, Guidelines and Curriculum, 1994” which were developed by POST in response to Penal Code section 13519.7, subdivision (a), constitute a reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514;”

“Penal Code section 13519.7, subdivision (c), which requires peace officers to receive a one-time, two-hour course on sexual harassment by January 1, 1997, constitutes a reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 when the sexual harassment training occurs during the employee's regular working hours, or when the sexual harassment training occurs outside the employee's regular working hours and is an obligation imposed by an MOU existing on January 1, 1994 (the effective date of the statute), which requires the local agency to provide or pay for continuing education training, for the following increased 'costs mandated by the state':

- Salaries, benefits, and incidental expenses for each veteran officer to receive a one-time, two-hour course on sexual harassment; and
- Costs to present the one-time, two-hour course in the form of materials and trainer time.”

## **II. ELIGIBLE CLAIMANTS**

Cities, counties, city and county, school districts and community college districts that employ peace officers, and special districts as defined in Government Code section 17520 that are authorized by statute to maintain a police department.<sup>1</sup>

## **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 reimbursement for that fiscal year. This test claim was filed by the County of Los Angeles on December 23, 1997. Therefore, costs incurred in implementing Statutes of 1993, Chapter 126, after July 1, 1996, 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 shall be submitted within 120 days of notification by the State Controller of the enactment of the claim's 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**

### **A. Sexual Harassment Complaint Procedures**

Local law enforcement agency costs incurred in following the sexual harassment guidelines developed by POST are reimbursable as follows:

#### One-time Costs

For the development of a local law enforcement agency's sexual harassment complaint policies and procedures, including:

1. Developing a formal written procedure for the acceptance of complaints from peace officers who are the victims of sexual harassment training in the workplace,
2. Providing a written copy of the local agency's complaint procedure to every peace officer employee,
3. Using definitions and examples of sexual harassment as contained in the Code of Federal Regulations (29 CFR 1604.11) and California Government Code Section 12950,
4. Identifying the specific steps complainants should follow for initiating a complaint,
5. Addressing supervisory/management responsibilities to intervene and/or initiate an investigation when possible sexual harassment is observed in the workplace,
6. Stating that agencies must attempt to prevent retaliation, and under the law, sanctions can be imposed if complainants and/or witnesses are subjected to retaliation,
7. Identifying parties to whom the incident should/may be reported, allowing complainant to circumvent their normal chain of command in order to report a sexual harassment incident, including stating that the complainant is always entitled to go directly to the California Department of Fair Employment Housing (DFEH) and/ or the Federal Equal Employment Opportunity Commission (EEOC) to file a complaint,

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<sup>1</sup> Penal Code section 13507 defines "district" to include the school districts, community college districts, and special districts authorized by statute to maintain a police department for purposes of the chapter on local officer standards and training.

8. Requiring that all complaints shall be fully documented by the person receiving the complaint,
9. Requiring that all sexual harassment prevention training shall be documented for each person and maintained in an appropriate file.

#### B. Sexual Harassment Training

Local law enforcement agency costs incurred in conducting sexual harassment training during their employee's regular working hours, or outside the employee's regular working hours and is an obligation imposed by an MOU existing on January 1, 1994 which requires that the local agency provide or pay for continuing education training, are reimbursable.

#### Claimant-Sponsored Training

Costs incurred in conducting a one-time, two-hour supplementary training class on sexual harassment in the workplace for each peace officer who completed basic training before January 1, 1995, are reimbursable as follows:

1. Training the trainers to conduct the training,
2. Obtaining training materials including, but not limited to, training videos and audio visual aids,
3. A one-time, two-hour sexual harassment training course for each peace officer veteran that includes:
  - a. Instructor time to prepare and teach the two-hour sexual harassment class,
  - b. Trainee time to attend the two-hour sexual harassment class.

#### Outside Training

Costs incurred in attending a one-time, two-hour outside training class which meets the requirements of the mandated training on sexual harassment in the workplace for peace officers, who completed their basic training before January 1, 1995, are reimbursable as follows:

1. Trainee time to attend the one-time, two-hour sexual harassment class,
2. Training fees for each peace officer attending the one-time, two-hour class,
3. Purchase of training materials for each peace officer attending the one-time, two-hour class.

### **V. CLAIM PREPARATION AND SUBMISSION**

Claims 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 this document and they must be supported by the following cost element information:

#### A. Direct Cost

Direct cost are defined as cost that can be traced to specific goods, services, units, programs, activities or functions and 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 personal 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 of 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 the 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 of trainees and trainers, registration fees, transportation, lodging, per diem, and incidental audiovisual aids. If the training encompasses subjects broader than this mandate, only the pro rata portion of the training costs can be claimed.

## 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.

## 1. Special Districts, Counties and Cities

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%.

## 2. School Districts

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

## 3. Community Colleges

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. SUPPORTING DATA**

For audit purposes, all costs claimed shall be traceable to source documents (e.g., invoices, receipts, purchase orders, contracts, worksheets, calendars, declarations) 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, and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

## **VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall 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.

## **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Pursuant to Title 2, California Code of Regulations, section 1183.2, Parameters and Guidelines amendments filed before the deadline for initial claims as specified in the Claiming Instructions shall apply to all years eligible for reimbursement as defined in the original parameters and guidelines. A Parameters and Guidelines amendment filed after the initial claiming deadline must be submitted on or before January 15, following a fiscal year in order to establish eligibility for reimbursement for that fiscal year.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b>	For State Controller Use Only (19) Program Number 00236 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	236
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L A B E L  H E R E	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) LESH-1, (04)(a)	
	County of Location	(23) LESH-1, (04)(b)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) LESH-1, (05)(A)(1)(e)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) LESH-1, (05)(B)(1)(e)	

Type of Claim	Estimated Claim	Reimbursement Claim		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) LESH-1, (05)(B)(2)(e)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) LESH-1, (07)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) LESH-1, (08)	
			(29) LESH-1, (10)	
<b>Fiscal Year of Cost</b>	(06) <b>20 ___/20 ___</b>	(12) <b>20 ___/20 ___</b>	(30) LESH-1, (11)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim Telephone Number ( ) - Ext. \_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

<b>Program</b> <b>236</b>	<b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03), Estimated.
- (04) Leave blank.
- (05) If filing an amended claim, enter an "X" in the box on line (05), Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form LESH-1 and enter the amount from line (12).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09), Reimbursement.
- (10) Leave blank.
- (11) If filing an amended claim, enter an "X" in the box on line (11), Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form LESH-1, line (12). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter 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 on 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., LESH-1, (05)(A)(1)(f), means the information is located on form LESH-1, block (05), component (A), line (1), column (f). 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., 8.19% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS 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**



<b>Program</b> <b>236</b>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>LESH-1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
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(03) Department	Leave blank.
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**Claim Statistics**

(04) Number of peace officers who received supplementary training on sexual harassment through:	
(a) Claimant-sponsored training during the fiscal year of the claim	
(b) Outside training during the fiscal year of the claim	

Direct Costs	Object Accounts				
(05) Reimbursable Components	(a) Salaries and Benefits	(b) Services and Supplies	(c) Fixed Assets	(d) Travel and Training	(e) Total
<b>A. One-Time Costs</b>					
1. Develop Policies & Procedures					
<b>B. Ongoing Costs</b>					
1. Claimant-Sponsored Training					
2. Outside Training					
(06) Total Direct Costs					

**Indirect Costs**

(07) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(08) Total Indirect Costs	[Line (06)(a) x line (07)]	
(09) Total Direct and Indirect Costs	[Line (06)(e) + line (08)]	

**Cost Reduction**

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

<b>Program</b> <b>236</b>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING (SCHOOL DISTRICTS)</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>LESH-1</b>
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- (01) Claimant. Enter the name of the claimant.
- (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 LESH-1 must be filed for a reimbursement claim. Do not complete form LESH-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 LESH-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) Department. Leave blank.
- (04) (a) Enter the number of peace officers who received supplementary training on sexual harassment in the workplace through claimant-sponsored training during the fiscal year of the claim.  
 (b) Enter the number of peace officers who received supplementary training on sexual harassment in the workplace through outside training during the fiscal year of the claim.
- (05) Reimbursable Components. For each reimbursable component, enter the total from form LESH-2, line (05), columns (d) through (g) to form LESH-1, block (05), columns (a) through (d) in the appropriate row. Total each row.
- (06) Total Direct Costs. Total columns (a) through (e).
- (07) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (08) Total Indirect Costs. Multiply Total Salaries and Benefits, line (06)(a), by the Indirect Cost Rate, line (07).
- (09) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (06)(e), and Total Indirect Costs, line (08).
- (10) 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.
- (11) 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.
- (12) Total Claimed Amount. From Total Direct and Indirect Costs, line (09), subtract the sum of Offsetting Savings, line (10), and Other Reimbursements, line (11). 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.

<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">236</span>	<b>MANDATED COSTS</b> <b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>LESH-2</b>
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

**One-Time Costs:**     Develop Policies and Procedures

**Ongoing Costs:**     Claimant-Sponsored Training             Outside Training

(04) Description of Expenses: Complete columns (a) through (g). **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 and Benefits	(e) Services and Supplies	(f) Fixed Assets	(g) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/>	Page: ___ of ___
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<b>Program</b> <span style="font-size: 2em;"><b>236</b></span>	<b>LAW ENFORCEMENT SEXUAL HARASSMENT TRAINING</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>LESH-2</b>
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- (01) Claimant. Enter the name of the claimant.
- (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 LESH-2 shall be prepared for each applicable component.
- (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 and training expenses. **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 three 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 three 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)	
<b>Salaries and Benefits</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
	Title							
Benefits	Activities	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Services and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service		Itemized Cost of Services Performed			Invoice
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage			Itemized Cost of Equipment Purchased		Invoice
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days				Cost = Rate x Days or Miles	
	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode				or Total Travel Cost	
Training	Employee Name/Title Name of Class		Dates Attended				Registration Fee	

- (05) Total line (04), columns (d) through (g) 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 (g) to form LESH-1, block (05), columns (a) through (d) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2003-04C  
MANDATE REIMBURSEMENT PROCESS  
(COMMUNITY COLLEGES)

MAY 6, 2003

In accordance with Government Code (GC) Section 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 the Mandate Reimbursement Process (MRP) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On March 27, 1986, the COSM determined that Chapters 486, Statutes of 1975, and Chapter 1459, Statutes of 1984, establish costs mandated by the State according to the provisions listed in the amended P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

The P's & G's for this program are amended each year after the enactment of the Budget Act. Refer to Provision 8 in Budget Act Item 0840-001-0001, and Provision 1 in Item 8885-001-0001, Statutes of 2002, that require the COSM to amend the P's & G's.

### **Eligible Claimants**

Any community college district, as defined by GC Section 17519, that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

### **Filing Deadlines**

#### **A. Reimbursement Claims**

Beginning with the 2002-03 fiscal year, estimated claims may be filed with the SCO and be delivered or postmarked on or before **September 9, 2003** or an actual claim for the 2002-03 fiscal year may be filed by January 15, 2004, without a late penalty. Claims filed after the deadline will be reduced by a late penalty of 10%.

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, community college districts 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%. Claimants 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%, claimants 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. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

### **Minimum Claim Cost**

For initial claims and annual claims filed **on or after September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC Section 17564.

### **Reimbursement of Claims**

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.

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. Refer to Sections IV and V of the attached amended P's and G's.

### **Audit of Costs**

All claims submitted to the 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 the 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 the SCO as deemed necessary. Pursuant to GC Section 17558.5, subdivision (a), a reimbursement claim for actual costs filed by a community college district is subject to audit by the State Controller no later than three years after the date the actual reimbursement claim was filed or last amended, whichever is later. However, if no funds were appropriated or no payment was made to a claimant for the program for the fiscal year for which the claim was filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. Therefore, all documentation to support actual costs claimed must be retained for the same period, and shall be made available to the 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.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

**Address for Filing Claims**

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
Other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## **Amended Parameters and Guidelines**

Statutes 1975, Chapter 486  
Statutes 1984, Chapter 1459  
Statutes 1995, Chapter 303 (Budget Act of 1995)  
Statutes 1996, Chapter 162 (Budget Act of 1996)  
Statutes 1997, Chapter 282 (Budget Act of 1997)  
Statutes 1998, Chapter 324 (Budget Act of 1998)  
Statutes 1999, Chapter 50 (Budget Act of 1999)  
Statutes 2000, Chapter 52 (Budget Act of 2000)  
Statutes 2001, Chapter 106 (Budget Act of 2001)  
Statutes 2002, Chapter 379 (Budget Act of 2002)

### *Mandate Reimbursement Process*

[For fiscal years 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, and 2002-2003 only, these parameters and guidelines are amended, pursuant to the requirements of: (1) provision 11 of Item 0840-001-001, and provision 1 of Item 8885-001-0001 of the Budget Act of 1995; (2) provision 9 of Item 0840-001-0001, and provision 1 of Item 8885-001-0001 of the Budget Act of 1996; (3) provision 9 of Item 0840-001-0001, and provision 1 of Item 8885-001-0001 of the Budget Act of 1997; (4) provision 8 of Item 0840-001-0001, and provision 1 of Item 8885-001-0001 of the Budget Act of 1998; (5) provision 8 of Item 0840-001-0001, and provision 1 of Item 8885-001-0001 of the Budget Act of 1999, (6) provision 8 of Item 0840-001-0001, and provision 1 of Item 8885-001-0001 of the Budget Act of 2000, (7) provision 8 of Item 0840-001-0001, and provision 1 of Item 8885-001-0001 of the Budget Act of 2001; and (8) provision 8 of Item 0840-001-0001, and provision 1 of Item 8885-001-0001 of the Budget Act of 2002, to include Appendix A.]

### *Mandate Reimbursement Process*

Adopted: November 20, 1986  
First Amendment Adopted: March 26, 1987  
Second Amendment Adopted: October 26, 1995  
Third Amendment Adopted: January 30, 1997  
Fourth Amendment Adopted: September 25, 1997  
Fifth Amendment Adopted: October 29, 1998  
Sixth Amendment Adopted: September 30, 1999  
Seventh Amendment Adopted: September 28, 2000  
Eighth Amendment Adopted: October 25, 2001  
Ninth Amendment Adopted: February 27, 2003



## **I. SUMMARY OF THE MANDATE**

Statutes 1975, chapter 486, established the Board of Control's authority to hear and make determinations on claims submitted by local governments that allege costs mandated by the state. In addition, Statutes 1975, chapter 486 contains provisions authorizing the State Controller's Office to receive, review, and pay reimbursement claims for mandated costs submitted by local governments.

Statutes 1984, chapter 1459, created the Commission on State Mandates (Commission), which replaced the Board of Control with respect to hearing mandate cost claims. This law established the "sole and exclusive procedure" by which a local agency or school district is allowed to claim reimbursement as required by article XIII B, section 6 of the California Constitution for state mandates under Government Code section 17552.

Together these laws establish the process by which local agencies receive reimbursement for state-mandated programs. As such, they prescribe the procedures that must be followed before mandated costs are recognized. They also dictate reimbursement activities by requiring local agencies and school districts to file claims according to instructions issued by the Controller.

On March 27, 1986, the Commission determined that local agencies and school districts incurred "costs mandated by the state" as a result of Statutes 1975, chapter 486, and Statutes 1984, chapter 1459. Specifically, the Commission found that these two statutes imposed a new program by requiring local governments to file claims in order to establish the existence of a mandated program as well as to obtain reimbursement for the costs of mandated programs.

## **II. ELIGIBLE CLAIMANTS**

Any local agency as defined in Government Code section 17518, or school district as defined in Government Code section 17519, which incurs increased costs as a result of this mandate is eligible to claim reimbursement of those costs.

## **III. PERIOD OF REIMBURSEMENT**

Pursuant to Government Code section 17560, reimbursement for state-mandated costs may be claimed as follows:

- (a) A local agency or school district may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b).
- (b) A local agency or school district may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year.
- (c) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of section 17558 between October 15 and January 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

Reimbursable 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

Government Code section 17561 (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of the issuance of the State Controller's 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 under penalty of perjury under the laws of the State of California that the foregoing is true and correct based upon personal knowledge." Evidence corroborating the source documents may include data relevant to the reimbursable activities otherwise in compliance with local, state, and federal government requirements. However, corroborating documents cannot be substituted for source documents.

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

For each eligible claimant, the following activities are reimbursable:

##### **A. Scope of Mandate**

Local agencies and school districts filing successful test claims and reimbursement claims incur state-mandated costs. The purpose of this test claim is to establish that local governments cannot be made financially whole unless all state mandated costs -- both direct and indirect -- are reimbursed. Since local costs would not have been incurred for test claims and reimbursement claims but for the implementation of state-imposed mandates, all resulting costs are recoverable.

##### **B. Reimbursable Activities**

###### **1. Test Claims**

All costs incurred by local agencies and school districts in preparing and presenting successful test claims are reimbursable, including those same costs of an unsuccessful test claim if an adverse Commission ruling is later reversed as a result of a court order. These activities include, but are not limited to, the following: preparing and presenting test claims, developing parameters and guidelines, collecting cost data, and helping with the drafting of required claiming instructions. The costs of all successful test claims are reimbursable.

Costs that may be reimbursed include the following: salaries and benefits, materials and supplies, consultant and legal costs, transportation, and indirect costs.

## 2. Reimbursement Claims

All costs incurred during the period of this claim for the preparation and submission of successful reimbursement claims to the State Controller are recoverable by the local agencies and school districts. Allowable costs include, but are not limited to, the following: salaries and benefits, service and supplies, contracted services, training, and indirect costs.

Incorrect Reduction Claims are considered to be an element of the reimbursement process. Reimbursable activities for successful incorrect reduction claims include the appearance of necessary representatives before the Commission on State Mandates to present the claim, in addition to the reimbursable activities set forth above for successful reimbursement claims.

## 3. Training

### a. Classes

Include the costs of classes designed to assist the claimant in identifying and correctly preparing state-required documentation for specific reimbursable mandates. Such costs include, but are not limited to, salaries and benefits, transportation, registration fees, per diem, and related costs incurred because of this mandate. (One-time activity per employee.)

### b. Commission Workshops

Participation in workshops convened by the Commission is reimbursable. Such costs include, but are not limited to, salaries and benefits, transportation, and per diem. This does not include reimbursement for participation in rulemaking proceedings.

## 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. Contract 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.

### 6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## B. Indirect Cost Reporting

### 1. Local Agencies

Indirect costs are costs that 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 the central government services distributed to the 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 Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the following methodologies:

- a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
- b. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

## 2. School Districts

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.

## 3. County Offices 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.

#### 4. Community College Districts

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 chapter<sup>1</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. 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 SAVINGS AND OTHER REIMBURSEMENT**

Any offsetting savings the claimant experiences in the same program as a direct 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, services 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 statute or executive order creating the mandate 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

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<sup>1</sup> This refers to Title 2, division 4, part 7, chapter 4 of the Government Code.

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 (a), and California Code of Regulations, title 2, section 1183.2.

**(Continue to Appendix A)**

## PARAMETERS AND GUIDELINES

Statutes 1975, Chapter 486

Statutes 1984, Chapter 1459

### APPENDIX A

#### Limitation on Reimbursement for Independent Contractor Costs During Fiscal Years 1995-1996, 1996-1997, 1997-1998, 1998-1999, 1999-2000, 2000-2001, 2001-2002, and 2002-2003<sup>2</sup>

- A. If a local agency or school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the local agency or school district.
- The maximum amount of reimbursement provided in subdivision (a) for an independent contractor may be exceeded only if the local agency or school district establishes, by appropriate documentation, that the preparation and submission of these claims could not have been accomplished without incurring the additional costs claimed by the local agency or school district.
- B. Costs incurred for contract services and/or legal counsel that assist in the preparation, submission and/or presentation of claims are recoverable within the limitations imposed under A. above. Provide copies of the invoices and/or claims that were paid. For the preparation and submission of claims pursuant to Government Code sections 17561 and 17564, submit an estimate of the actual costs that would have been incurred for that purpose if performed by employees of the local agency or school district; this cost estimate is to be certified by the governing body or its designee.

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<sup>2</sup> The limitation added by (1) the Budget Act of 1995, Statutes 1995, chapter 303, in Item 0840-001-001, Provision 11, and in Item 8885-001-001, Provision 1, (2) the Budget Act of 1996, Statutes 1996, chapter 162, in Item 0840-001-0001, Provision 9, and in Item 8885-001-0001, Provision 1, (3) the Budget Act of 1997, Statutes 1997, chapter 282, in Item 0840-001-0001, Provision 9, and in Item 8885-001-0001, Provision 1, and (4) the Budget Act of 1998, Statutes 1998, chapter 324, in Item 0840-001-0001, Provision 8, and Item 8885-001-0001, Provision 1, (5) the Budget Act of 1999, Statutes 1999, chapter 50, in Item 0840-001-0001, Provision 8, and in Item 8885-001-0001, Provision 1, (6) the Budget Act of 2000, Statutes 2000, chapter 52, in Item 0840-001-0001, Provision 8, and in Item 8885-001-0001, Provision 1, (7) the Budget Act of 2001, Statutes 2001, chapter 106, in Item 0840-001-0001, Provision 8, and in Item 8885-001-0001, Provision 1, (8) the Budget Act of 2002, Statutes 2002, chapter 379, in Item 0840-001-0001, Provision 8, and in Item 8885-001-0001, Provision 1, is shown as part A. of this Appendix.



If reimbursement is sought for independent contractor costs that are in excess of **[Test (1)]** ten percent of the claims prepared and submitted by the independent contractor or **[Test (2)]** the actual costs that necessarily would have been incurred for that purpose if performed by employees or the local school district, appropriate documentation must be submitted to show that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the local agency or school district. Appropriate documentation includes the record of dates and time spent by staff of the contractor for the preparation and submission of claims on behalf of the local agency or school district, the contractor's billed rates, and explanation on reasons for exceeding Test (1) and/or Test (2). In the absence of appropriate documentation, reimbursement is limited to the lesser of Test (1) and/or Test (2). No reimbursement shall be permitted for the cost of contracted services without the submission of an estimate of actual costs by the local agency or school district.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>MANDATED REIMBURSEMENT PROCESS</b>	For State Controller Use Only (19) Program Number 00237 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">237</span>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) MRP-1, (03)(a)	
	County of Location	(23) MRP-1, (03)(b)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) MRP-1, (03)(c)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) MRP-1, (04)(1)(e)	

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) MRP-1, (04)(2)(e)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) MRP-1, (04)(3)(e)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) MRP-1, (06)
			(29) MRP-1, (07)
<b>Fiscal Year of Cost</b>	(06) <b>20__ / 20__</b>	(12) <b>20__ / 20__</b>	(30) MRP-1, (09)
<b>Total Claimed Amount</b>	(07)	(13)	(31) MRP-1, (10)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due from State</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the the State of California that the foregoing is true and correct.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim \_\_\_\_\_ Telephone Number ( ) - Ext. \_\_\_\_\_

\_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

<b>Program</b> <b>237</b>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing a combined estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form MRP-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form MRP-1, line (11). The total claimed amount must exceed \$1,000.
- (14) **Filing Deadline.** Reimbursement claims for fiscal year 2001-02 and estimated claims for fiscal year 2002-03 must be filed by **September 9, 2003**. Thereafter, reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty of 10%. Enter zero if the claim was timely filed, otherwise, enter 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 on 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. MRP-1, (04)(1)(e), means the information is located on form MRP-1, block (04), line (1), column (e). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS 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**

<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">237</span>	<b>MANDATED COSTS</b> <b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>MRP-1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
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**Claim Statistics**

(03) Chapter/Statute, Name, and Number of Mandates	(a) Test Claims	(b) Reimbursement/ Incorrect Reduction Claims	(c) Training

Total Number of Claims Filed			
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Direct Costs	Object Accounts				
(04) Reimbursable Components	(a) Salaries & Benefits	(b) Services & Supplies	(c) Travel & Training	(d) Fixed Assets	(e) Total
1. Test Claims					
2. Reimbursement Claims					
3. Training					
(05) Total Direct Costs					

<b>Indirect Costs</b>		
(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs	[Line (06) x line (05)(a)]	
(08) Total Direct and Indirect Costs	[Line (05)(e) + line (07)]	

<b>Cost Reduction</b>		
(09) Less: Offsetting Savings		
(10) Less: Other Reimbursements		
(11) Total Claimed Amount	[Line (08) - {line (09) + line (10)}]	

<b>Program</b> <b>237</b>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>MRP-1</b>
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- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.  
  
 Form MRP-1 must be filed for a reimbursement claim. Do not complete form MRP-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 MRP-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) **Test Claims:** Enter the chapter/statute or state regulation and program name. Give the date when the successful test claim was heard by the Commission on State Mandates. Enter an "X" in column (a) for each program.  
  
**Reimbursement Claims/Incorrect Reduction Claims:** List each chapter/statute or state regulation and program name that is included in the claim preparation costs. Enter an "X" in column (b) for each program. Give the date when the successfully appealed incorrect reduction claim was heard by the Commission on State Mandates.  
  
**Training:** Enter the chapter/statute or state regulation and program name. Give the date when the training took place. Enter an "X" in column (c).  
  
 Total the "X"s in each column. Attach a separate schedule if more space is needed to meet your requirements.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form MRP-2, line (05), columns (d), (e), (f), and (g) to form MRP-1, block (04) columns (a), (b), (c), and (d) in the appropriate row. Total each row and enter in column (e).
- (05) Total Direct Costs. Total columns (a) through (e).
- (06) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying Total Salaries and Benefits, line (05)(a), by the Indirect Cost Rate, line (06).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(e), 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. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). 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.

Program <b style="font-size: 24pt;">237</b>	<b>MANDATED COSTS</b> <b>MANDATE REIMBURSEMENT PROCESS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>MRP-2</b>
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Component: Check only **one** box per form to identify the component being claimed.

Test Claims     
  Reimbursement Claims     
  Incorrect Reduction Claims

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

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
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<b>Program</b> <b>237</b>	<b>MANDATE REIMBURSEMENT PROCESS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>MRP-2</b>
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- (01) Enter the name of the claimant. If more than one department has incurred costs for the mandate, give the name of each department. A form MRP-2 should be completed for each department.
- (02) Enter the fiscal year in which costs were incurred.
- (03) Reimbursable Components. Check only one box per form to indicate the cost component being claimed. A separate form MRP-2 shall be prepared for each applicable component.
- (04) Description of Expenses. The following table identifies the type of information required to support reimbursable costs. Allowable costs for the following cost components include, but are not limited to:
  - **Test Claim** - Salaries and benefits, supplies, consultants and legal services, travel, etc.
  - **Reimbursement Claim/Incorrect Reduction Claim** - Salaries and benefits, supplies, contracted services.etc.,
  - **Training** - Registration fee.

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, 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 three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be 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)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
<b>Benefits</b>	Title	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Services &amp; Supplies</b>	Name of Contractor	Hourly Rate	Hours Worked Inclusive Dates of Service		Cost = Hourly Rate x Hours Worked			Copy of Contract
Contract Services	Specific Tasks Performed							
Office Supplies	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
<b>Travel &amp; Training</b>	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 Trave; Cost		
Travel								
Training	Employee Name and Title Name of Class		Dates Attended			Registration Fee		
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Usage	

- (05) Total line (04), columns (d), (e), (f), and (g) 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 costs, number each page. Enter totals from line (05), columns (d), (e), (f), and (g) to form MRP-1, block (04), columns (a), (b), (c), and (d) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2002-11  
OPEN MEETINGS ACT/BROWN ACT REFORM  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 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 the Open Meetings Act/Brown Act Reform (BAR) program. 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).

GC Sections 54952, 54954.2, 54957.1, and 54957.7 require that legislative bodies of community college districts comply with certain changes to the Ralph M. Brown Act, also known as the Open Meetings Act. The test claim legislation expanded the types of legislative bodies required to comply with the notice and agenda requirements of GC Sections 54954.2 and 54954.3.

On June 28, 2001, the COSM determined that the BAR program establishes costs mandated by the State according to the provisions listed in the attached amended P's & G's. For your reference, the P's & G's are included as an integral part of the claiming instructions.

**Eligible Claimants**

Any community college district, that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Reimbursement Options**

Three reimbursement options were established by the COSM for costs incurred during a fiscal year: Actual Time, Standard-Time, and Flat-Rate. All meetings of the same type or name must be claimed using the same basis for the entire fiscal year. However, the meetings may be claimed using a different basis during a subsequent fiscal year. For each type or name of a meeting claimed, claimants shall select one of the following reimbursement options:

**A. Actual Time**

Actual costs of administering the BAR program in compliance with this mandate may be claimed. **Eligible claimants must claim actual costs incurred for subsequent reporting of action taken in closed session, providing copies of documents approved or adopted in closed session, and training. See Section V. A. (page 6) of the P's & G's.** The following are reimbursable activities related to the BAR program: Salaries and benefits, materials and supplies, contract services, travel and training, and fixed assets. Forms BAR-2A and BAR-3 must be completed to claim actual costs associated with this mandate. Forms BAR-1 and FAM-27 are then used to summarize these costs.



## **B. Standard-Time**

In lieu of actual time, a standard-time allowance of 10 or 45 minutes per agenda item, based on enrollment size of the district, as provided for in the P's & G's, shall be used to calculate the cost of each brief agenda that was prepared during the fiscal year. This standard-time allowance covers the direct and, if applicable, the indirect costs incurred in compliance with this mandate. Forms BAR-2S and BAR-3 must be completed to claim standard-time costs associated with this mandate. Forms BAR-1 and FAM-27 are then used to summarize these costs.

## **C. Flat-Rate**

In lieu of actual costs, a flat-rate allowance of \$90.10 per meeting for the base fiscal year of 1993-94, as provided for in the P's & G's, shall be used to claim the cost of each agenda that was prepared during the fiscal year. The flat-rate allowance includes all costs incurred for preparing and posting an agenda including closed session agenda items. **Claimants who filed reimbursement claims under the Open Meetings Act program using the flat rate option cannot file another reimbursement claim using this option for initial year costs for agenda preparation of closed session items under the BAR program. Refer to Sections III. and IV. of the P's and G's.** The direct and indirect costs incurred in compliance with this mandate will be adjusted each subsequent fiscal year by the Implicit Price Deflator. Forms BAR-2F and BAR-3 must be completed to claim flat-rate costs associated with this mandate. Forms BAR-1 and FAM-27 are then used to summarize these costs.

## **Filing Deadlines**

Eligible claimants have the option of filing new reimbursement claims for the period January 1, 1994, to June 30, 1994, and fiscal years 1994-95 through 2000-01 for reimbursable activities incurred **only** in compliance with the BAR mandate pursuant to these P's & G's. **The initial years' costs shall not include any costs that were claimable or reimbursed pursuant to the Open Meetings Act (OMA) program per claiming instructions 2000-15 and 16. Annual claims, commencing with the 2001-02 fiscal year, shall include all costs for the OMA and BAR programs. See Section I. of the P's & G's for the expanded types of "legislative bodies" required to comply with the notice and agenda requirements of GC §§ 54954.2 and 54954.3.**

### **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, 1994, to June 30, 1994, and fiscal years 1994-95 through 2001-02 must be filed with the SCO and be delivered or postmarked on or before **October 30, 2002**. 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. Do not prorate the penalty 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**

Estimated claims for fiscal year 2002-03 must be filed with the SCO and postmarked by **October 30, 2002**. Thereafter, they must be filed with the SCO and postmarked by January 15 of the fiscal year in which costs will be incurred. Timely filed claims are paid before late claims.

Unless otherwise specified in the claiming instructions, community colleges 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.

## **Minimum Claim Cost**

For initial claims and annual claims filed **on or after September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC Sections 17564.

## **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, copies of agendas, 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 the 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 the 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 the SCO as deemed necessary. Accordingly, all documentation to support actual costs claimed must be retained for a period of three years after the end of the calendar year in which the reimbursement claim was filed or amended regardless of the year the costs were incurred. When no funds are appropriated for initial claims at the time the claim is filed, supporting documents must be retained for three years from the date of initial payment of the claim. Claim documentation shall be made available to the SCO upon request.

## **Retention of Claiming Instructions**

Claiming instructions and forms 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.shtml](http://www.sco.ca.gov/ard/local/locreim/index.shtml).

## **Address for Filing Claims**

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## **Parameters and Guidelines**

Government Code Sections 54952, 54954.2, 54954.3, 54957.1, and 54957.7

Statutes of 1986, Chapter 641

Statutes of 1993, Chapters 1136, 1137 and 1138

### *Open Meetings Act/Brown Act Reform*

#### **I. SUMMARY OF THE MANDATE**

Government Code sections 54952, 54954.2, 54957.1 and 54957.7, require that “legislative bodies” of local agencies comply with certain changes to the Ralph M. Brown Act, also known as the Open Meetings Act.

On June 28, 2001, the Commission on State Mandates (Commission) adopted its Statement of Decision on the *Brown Act Reform* test claim (CSM-4469). The Commission found that Government Code sections 54952, 54954.2, 54957.1, and 54957.7, as added and amended by Statutes of 1993, chapters 1136, 1137, and 1138, constitutes a reimbursable state mandated program upon local governments within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514. The test claim legislation expanded the types of “legislative bodies” required to comply with the notice and agenda requirements of Government Code sections 54954.2 and 54954.3, to include:

- Local Bodies created by state or federal statute.
- Standing Committees with less than a quorum of members of the legislative body that has a continuing subject matter jurisdiction or a meeting schedule fixed by formal action.
- Permanent & Temporary Advisory Bodies (except bodies of less than a quorum of the members of the legislative body).

It also required all “legislative bodies” to perform a number of additional activities in relation to the closed session requirements of the Brown Act, as follows:

- To include a brief general description on the agenda of all items to be discussed in closed session. A brief general description of an item generally need not exceed 20 words. (Gov. Code, § 54954.2, subd. (a).)
- To disclose in an open meeting, prior to holding any closed session, each item to be discussed in the closed session. (Gov. Code, § 54957.7, subd. (a).)
- To reconvene in open session prior to adjournment and report the actions and votes taken in closed session for the five items identified in Government Code section 54957.1, subdivision (a)(1-4, 6). (Gov. Code, § 54957.7, subd. (b).)
- To provide copies of closed session documents as required. (Gov. Code, § 54957.1, subd. (b) and (c).)

The Commission previously adopted two test claims on the Brown Act:

### 1. Open Meetings Act

On March 23, 1988, the Commission adopted the *Open Meetings Act* test claim (CSM-4257). Statutes of 1986, chapter 641, added Government Code section 54954.2 to require that the legislative body of the local agency, or its designee, post an agenda containing a brief general description of each item of business to be transacted or discussed at the regular meeting, subject to exceptions stated therein, specifying the time and location of the regular meeting and requiring that the agenda be posted at least 72 hours before the meeting in a location freely accessible to the public. The following types of “legislative bodies” were eligible for reimbursement:

- Governing board, commission, directors or body of a local agency or any board or commission thereof, as well as any board, commission, committee, or other body on which officers of a local agency serve in their official capacity.
- Any board, commission, committee, or body which exercises authority delegated to it by the legislative body.
- Planning commissions, library boards, recreation commissions, and other permanent boards or commissions of a local agency composed of at least a quorum of the members of the legislative body.

Statutes of 1986, chapter 641 also added Government Code section 54954.3 to provide an opportunity for members of the public to address the legislative body on specific agenda items or any item of interest that is within the subject matter jurisdiction of the legislative body, and this opportunity for comment must be stated on the posted agenda.

### 2. School Site Councils and Brown Act Reform

On April 27, 2000, the Commission approved the *School Site Councils and Brown Act Reform* test claim (CSM-4501). This test claim was based on Government Code section 54954 and Education Code section 35147, which addressed the application of the open meeting act provisions of the Brown Act to specified school site councils and advisory committees of school districts.<sup>1</sup>

## II. ELIGIBLE CLAIMANTS

Any county, city, a city and county, school or special district that incurs increased costs as a result of this reimbursable state mandated program is eligible to claim reimbursement of those costs.

## III. PERIOD OF REIMBURSEMENT

Government Code section 17557, prior to its amendment by Statutes of 1998, chapter 681 (effective September 22, 1998), stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for *Brown Act Reform* was filed on December 29, 1994. Statutes of 1993, chapters 1136, 1137, and 1138, became effective January 1, 1994. Therefore, costs

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<sup>1</sup> The parameters and guidelines for the *School Site Councils and Brown Act Reform* test claim are not included in these parameters and guidelines.

incurred on or after January 1, 1994 for compliance with the *Brown Act Reform* mandate 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 Government Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

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

Initial years' costs shall not include any costs that were claimable or reimbursed pursuant to *Open Meetings Act* Parameters and Guidelines as amended on December 4, 1991 or November 30, 2000. Reimbursement for these costs must be claimed as prescribed in the Controller's Claiming Instructions No. 2000-15 and 2000-16 for local agencies and schools, respectively.

Annual claims, commencing with the 2001-2002 fiscal year, shall include all costs for *Open Meetings Act* and *Brown Act Reform*.

#### **IV. REIMBURSABLE ACTIVITIES**

For each eligible claimant, the following activities are eligible for reimbursement:

##### **A. Agenda Preparation and Posting Activities**

1. Prepare a single agenda for a regular meeting of a legislative body of a local agency or school district containing a brief description of each item of business to be transacted or discussed at a regular meeting, including items to be discussed in closed session, and citing the time and location of the regular meeting.<sup>2</sup> (Gov. Code, § 54954.2, subd. (a).)
2. Post a single agenda 72 hours before a meeting in a location freely accessible to the public. Further, every agenda must state that there is an opportunity for members of the public to comment on matters that are within the subject matter jurisdiction of the legislative body, subject to exceptions stated therein. (Gov. Code, §§ 54954.2, subd. (a), and 54954.3, subd. (a).)

Beginning January 1, 1994, the following types of "legislative bodies" are eligible to claim reimbursement under these parameters and guidelines for the activities listed in section IV.A:

- Local Bodies created by state or federal statute.
- Standing Committees with less than a quorum of members of the legislative body that has a continuing subject matter jurisdiction or a meeting schedule fixed by formal action.
- Permanent & Temporary Advisory Bodies (except bodies of less than a quorum of the members of the legislative body).

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<sup>2</sup> As amended by Statutes of 1993, chapter 1136.

Beginning January 1, 1994, the following “legislative bodies” are eligible to claim reimbursement under these parameters and guidelines for the preparation of a brief general description of closed session agenda items, using either the actual or standard time reimbursement options pursuant to section V.A.1 or 2:

- Governing board, commission, directors or body of a local agency or any board or commission thereof, as well as any board, commission, committee, or other body on which officers of a local agency serve in their official capacity.
- Any board, commission, committee, or body which exercises authority delegated to it by the legislative body.
- Planning commissions, library boards, recreation commissions, and other *permanent* boards or commissions of a local agency composed of at least a quorum of the members of the legislative body.
- Local Bodies created by state or federal statute.
- Standing Committees with less than a quorum of members of the legislative body that has a continuing subject matter jurisdiction or a meeting schedule fixed by formal action.
- Permanent & Temporary Advisory Bodies (except bodies of less than a quorum of the members of the legislative body).

B. Closed Session Activities

1. Disclose in an open meeting, prior to holding any closed session, each item to be discussed in the closed session. (Gov. Code, § 54957.7, subd. (a).)
2. Reconvene in open session prior to adjournment to make any disclosures required by Section 54957.1 of action taken in the closed session, including items as follows: (Gov. Code, § 54957.7, subd. (b).)
  - a. Approval of an agreement concluding real estate negotiations as specified in Section 54956.8. (Gov. Code, § 54957.1, subd. (a)(1).)
  - b. Approval given to its legal counsel to defend, or seek or refrain from seeking appellate review or relief, or to enter as an amicus curiae in any form of litigation as the result of consultation under Section 54956.9. (Gov. Code, § 54957.1, subd. (a)(2).)
  - c. Approval given to its legal counsel of a settlement of pending litigation as defined in Section 54956.9, at any stage prior to or during a judicial or quasi-judicial proceeding shall be reported after the settlement is final. (Gov. Code, § 54957.1, subd. (a)(3).)
  - d. Disposition reached as to claims discussed in closed session pursuant to Section 54956.95 shall be reported as soon as reached in a manner that identifies of the name of the claimant, the name of the local agency claimed against, the substance of the claim, and any monetary amount approved for payment and agreed upon by the claimant. (Gov. Code, § 54957.1, subd. (a)(4).)

- e. Approval of an agreement concluding labor negotiations with represented employees pursuant to Section 54957.6 shall be reported after the agreement is final and has been accepted or ratified by the other party. (Gov. Code, § 54957.1, subd. (a)(6).)
3. Provide copies of any contracts, settlement agreements, or other documents that were finally approved or adopted in the closed session to a person who submitted a written request within the timelines specified or to a person who has made a standing request, as set forth in Sections 54954.1 or 54956 within the time lines specified. (Gov. Code, § 54957.1, subd. (b) and (c).)
4. Train members of only those legislative bodies that actually hold closed executive sessions, on the closed session requirements of *Brown Act Reform*. If such training is given to all members of the legislative body, whether newly appointed or existing members, contemporaneously, time of the trainer and legislative members is reimbursable. Additionally, time for preparation of training materials, obtaining materials including training videos and audio visual aids, and training the trainers to conduct the training is reimbursable. See Section V.B.6 of these parameters and guidelines.

Beginning January 1, 1994, the following “legislative bodies” are eligible to claim reimbursement under these parameters and guidelines for the activities listed in IV.B:

- Governing board, commission, directors or body of a local agency or any board or commission thereof, as well as any board, commission, committee, or other body on which officers of a local agency serve in their official capacity.
- Any board, commission, committee, or body which exercises authority delegated to it by the legislative body.
- Planning commissions, library boards, recreation commissions, and other *permanent* boards or commissions of a local agency composed of at least a quorum of the members of the legislative body.
- Local Bodies created by state or federal statute.
- Standing Committees with less than a quorum of members of the legislative body that has a continuing subject matter jurisdiction or a meeting schedule fixed by formal action.
- Permanent & Temporary Advisory Bodies (except bodies of less than a quorum of the members of the legislative body).



## V. CLAIM PREPARATION AND SUBMISSION

Each reimbursement claim must be timely filed. Each of the following cost elements must be identified for each reimbursable activity identified in section IV of this document.

### A. Reimbursement Options for Agenda Preparation and Posting, Including Closed Session Agenda Items

Eligible claimants may use the actual time, standard time, or flat rate reimbursement options for claiming costs incurred pursuant to section IV.A of these parameters and guidelines for agenda preparation and posting, including closed session items.<sup>3</sup> Eligible claimants must claim actual costs incurred for subsequent reporting of action taken in closed session, providing copies of documents approved or adopted in closed session, and training.

For each type or name of meeting claimed during a fiscal year, select one of the following reimbursement options. For example, all city council meetings in a given fiscal year may be claimed on only one basis: actual time, standard time or flat-rate. If standard time is selected, all city council meetings must be claimed using this basis for the entire year. However, all city council meetings could be claimed on an actual cost basis during a subsequent fiscal year.

#### 1. Actual Time

List the meeting names and dates. 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.

Counties and cities may claim indirect costs pursuant to section V.C.

#### 2. Standard Time

##### a. Main Legislative Body Meetings of Counties and Cities

List the meeting names and dates. For each meeting, multiply the number of agenda items, excluding standard agenda items such as “adjournment”, “call to order”, “flag salute”, and “public comments”, by 30 minutes and then by the blended productive hourly rate of the involved employees.

Counties and cities may claim indirect costs pursuant to section V.C.

##### b. Special District Meetings, and County and City Meetings Other Than Main Legislative Body

List the meeting names and dates. For each meeting, multiply the number of agenda items, excluding standard agenda items such as “adjournment”, “call to order”, “flag salute”, and “public comments”, by 20 minutes and then by the blended productive hourly rate of the involved employees.

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<sup>3</sup> The flat rate includes all of the costs for preparing and posting an agenda, including closed session agenda items. Claimants that filed reimbursement claims under the *Open Meetings Act* Program using the flat rate reimbursement option cannot file another reimbursement claim using the flat rate option for initial years costs for agenda preparation of closed session items under Brown Act Reform. Refer to sections III and IV of these parameters and guidelines.

Special districts, counties and cities may claim indirect costs pursuant to section V.C.

c. School and Community College Districts and County Offices of Education

List the meeting names and dates. For each meeting, multiply the number of agenda items times the minutes per agenda item for County Offices of Education and for districts, by enrollment size, times the blended productive hourly rate of the involved employees. The minutes per agenda for County Offices of Education and for districts by enrollment size are:

County Offices of Education:	45 minutes
Districts:	
Enrollment 20,000 or more	45 minutes
Enrollment 10,000 – 19,999	15 minutes
Enrollment less than 10,000	10 minutes

School and community college districts and County Offices of Education may claim indirect costs pursuant to section V.C.

3. Flat Rate<sup>4</sup>

List the meeting names and dates. Multiply the uniform cost allowance, shown in the table provided below, by the number of meetings. The uniform cost allowance shall be adjusted each year subsequent to fiscal year 1997-1998 by the Implicit Price Deflator referenced in Government Code section 17523.

1993-1994	\$ 90.10
1994-1995	92.44
1995-1996	95.12
1996-1997	97.31
1997-1998	100.00

B. Direct Cost Reporting

Direct costs that are eligible for reimbursement are:

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.

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<sup>4</sup> The flat rate includes all of the costs for preparing and posting an agenda, including closed session agenda items. Claimants that filed reimbursement claims under the *Open Meetings Act* Program using the flat rate reimbursement option cannot file another reimbursement claim using the flat rate option for initial years costs for agenda preparation of closed session items under Brown Act Reform. Refer to sections III and IV of these parameters and guidelines.

## 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. 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 services that were performed during the period covered by the reimbursement claim. 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 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 B.1, Salaries and Benefits, for each applicable reimbursable activity.

## 6. Training

Report the cost of training members of the legislative body to perform the reimbursable activities, as specified in section IV.B of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element B.1, Salaries and Benefits, and B.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element B.3, Contracted Services. This data, if too voluminous to be included with the claim, may be reported in a summary. However, supporting data must be maintained as described in section VI.

### C. Indirect Cost Rates

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 of 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.

#### Cities, Counties and Special Districts

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

#### School Districts

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

County Offices of Education

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

Community Colleges

Community colleges have the option of using (1) a federally approved rate, using the cost accounting principles from the OMB 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. SUPPORTING DATA**

A. Source Documents

For auditing purposes, all incurred costs claimed must be traceable to source documents that show evidence of their validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements.

For those entities that elect reimbursement pursuant to the standard time methodology, option 2 in section V.A, documents showing the calculation of the blended productive hourly rate and copies of agendas shall be sufficient evidence. For those entities that elect reimbursement pursuant to the flat-rate methodology, option 3 in section V.A, copies of agendas shall be sufficient evidence.

The blended productive hourly rate, used in claiming standard or unit time reimbursements, may be calculated by determining the percentage of time spent by persons or classifications of persons on the reimbursable activities and multiplying the productive hourly rate (including salaries, benefits and indirect costs, if not claimed elsewhere) for each person or classification of persons times the percentage of time spent by that person or classification of persons. Claimants may determine a percentage allocation for the person or classification of persons in a base fiscal year and use that percentage allocation for subsequent future years by multiplying the base year percentages times the productive hourly rate for that person or classification of persons for the fiscal year of the reimbursement claim.

For example, a city manager may determine that the percentage of time spent on the reimbursable activities by various classifications in a base year of fiscal year 1998-1999 was as follows:

City Manager	17%
City Attorney	15%
City Clerk	36%
Department Managers	9%
Secretaries	23%
Total	100%

The city determines that the productive hourly rate (salaries, benefits, and indirect costs) for fiscal year 2000-2001 for each classification is as follows:

	Salary	Benefits	Indirect Cost Rate	Indirect Costs	Productive Hourly Rate
City Manager	\$60	\$12	29%	\$13	\$85
City Attorney	\$55	\$10	30%	\$15	\$80
City Clerk	\$40	\$ 8	31%	\$12	\$60
Department Manager	\$45	\$ 9	30%	\$11	\$65
Secretaries	\$18	\$ 5	25%	\$ 7	\$30

The blended productive hourly rate for fiscal year 2000-2001 is determined by multiplying the percentages in the base year times the productive hourly rate in the fiscal year claimed, and adding the totals, as follows:

City Manager	17%	\$85	\$14.25
City Attorney	15%	\$80	\$12.00
City Clerk	36%	\$60	\$21.60
Department Manager	9%	\$65	\$ 5.85
Secretaries	23%	\$30	\$ 6.90
Total	100%		\$60.80

The city's claim would be determined by multiplying the blended productive hourly rate times the minutes per agenda item times the number of agenda items.

#### B. Record Keeping

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 chapter is subject to audit by the State Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. See the State Controller's claiming instructions regarding retention of required documentation during the audit period.

### **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a result of the same statutes or executive orders found to contain a mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate from any other 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 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 claiming instructions, for those costs mandated by the State contained herein.

### **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Parameters and guidelines may be amended pursuant to Title 2, California Code of Regulations section 1183.2.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>OPEN MEETINGS ACT/BROWN ACT REFORM</b>	For State Controller Use Only	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">238</span>
	(19) Program Number 00238 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	

L A B E L  H E R E	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) BAR-1, (03)	
	County of Location	(23) BAR-1, (04)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) BAR-1, (05)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) BAR-1, (06)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) BAR-1, (07)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) BAR-1, (09)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) BAR-1, (11)
			(29) BAR-1, (12)
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/___ <b>20</b> ___	(12) <b>20</b> ___/___ <b>20</b> ___	(30)
<b>Total Claimed Amount</b>	(07)	(13)	(31)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)
<b>Less: Prior Claim Payment Received</b>		(15)	(33)
<b>Net Claimed Amount</b>		(16)	(34)
<b>Due from State</b>	(08)	(17)	(35)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer	Date
Type or Print Name	Title

(38) Name of Contact Person for Claim	Telephone Number ( ) - Ext.	
	E-Mail Address	

<b>Program</b> <b>238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) If filing a combined estimated claim on behalf of districts within the county, enter an "X" in the box on line (04) Combined.
- (05) If filing an amended claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form BAR-1 and enter the amount from line (13).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) If filing a combined reimbursement claim on behalf of districts within the county, enter an "X" in the box on line (10) Combined.
- (11) If filing an amended claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form BAR-1, line (13). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated 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 on 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., BAR-1, (04)(f), means the information is located on form BAR-1, block (04), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

**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**



<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">238</span>	<b>MANDATED COSTS</b> <b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>BAR-1</b>				
(01) Claimant	(02) Type of Claim	Fiscal Year				
	Reimbursement <input type="checkbox"/>					
	Estimated <input type="checkbox"/>	20__/20__				
<b>Claim Statistics</b>						
(03) Number of regular meetings for which a brief agenda was prepared and posted						
<b>Direct Costs: Actual Time Option</b>						
(04) Reimbursable Component	<b>Object Accounts</b>					
	(a)	(b)	(c)	(d)	(e)	(f)
	Salaries and Benefits	Materials and Supplies	Contract Services	Fixed Assets	Travel and Training	Total Direct Costs
Preparation of Brief Agenda and Posting						
<b>Direct Costs: Standard-Time Option</b>						
(05) Standard-Time Reimbursement Option		[From form BAR-2S, line (04)(f)]				
<b>Indirect Costs: Actual Time Option and/or Standard-Time Option</b>						
(06) Indirect Cost Rate		[Federally approved OMB A-21, FAM-29C, or 7%] %				
(07) Total Indirect Costs		[Method 1 or Method 2]				
(08) Total Direct and Indirect Costs		[Line (04)(f) + line (05) + line (07)]				
<b>Direct and Indirect Costs: Flat-Rate Option</b>						
(09) Flat-Rate Reimbursement Option		[From form BAR-2F, line (04)(d)]				
(10) Total Direct and Indirect Costs of All Options		[Line (08) + line (09)]				
<b>Cost Reduction</b>						
(11) Less: Offsetting Savings						
(12) Less: Other Reimbursements						
(13) Total Claimed Amount		[Line (10) - {line (11) + line (12)}]				

<b>Program</b> <b>238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>BAR-1</b>
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**Note: The initial years' costs shall not include any costs that were claimable or reimbursed pursuant to the Open Meetings Act (OMA) program per claiming instructions 2000-15 and 16. Annual claims, commencing with the 2001-02 fiscal year, shall include all costs for the OMA and BAR programs. See Section I. of the P's & G's.**

- (01) Claimant. Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.
- Form BAR-1 must be filed for a reimbursement claim. Do not complete form BAR-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 BAR-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) Claim Statistics. Enter the number of regular meetings for which a brief agenda was prepared and posted during the fiscal year.
- (04) Reimbursable Component. Enter all the totals from form BAR-2A, line (06), columns (d) through (h) to form BAR-1, line (04), columns (a) through (e) in the appropriate row. Total the row and enter in column (f).
- (05) Standard-Time Reimbursement Option. The standard-time allowance covers the direct and indirect costs incurred in compliance with this mandate. Enter the total from form BAR-2S, line (04)(f).
- (06) Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. If the blended hourly rate for the Standard-Time allowance includes indirect costs, use **Method 1**. If the blended hourly rate for the Standard-Time allowance does not include indirect costs, use **Method 2**.
- Method 1:** Multiply Total Direct Costs, line (04)(f), by the Indirect Cost Rate, line (06).
- Method 2:** Multiply the sum of Total Direct Costs, line (04)(f), and Standard-Time Reimbursement Option, line (05), by the Indirect Cost Rate, line (06).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (04)(f), Standard-Time Reimbursement Option, line (05), and Total Indirect Costs, line (07).
- (09) Flat-Rate Reimbursement Option. The flat-rate allowance covers the direct and indirect costs incurred in compliance with this mandate. Enter the total from form BAR-2F, line (04)(d).
- (10) Total Direct and Indirect Costs of All Options. Enter the sum of Total Direct and Indirect Costs, line (08), and Flat-Rate Reimbursement Option, line (09).
- (11) 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.
- (12) 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.
- (13) Total Claimed Amount. From Total Direct and Indirect Costs of All Options, line (10), subtract the sum of Offsetting Savings, line (11), and Other Reimbursements, line (12). Enter the remainder on this line.

Program <b style="font-size: 24pt;">238</b>	<b>MANDATED COSTS</b> <b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	FORM <b>BAR-2A</b>
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(01) Claimant	(02) Fiscal Year
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(03) Meeting Type or Name

(04) Reimbursable Component: Preparation of Brief Agenda and Posting

(05) <b>Actual Time Option:</b> Complete columns (a) through (h).	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Fixed Assets	(h) Travel and Training

(06) Total <input style="width: 30px;" type="text"/>	Subtotal <input style="width: 30px;" type="text"/>	Page: <input style="width: 20px;" type="text"/> of <input style="width: 20px;" type="text"/>					
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<b>Program</b>  <span style="font-size: 2em;"><b>238</b></span>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>BAR-2A</b>
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The initial years' costs shall not include any costs that were claimable or reimbursed pursuant to the Open Meetings Act (OMA) program per claiming instructions 2000-15 and 16. Annual claims, commencing with the 2001-02 fiscal year, shall include all costs for the OMA and BAR programs. See Section I. of the P's & G's.

Complete form BAR-2A when calculating agenda costs using the Actual Time Option.  
 Please note that all meetings of the same type or name in a given fiscal year may be claimed on only one basis.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year in which costs were incurred.
- (03) Meeting Type or Name. Enter the name of the meeting for which a brief agenda was prepared and posted. A separate form BAR-2A should be prepared for the district's legislative body and each board or commission which holds public hearings.
- (04) Reimbursable Component. Preparation of Brief Agenda and Posting. No entry necessary.
- (05) Actual Time Option. The following table identifies the type of information required to support costs of direct labor, materials and supplies, contract services, travel and training, and fixed assets needed in the preparation of a brief general description of agenda items and posting 72 hours before a meeting in a location that is freely accessible to the public. **The descriptions required in column (5)(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 upon request.

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

- (06) Total line (05), 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. Carry forward the totals from line (06), columns (d) through (h) to form BAR-1, line (04), columns (a) through (e).

<b>Program</b> <b>238</b>	<b>MANDATED COSTS</b> <b>OPEN MEETINGS ACT/BROWN ACT REFORM II</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>BAR-2F</b>
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(01) Claimant	(02) Fiscal Year
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(03) **Flat-Rate Reimbursement Option:** Complete columns (a) through (d).

(a) Meeting Type or Name	(b) Uniform Cost Allowance <small>\$113.97 for 02-03 \$115.80 for 03-04</small>	(c) Number of Agendas	(d) Total (b) x (c)

(04) Total <input style="width: 40px;" type="text"/>	Subtotal <input style="width: 40px;" type="text"/>	Page: ___ of ___
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<b>Program 238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM II COMPONENT/ACTIVITY COST DETAIL Instructions</b>	<b>FORM BAR-2F</b>
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The initial years' costs shall not include any costs that were claimable or reimbursed pursuant to the Open Meetings Act (OMA) program per claiming instructions 2000-15 and 16. Annual claims, commencing with the 2001-02 fiscal year, shall include all costs for the OMA and BAR programs. See Section I. of the P's & G's.

Complete form BAR-2F when calculating agenda costs using the Flat-Rate Option. Please note that all meetings of the same type or name in a given fiscal year may be claimed using only one basis.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year in which costs were incurred.
- (03) Flat-Rate Reimbursement Option.
  - (a) Meeting Type or Name. Enter the type or name of the meeting. Only one entry per meeting type or name is needed.
  - (b) Uniform Cost Allowance. Enter the uniform cost allowance for the fiscal year of the claim.

Fiscal Year	Uniform Cost Allowance
1993-94	\$90.10
1994-95	92.44
1995-96	95.12
1996-97	97.31
1997-98	100.00
1998-99	101.90
1999-00	105.67
2000-01	109.90
2001-02	112.35
2002-03	113.97
2003-04 f/	115.80

f/ July 31 Revision Forecast, July 2003

Source: California Department of Finance, from the US Department of Commerce, Bureau of Economic Analysis

- (c) Number of Agendas. Enter the number of agendas that were prepared for each meeting type or name listed in column (a).
- (d) Total. Multiply the Uniform Cost Allowance, column (b), by the Number of Agendas, column (c).
- (04) Total line (03), column (d), 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. Carry forward the totals from line (04), column (d) to form BAR-1, line (09).

Program <b style="font-size: 24pt;">238</b>	<b>MANDATED COSTS</b> <b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	FORM <b>BAR-2S</b>
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(01) Claimant	(02) Fiscal Year
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(03) **Standard-Time Reimbursement Option:** Complete columns (a) through (f).

(a) Date	(b) Meeting Type or Name	(c) Number of Agenda Items	(d) Minutes Per Agenda Item	(e) Blended Hourly Rate	(f) Total

(04) Total <input style="width: 40px;" type="text"/>	Subtotal <input style="width: 40px;" type="text"/>	Page: ___ of ___
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<b>Program</b> <b>238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>BAR-2S</b>
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The initial years' costs shall not include any costs that were claimable or reimbursed pursuant to the Open Meetings Act (OMA) program per claiming instructions 2000-15 and 16. Annual claims, commencing with the 2001-02 fiscal year, shall include all costs for the OMA and BAR programs. See Section I. of the P's & G's.

**Complete form BAR-2S when calculating agenda costs using the Standard-Time Option.**  
Please note that all meetings of the same type or name in a given fiscal year may be claimed on only one basis.

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year in which costs were incurred.
- (03) Standard-Time Reimbursement Option.
  - (a) Date. Enter the date of each meeting.
  - (b) Meeting Type or Name. Enter the type or name of each meeting.
  - (c) Number of Agenda Items. Enter the number of agenda items for each meeting.
  - (d) Minutes Per Agenda Item. The minutes per agenda item for County Offices of Education and for districts by enrollment size are:
 

County Offices of Education:	0.75 hour	(45 minutes)
Districts: Enrollment of 20,000 or more:	0.75 hour	(45 minutes)
Enrollment of 10,000 to 19,999:	0.25 hour	(15 minutes)
Enrollment of less than 10,000:	0.17 hour	(10 minutes)
  - (e) Blended Hourly Rate. Enter the blended hourly rate of all personnel who participated in the preparation and posting of the agenda during the fiscal year.

The blended productive hourly rate, used in claiming standard or unit time reimbursements, may be calculated by determining the percentage of time spent by persons or classifications of persons on the reimbursable activities and multiplying the productive hourly rate (including salaries, benefits, and indirect costs, if not claimed elsewhere) for each person or classification of persons in a base fiscal year and use that percentage allocation for subsequent future years by multiplying the base year percentages times the productive hourly rate for that person or classification of persons for the fiscal year of the reimbursement claim.

For example, a principal may determine that the percentage of time spent on the reimbursable activities by various classifications of personnel in a base year of fiscal year 1998-99 was as follows: Principal 17%, Vice Principal 15%, Office Clerks 36%, Office Manager 9%, and Secretaries 23%.

The school district determines that the productive hourly rate (salaries, benefits, and indirect costs) for fiscal year 2000-01 for each classification is as follows:

Classification	Salary	Benefits	Indirect Costs	Productive Hourly Rate
Principal	\$60	\$12	\$13	\$85
Vice Principal	55	10	15	80
Office Clerks	40	8	12	60
Office Manager	45	9	11	65
Secretaries	18	5	7	30

The school district's blended productive hourly rate of \$60.80 for fiscal year 2000-01 is determined by multiplying the percentages in the base year times the productive hourly rate in the fiscal year claimed, and adding the totals, as follows:

Classification	Percentage of Time Spent	Productive Hourly Rate	Blended Productive Hourly Rate
Principal	17%	\$85	\$14.45
Vice Principal	15%	80	12.00
Office Clerks	36%	60	21.60
Office Manager	9%	65	5.85
Secretaries	23%	30	6.90
Total	100%		\$60.80

- (f) Total. Multiply the Number of Agenda Items, column (c), by the Minutes Per Agenda Item as expressed as a fraction of one hour, column (d), by the Blended Hourly Rate, column (e).

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 upon request.

- (04) Total line (03), column (f) and enter the sum on this line. Check the appropriate box to indicate if the amount is a total or a subtotal. If more than one form is needed to detail the component/activity costs, number each page. Carry forward the totals from line (04), column (f) to form BAR-1, line (05).





Program <b>238</b>	<b>OPEN MEETINGS ACT/BROWN ACT REFORM</b> <b>MEETINGS DETAIL</b> Instructions	<b>FORM</b> <b>BAR-3</b>
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**Complete form BAR-3 for all reimbursement options.**

- (01) Claimant. Enter the name of the claimant.
- (02) Fiscal Year. Enter the fiscal year for which costs were incurred.
- (03) Detail of Meetings. Provide the following information for each regular meeting being claimed regardless of type or name. List the meetings in order of date.
  - (a) Date. Enter the date of each meeting being claimed.
  - (b) Meeting Type or Name. Enter the type or name of each regular meeting held during the fiscal year for which a brief agenda was prepared and posted.
- (04) If more than one form is needed to provide the detail of the meetings, number each page.

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2000-11

PEACE OFFICERS PROCEDURAL BILL OF RIGHTS  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 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 Peace Officers Procedural Bill of Rights (PPBR). These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

On November 30, 1999, the COSM determined that the PPBR 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 Sections 3300 through 3310, as added and amended Chapter 465, Statutes of 1976; Chapters 775, 1173, 1174, and 1178, Statutes of 1978; Chapter 405, Statutes of 1979; Chapter 1367, Statutes of 1980; Chapter 994, Statutes of 1982; Chapter 964, Statutes of 1983; Chapter 1165, Statutes of 1989; and Chapter 675, Statutes of 1990, provide procedural protection for peace officers employed by community college districts when a peace officer is subject to an interrogation by the employer, is facing punitive action, or receives an adverse comment in his or her personnel file. This applies to peace officers classified as permanent employees, peace officers who serve at the pleasure of the community college district, and are terminable without cause ("at will" employees), and peace officers on probation who have not reached permanent status.

**Eligible Claimants**

Any community college district employing peace officers, pursuant to Penal Code 830, and incurring increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

Reimbursement claims for the 1994-95 through 1999-00 fiscal years must be filed with the SCO. **Claims must be delivered or postmarked on or before January 30, 2001.** Annually thereafter, having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15<sup>th</sup> of the following fiscal year. Claims filed after the deadline will be reduced by a late penalty of 10%, not to exceed \$1,000. 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.**

Estimated claims filed with the SCO must be postmarked by January 15<sup>th</sup> of the fiscal year in which costs will be incurred. However, 2000-01 estimated claims must be filed with the SCO and postmarked by **January 30, 2001**. Timely filed claims will be paid before late claims.

### **Minimum Claim Cost**

For initial claims and annual claims filed on or after **September 30, 2002**, if the total costs for a given year do not exceed **\$1,000**, no reimbursement shall be allowed except as otherwise allowed by GC §17564.

### **Estimated Claims**

Unless otherwise specified in the claiming instructions, community college districts 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.

### **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 the 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 the 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 the 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 the 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## **PARAMETERS AND GUIDELINES**

Government Code Sections 3300 through 3310

As Added and Amended by Statutes of 1976, Chapter 465;  
Statutes of 1978, Chapters 775, 1173, 1174, and 1178;  
Statutes of 1979, Chapter 405; Statutes of 1980, Chapter 1367; Statutes of 1982, Chapter  
994; Statutes of 1983, Chapter 964; Statutes of 1989, Chapter 1165; and  
Statutes of 1990, Chapter 675

### *Peace Officers Procedural Bill of Rights*

#### **I. SUMMARY AND SOURCE OF THE MANDATE**

In order to ensure stable employer-employee relations and effective law enforcement services, the Legislature enacted Government Code sections 3300 through 3310, known as the Peace Officers Procedural Bill of Rights (POBAR).

The test claim legislation provides procedural protections to peace officers employed by local agencies and school districts<sup>1</sup> when a peace officer is subject to an interrogation by the employer, is facing punitive action or receives an adverse comment in his or her personnel file. The protections required by the test claim legislation apply to peace officers classified as permanent employees, peace officers who serve at the pleasure of the agency and are terminable without cause (“at-will” employees), and peace officers on probation who have not reached permanent status.

On November 30, 1999, the Commission adopted its Statement of Decision that the test claim legislation constitutes a partial reimbursable state mandated program within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514.

#### **II. ELIGIBLE CLAIMANTS**

Counties, cities, a city and county, school districts and special districts that employ peace officers are eligible claimants.

#### **III. PERIOD OF REIMBURSEMENT**

At the time this test claim was filed, Section 17557 of the Government Code stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. On December 21, 1995, the City of Sacramento filed the test claim for this mandate. Therefore, costs incurred for Statutes of 1976, Chapter 465; Statutes of 1978, Chapters 775, 1173, 1174, and 1178; Statutes of 1979, Chapter 405; Statutes of 1980, Chapter 1367; Statutes of 1982, Chapter 994; Statutes of 1983, Chapter 964; Statutes of 1989, Chapter 1165; and Statutes of 1990, Chapter 675 are eligible for reimbursement on or after July 1, 1994.

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<sup>1</sup> Government Code section 3301 states: “For purposes of this chapter, the term public safety officer means all peace officers specified in Sections 830.1, 830.2, 830.3, 830.31, 830.32, 830.33, except subdivision (e), 830.34, 830.35, except subdivision (c), 830.36, 830.37, 830.38, 830.4, and 830.5 of the Penal Code.”

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 issuance of claiming instructions.

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**

For each eligible claimant, all direct and indirect costs of labor, supplies and services, training and travel for the performance of the following activities; are eligible for reimbursement:

##### **A. Administrative Activities (On-going Activities)**

1. Developing or updating internal policies, procedures, manuals and other materials pertaining to the conduct of the mandated activities
2. Attendance at specific training for human resources, law enforcement and legal counsel regarding the requirements of the mandate.
3. Updating the status of the POBAR cases.

##### **B. Administrative Appeal**

1. Reimbursement period of July 1, 1994 through December 31, 1998 – The administrative appeal activities listed below apply to permanent employees, at-will employees, and probationary employees.

Providing the opportunity for, and the conduct of an administrative appeal for the following disciplinary actions (Gov. Code, § 3304, subd. (b)):

- Dismissal, demotion, suspension, salary reduction or written reprimand received by probationary and at-will employees whose liberty interest are not affected (i.e.: the charges supporting a dismissal do not harm the employee's reputation or ability to find future employment);
- Transfer of permanent, probationary and at-will employees for purposes of punishment;
- Denial of promotion for permanent, probationary and at-will employees for reasons other than merit; and
- Other actions against permanent, probationary and at-will employees that result in disadvantage, harm, loss or hardship and impact the career opportunities of the employee.

Included in the foregoing are the preparation and review of the various documents to commence and proceed with the administrative hearing; legal review and assistance with the conduct of the administrative hearing; preparation and service of subpoenas, witness fees, and salaries of employee witnesses, including overtime; the time and labor of the administrative body and its attendant clerical services; the preparation and service of any rulings or orders of the administrative body.

2. Reimbursement period beginning January 1, 1999 – The administrative appeal activities listed below apply to permanent employees and the Chief of Police.

Providing the opportunity for, and the conduct of an administrative appeal for the following disciplinary actions (Gov. Code, § 3304, subd. (b)):

- Dismissal, demotion, suspension, salary reduction or written reprimand received by the Chief of Police whose liberty interest is not affected (i.e.: the charges supporting a dismissal do not harm the employee's reputation or ability to find future employment);
- Transfer of permanent employees for purposes of punishment;
- Denial of promotion for permanent employees for reasons other than merit; and
- Other actions against permanent employees or the Chief of Police that result in disadvantage, harm, loss or hardship and impact the career opportunities of the employee.

Included in the foregoing are the preparation and review of the various documents to commence and proceed with the administrative hearing; legal review and assistance with the conduct of the administrative hearing; preparation and service of subpoenas, witness fees, and salaries of employee witnesses, including overtime; the time and labor of the administrative body and its attendant clerical services; the preparation and service of any rulings or orders of the administrative body.

### C. Interrogations

Claimants are eligible for reimbursement for the performance of the activities listed in this section only when a peace officer is under investigation, or becomes a witness to an incident under investigation, and is subjected to an interrogation by the commanding officer, or any other member of the employing public safety department, that could lead to dismissal, demotion, suspension, reduction in salary, written reprimand, or transfer for purposes of punishment. (Gov. Code, § 3303).

Claimants are not eligible for reimbursement for the activities listed in this section when an interrogation of a peace officer is in the normal course of duty, counseling, instruction, or informal verbal admonishment by, or other routine or unplanned contact with, a supervisor or any other public safety officer. Claimants are also not eligible for reimbursement when the investigation is concerned solely and directly with alleged criminal activities. (Gov. Code, § 3303, subd. (i)).

1. When required by the seriousness of the investigation, compensating the peace officer for interrogations occurring during off-duty time in accordance with regular department procedures. (Gov. Code, § 3303, subd. (a)).

Included in the foregoing is the preparation and review of overtime compensation requests.

2. Providing prior notice to the peace officer regarding the nature of the interrogation and identification of the investigating officers. (Gov. Code, § 3303, subds. (b) and (c)).

Included in the foregoing is the review of agency complaints or other documents to prepare the notice of interrogation; determination of the investigating officers; redaction of the agency complaint for names of the complainant or other accused parties or witnesses or confidential information; preparation of notice or agency complaint; review by counsel; and presentation of notice or agency complaint to peace officer.



3. Tape recording the interrogation when the peace officer employee records the interrogation. (Gov. Code, § 3303, subd. (g)).  
Included in the foregoing is the cost of tape and storage, and the cost of transcription.
4. Providing the peace officer employee with access to the tape prior to any further interrogation at a subsequent time, or if any further proceedings are contemplated and the further proceedings fall within the following categories (Gov. Code, § 3303, subd. (g));
  - a) The further proceeding is not a disciplinary action;
  - b) The further proceeding is a dismissal, demotion, suspension, salary reduction or written reprimand received by a probationary or at-will employee whose liberty interest is not affected (i.e., the charges supporting the dismissal does not harm the employee's reputation or ability to find future employment);
  - c) The further proceeding is a transfer of a permanent, probationary or at-will employee for purposes of punishment;
  - d) The further proceeding is a denial of promotion for a permanent, probationary or at-will employee for reasons other than merit;
  - e) The further proceeding is an action against a permanent, probationary or at-will employee that results in disadvantage, harm, loss or hardship and impacts the career of the employee.

Included in the foregoing is the cost of tape copying.

5. Producing transcribed copies of any notes made by a stenographer at an interrogation, and copies of reports or complaints made by investigators or other persons, except those that are deemed confidential, when requested by the officer, in the following circumstances (Gov. Code, § 3303, subd. (g)):
  - a) When the investigation does not result in disciplinary action; and
  - b) When the investigation results in:
    - A dismissal, demotion, suspension, salary reduction or written reprimand received by a probationary or at-will employee whose liberty interest *is not* affected (i.e.; the charges supporting the dismissal do not harm the employee's reputation or ability to find future employment);
    - A transfer of a permanent, probationary or at-will employee for purposes of punishment;
    - A denial of promotion for a permanent, probationary or at-will employee for reasons other than merit; or
    - Other actions against a permanent, probationary or at-will employee that result in disadvantage, harm, loss or hardship and impact the career of the employee.

Included in the foregoing is the review of the complaints, notes or tape recordings for issues of confidentiality by law enforcement, human relations or counsel; cost of processing, service and retention of copies.

#### D. Adverse Comment

Performing the following activities upon receipt of an adverse comment (Gov. Code, §§ 3305 and 3306):

##### School Districts

- (a) If an adverse comment results in the deprivation of employment through dismissal, suspension, demotion, reduction in pay or written reprimand for a permanent peace officer, or harms the officer's reputation and opportunity to find future employment, then schools are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (b) If an adverse comment *is* obtained in connection with a promotional examination, then school districts are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to review and sign the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (c) If an adverse comment *is not* obtained in connection with a promotional examination, then school districts are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.

##### Counties

- (a) If an adverse comment results in the deprivation of employment through dismissal, suspension, demotion, reduction in pay or written reprimand for a permanent peace officer, or harms the officer's reputation and opportunity to find future employment, then schools are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (b) If an adverse comment *is* related to the investigation of a possible criminal offense, then counties are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to review and sign the adverse comment;

- Providing an opportunity to respond to the adverse comment within 30 days; and
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (c) If an adverse comment *is not* related to the investigation of a possible criminal offense, then counties obtained are entitled to reimbursement for:
- Providing notice of the adverse comment: and
  - Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.

Cities and Special Districts

- (a) If an adverse comment results in the deprivation of employment through dismissal, suspension, demotion, reduction in pay or written reprimand for a permanent peace officer, or harms the officer's reputation and opportunity to find future employment, then schools are entitled to reimbursement for:
- Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (b) If an adverse comment *is* related to the investigation of a possible criminal offense, then cities and special districts are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to review and sign the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.
- (c) If an adverse comment *is not* related to the investigation of a possible criminal offense, then cities and special districts are entitled to reimbursement for the following activities:
- Providing notice of the adverse comment;
  - Providing an opportunity to respond to the adverse comment within 30 days; and
  - Obtaining the signature of the peace officer on the adverse comment; or
  - Noting the peace officer's refusal to sign the adverse comment on the document and obtaining the signature or initials of the peace officer under such circumstances.

Included in the foregoing are review of circumstances or documentation leading to adverse comment by supervisor, command staff, human resources staff or counsel, including determination of whether same constitutes an adverse comment; preparation of comment and review for accuracy; notification and presentation of adverse comment to officer and notification concerning rights regarding same; review of response to adverse comment, attaching same to adverse comment and filing.

## **V. CLAIM PREPARATION AND SUBMISSION**

Claims 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 this document.

### **SUPPORTING DOCUMENTATION**

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

#### **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, the productive hourly rate, and related employee benefits.

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

##### **2. Materials and Supplies**

Only expenditures that can be identified as a direct cost 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 contracts 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. Submit contract consultant and attorney invoices with the claim. |

##### **4. 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.

## 5. Training

The cost of training an employee to perform the mandated activities 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 claimed 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 audit purposes, all costs claimed shall be traceable to source documents (e.g., employee time records, 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, and all reimbursement claims are subject to audit during the period specified in Government Code section 17558.5, subdivision (a).

All claims shall identify the number of cases in process at the beginning of the fiscal year, the number of new cases added during the fiscal year, the number of cases completed or closed during the fiscal year, and the number of cases in process at the end of the fiscal year.

## VII. OFFSETTING SAVINGS AND OTHER REIMBURSEMENT

Any offsetting savings the claimant experiences as a direct result of the subject mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received 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 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 claiming instructions, for those costs mandated by the State contained herein.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b>	For State Controller Use Only (19) Program Number 00239 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	Program <b>239</b>
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L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) PPBR-1, (03)(a)	
	County of Location		(23) PPBR-1, (03)(b)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) PPBR-1, (03)(c)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) PPBR-1, (03)(d)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) PPBR-1, (04)(1)(e)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) PPBR-1, (04)(2)(e)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) PPBR-1, (04)(3)(e)	
			(29) PPBR-1, (04)(4)(e)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20 ___	(12) <b>20</b> ___/20 ___	(30) PPBR-1, (06)	
<b>Total Claimed Amount</b>	(07)	(13)	(31) PPBR-1, (07)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32) PPBR-1, (09)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33) PPBR-1, (10)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer	Date
Type or Print Name	Title

(38) Name of Contact Person for Claim	Telephone Number ( ) - Ext.	
	E-Mail Address	

<b>Program</b> <b>239</b>	<b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete forms PPBR-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form PPBR-1, line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs are incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), or \$1,000, whichever is less.
- (15) If filing an actual reimbursement claim and an estimated 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 on 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. PPBR-1, (04), means the information is located on form PPBR, line (04). 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 cost percentage should be shown as a whole number without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.
- Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

**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**

**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**

<b>Program</b> <b>239</b>	<b>MANDATED COSTS</b> <b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>CLAIM SUMMARY</b>				<b>FORM</b> <b>PPBR-1</b>
(01) Claimant		(02) Type of Claim		Fiscal Year	
		Reimbursement <input type="checkbox"/>			
		Estimated <input type="checkbox"/>		20__/20__	
<b>Claim Statistics</b>					
(03) (a) Number of cases in process at the beginning of the fiscal year					
(b) Number of new cases added during the fiscal year					
(c) Number of cases completed or closed during the fiscal year					
(d) Number of cases in process at the end of the fiscal year					
<b>Direct Costs</b>		<b>Object Accounts</b>			
(04) Reimbursable Activities	(a)	(b)	(c)	(d)	(e)
	Salaries and Benefits	Materials and Supplies	Travel and Training	Contract Services	Total
1. Administrative Activities					
2. Administrative Appeal					
3. Interrogations					
4. Adverse Comment					
(05) Total Direct Costs					
<b>Indirect Costs</b>					
(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]				%
(07) Total Indirect Costs	[Line (05)(a) x line (06)]				
(08) Total Direct and Indirect Costs	[Line (05)(e) + line (07)]				
<b>Cost Reduction</b>					
(09) Less: Offsetting Savings, if applicable					
(10) Less: Other Reimbursements, if applicable					
(11) Total Claimed Amount	[Line (08) – {line (09) + line (10)}]				



<b>Program</b> <b>239</b>	<b>PEACE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>PPBR-1</b>
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- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year of costs.  
  
From PPBR-1 must be filed for a reimbursement claim. Do not complete form PPBR-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 PPBR-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) (a) Enter the number of cases that were processed at the beginning of the fiscal year.  
(b) Enter the number of new cases that were added during the fiscal year.  
(c) Enter the number of cases that were completed or closed during the fiscal year.  
(d) Enter the number of cases that were in process at the end of the fiscal year.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form PPBR-2, line (05), columns (d), (e), (f), and (g) to form PPBR-1, block (04) columns (a), (b), (c), and (d) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (e).
- (06) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(e), 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. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). 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.

<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">239</span>	<b>MANDATED COSTS</b> <b>POLICE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>PPBR-2</b>
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Component: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Administrative Activities	<input type="checkbox"/> Administrative Appeal
<input type="checkbox"/> Interrogations	<input type="checkbox"/> Adverse Comment

(04) Description of Expenses	<b>Object Accounts</b>
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(a) Employee Names, Job Classifications, Functions Performed, and Description of Expenses	(b) Hourly Rate or Unit Cost	(c) Hours Worked or Quantity	(d) Salaries and Benefits	(e) Materials and Supplies	(f) Travel and Training	(g) Contract Services

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___	
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<b>Program</b> <b>239</b>	<b>POLICE OFFICERS PROCEDURAL BILL OF RIGHTS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>PPBR-2</b>
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- (01) Enter the name of the claimant.
- (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 PPBR-2 shall be prepared for each applicable component.
- (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, travel and training expense, and contract services. **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 three years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. 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)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked				
<b>Benefits</b>	Title  Activities	Benefit Rate		Benefits = Benefit Rate x Salaries				
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used			
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days			Rate x Days or Miles		
Travel	Departure and Return Date	Mileage Rate  Travel Cost	Miles  Travel Mode			Total Travel Cost		
Training	Employee Name and Title  Name of Class		Dates Attended			Registration Fee		
<b>Contract Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service				Cost = Hourly Rate x Hour Worked	Invoice

- (05) Total line (04), columns (d), (e), (f), and (g) 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 costs, number each page. Enter totals from line (05), columns (d), (e), (f), and (g) to form PPBR-1, block (04), columns (a), (b), (c), and (d) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2002-07  
PHOTOGRAPHIC RECORD OF EVIDENCE  
(COMMUNITY COLLEGES)

In accordance with Government Code (GC) Section 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 the Photographic Record of Evidence (PRE) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Penal Code Section 1417.3, as added by Chapter 875, Statutes of 1985, and amended by Chapter 734, Statutes of 1986, and Chapter 382, Statutes of 1990, requires a photographic record of evidence, and in some instances a certified chemical analysis of the exhibit, for those exhibits in a criminal trial that pose a security, storage, or safety problem, or if the exhibit, by its nature, is toxic and poses a health hazard to humans.

On October 26, 2000, the COSM determined that Chapters 875/85, 734/86, and 382/90 established 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.

**Eligible Claimants**

Any community college district, with law enforcement agencies that introduce exhibits in criminal trials, and incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

**Filing Deadlines**

**A. Reimbursement Claims**

Reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Costs incurred in implementing the provisions of this program are reimbursable for fiscal years 1997-98, through 2000-01 and must be filed with the SCO and be delivered or postmarked on or before **September 4, 2002**. Estimated claims for 2001-02 fiscal year must also be delivered or postmarked on or before **September 4, 2002**. Thereafter, having received payment for an estimated claim, the claimant must file an annual 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.

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 will not be accepted.**

## **B. Estimated Claims**

Unless otherwise specified in the claiming instructions, school districts 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%. Claimants 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%, claimants 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. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

### **Minimum Claim Cost**

GC Section 17564 provides that no claim shall be filed pursuant to Sections 17551 and 17561, unless such a claim exceeds two hundred dollars (\$200), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds \$200, even if the individual school district's, direct service district's, or special district's claims do not each exceed \$200. The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the SCO, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

### **Reimbursement of 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 the 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 the 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 the 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 the 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

**Address for Filing Claims**

Submit a signed, original form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
Other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## **Parameters and Guidelines**

Penal Code Section 1417.3  
Statutes of 1985, Chapter 875  
Statutes of 1986, Chapter 734  
Statutes of 1990, Chapter 382

### ***Photographic Record of Evidence***

#### **I. SUMMARY AND SOURCE OF THE MANDATE**

Penal Code section 1417.3, as added by Statutes of 1985, chapter 875, and amended by Statutes of 1986, chapter 734, and Statutes of 1990, chapter 382, requires a photographic record of evidence, and in some instances a certified chemical analysis of the exhibit, for those exhibits in a criminal trial that pose a security, storage, or safety problem, or if the exhibit, by its nature, is toxic and poses a health hazard to humans.

On October 26, 2000, the Commission adopted its Statement of Decision that the test claim legislation constitutes a reimbursable state mandated program upon law enforcement agencies within the meaning of article XIII B, section 6 of the California Constitution and Government Code section 17514 for the following:

- Activities reasonably necessary to provide a photographic record of evidence for evidence that poses a security, safety, or storage problem as determined by the court. (Pen. Code, § 1417.3, subd. (a).)
- Activities reasonably necessary to provide a photographic record of evidence for evidence that poses a health hazard. (Pen. Code, § 1417.3, subd. (b).)
- The provision of a certified written chemical analysis of evidence that poses a health hazard. (Pen. Code, § 1417.3, subd. (b).)
- The storage of evidence that poses a security, safety, or storage problem as determined by the court. (Pen. Code, § 1417.3, subd. (a).)
- The storage of evidence that poses a health hazard. (Pen. Code, § 1417.3, subd. (b).)

#### **II. ELIGIBLE CLAIMANTS**

Counties, cities, or a city and county, school districts and special districts that have law enforcement agencies that introduce exhibits in criminal trials are eligible claimants.

#### **III. PERIOD OF REIMBURSEMENT**

Section 17557 of the Government Code states that a test claim must be submitted on or before June 30<sup>th</sup> following a fiscal year to establish eligibility for reimbursement for that fiscal year. This test claim was filed by the City of Los Angeles, Police Department on October 23, 1998. Therefore, costs incurred for Statutes of 1985, chapter 875, Statutes of 1986, chapter 734, and Statutes of 1990, chapter 382, are eligible for reimbursement on or after July 1, 1997.

Actual costs for one fiscal year shall be included in each claim. Estimated costs for the subsequent year may be included in the same claim, if applicable. Pursuant to Government Code

section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days from the date on which the State Controller issues claiming instructions.

If total costs for a given year do not exceed \$200.00, no reimbursement shall be allowed, except as otherwise allowed by Government Code section 17564.

#### **IV. REIMBURSABLE ACTIVITIES**

For each eligible claimant, the following activities are eligible for reimbursement:

##### **A. Administrative Activities**

1. Developing internal policies, procedures, and manuals, to implement the activities listed in sections IV.B, IV.C, and IV.D of these Parameters and Guidelines (one-time activity).
2. Maintaining files manually or electronically pursuant to implementation of activities listed in sections IV.B, IV.C, and IV.D. of these Parameters and Guidelines. The cost of this activity will be prorated for photographs actually introduced or offered as exhibits (ongoing activity).

##### **B. Photographic Record of Evidence (Pen. Code, § 1417.3(a))**

For exhibits that pose a security, safety, or storage problem as determined by the court, or for exhibits that pose a health hazard to humans, including the definition of hazardous waste in 40 Code of Federal Regulations part 261, or human health hazards which are subject to Health and Safety Code sections 117600 *et seq.*, or Health and Safety Code sections 25140, *et seq.*:

1. Purchasing equipment and supplies reasonably necessary to photograph the exhibits, whether for digital or film pictures, including, but not limited to: cameras, developing equipment, laser printers, software, film, computers, and storage.
2. Taking of the photographs, sorting and storing photographs, and developing and printing photographs. This activity is limited to photographs actually introduced or offered into evidence as exhibits. Claimant must provide supporting documentation with subsequent reimbursement claims that the court has deemed the exhibit a security, safety or storage problem by providing a copy of the court order, local rule, or other proof of the court's determination.

##### **C. Provision of Certified Written Chemical Analysis (Pen. Code, § 1417.3(b))**

For those exhibits that pose a health hazard to humans, the sampling, analysis, and preparation of a written report by a laboratory certified by the State of California for performing the chemical analysis. This does not include reimbursement for sampling, analysis, or report preparation for controlled substances, including those defined in Health and Safety Code sections 11054 *et seq.* unless the exhibit is toxic and poses a health hazard to humans.



D. Storage of Exhibits (Cal. Code of Regs., tit. 2, § 1183.1(a))

For exhibits that pose a security, safety, or storage problem as determined by the court, or for exhibits that pose a health hazard to humans for which the local entity offers or introduces a photographic record of evidence:

Transportation to and maintenance within an appropriate storage facility for the type of exhibit. Storage of the exhibit shall be from the time of photographing until after final determination of the action as prescribed by Penal Code sections 1417.1, 1417.5, 1417.6, or court order or rule of court that dictates the retention schedule for exhibits in criminal trials.

**V. CLAIM PREPARATION AND SUBMISSION**

Each claim for reimbursement pursuant to this mandate must be timely filed and identify each of the following cost elements for each reimbursable activity identified in section IV of this document.

A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. Direct costs that are eligible for reimbursement are:

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 these 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 based on an appropriate and recognized method of costing, consistently applied.

3. Contracted Services

Report the name(s) of the contractor(s) and service(s) 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.

## 6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services.

## B. Indirect Costs

Compensation for indirect costs is eligible for reimbursement.

### 1. School Districts

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

County offices of education must use the J-580 (or subsequent replacement) nonrestrictive 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.

### 2. Counties, Cities and Special Districts

Claimants have the option of using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachment A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB Circular A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the two following methodologies:

- a. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.
- b. The allocation of allowable indirect costs (as defines and described in OMB Circular A-87 Attachment A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

## **VI. SUPPORTING DATA**

### **A. Source Documents**

For auditing purposes, all incurred costs claimed must be traceable to source documents that show evidence of the validity and their relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and date relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements.

### **B. Record Keeping**

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 chapter is subject to audit by the State Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended. See the State Controller's claiming instructions regarding retention of required documentation during the audit period.

## **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings the claimant experiences in the same program as a result of the same statute or executive orders found to contain the mandate shall be deducted from the costs claimed. In addition, reimbursement for this mandate received 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. This includes offsets pursuant to Health and Safety Code section 11642, subdivision (c)(1) which authorizes the State Controller, to the extent funds are available, to reimburse counties with population under 1.75 million for the cost of removal, disposal or storage of toxic waste from clandestine drug labs.

## **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 claiming instructions, for those costs mandated by the state contained herein.

## **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Parameters and guidelines may be amended pursuant to Title 2, California Code of Regulations, section 1183.2.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES)</b>	For State Controller Use Only	Program <span style="font-size: 2em; font-weight: bold;">240</span>
	(19) Program Number 00240	
	(20) Date Filed ___/___/___	
	(21) LRS Input ___/___/___	

L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) PRE-1, (04)(1)(f)	
	County of Location		(23) PRE-1, (04)(2)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) PRE-1, (04)(3)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) PRE-1, (04)(4)(f)	
	<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>	(26) PRE-1, (06)
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(27) PRE-1, (07)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(28) PRE-1, (09)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(29) PRE-1, (10)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/___ <b>20</b> ___	(12) <b>20</b> ___/___ <b>20</b> ___	(30)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
 Type or Print Name \_\_\_\_\_ Title \_\_\_\_\_

(38) Name of Contact Person for Claim Telephone Number ( ) - Ext. \_\_\_\_\_  
 E-Mail Address \_\_\_\_\_

<b>Program</b> <b>240</b>	<b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended estimated claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form PRE-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended reimbursement claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form PRE-1, line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter the product of multiplying line (13) by the factor 0.10 (10% penalty), not to exceed \$1,000.
- (15) If filing a reimbursement claim or an estimated 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 on 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., PRE-1, (04)(1)(f), means the information is located on form PRE-1, line (04)(1), column (f). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS 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**

<b>Program</b> <b>240</b>	<b>MANDATED COSTS</b> <b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES)</b> <b>CLAIM SUMMARY</b>	<b>FORM</b> <b>PRE-1</b>
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(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>	Fiscal Year 20__/20__
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**Claim Statistics**

(03) (Leave Blank)

Direct Costs	Object Accounts					
(04) Reimbursable Components	(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Fixed Assets	(e) Travel and Training	(f) Total
1. Administrative Activities						
2. Photographic Record of Evidence						
3. Provision of Certified Written Chemical Analysis						
4. Storage of Exhibits						
(05) Total Direct Costs						

**Indirect Costs**

(06) Indirect Cost Rate	[Federally approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs	[Line (05)(a) x line (06)]	
(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)}]

<b>Program</b> <b>240</b>	<b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES)</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>PRE-1</b>
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- (01) Enter the name of the claimant.
- (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 PRE-1 must be filed for a reimbursement claim. Do not complete form PRE-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 PRE-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Leave blank.
- (04) Reimbursable Components. For each reimbursable component, enter the totals from form PRE-2, line (05), columns (d) through (h), to form PRE-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. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
- (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.



<b>Program 240</b>	<b>MANDATED COSTS PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES) COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM PRE-2</b>
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Administrative Activities	<input type="checkbox"/> Photographic Record of Evidence
<input type="checkbox"/> Provision of Certified Written Chemical Analysis	<input type="checkbox"/> Storage of Exhibits

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

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___						
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<b>Program</b> <span style="font-size: 2em;"><b>240</b></span>	<b>PHOTOGRAPHIC RECORD OF EVIDENCE (COMMUNITY COLLEGES)</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>PRE-2</b>
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- (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 PRE-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 PRE-2 shall be prepared for each applicable component.
- (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 and training expenses. **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 three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claims are filed, the time for the Controller to initiate an audit shall be three 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 supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Title Activities	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked or Total Contract			Copy of Contract
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Usage		
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days					Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode					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 PRE-1, block (05), columns (a) through (e) in the appropriate row.

OFFICE OF THE STATE CONTROLLER  
STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 2002-09  
SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS  
(MEGAN'S LAW)  
(COMMUNITY COLLEGE DISTRICTS)

In accordance with Government Code (GC) Section 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 the Sex Offenders: Disclosure by Law Enforcement Officers (SOD) program. These claiming instructions are issued subsequent to adoption of the program's parameters and guidelines (P's & G's) by the Commission on State Mandates (COSM).

Penal Code Sections (PC) Sections 290 and 290.4, as added by Chapter 908, Statutes of 1996, et seq require the registration of certain convicted sex offenders and public disclosure of their identity by local law enforcement agencies.

On August 23, 2001, the COSM determined that Chapter 908/96 et seq, established 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.

**Eligible Claimants**

Any community college district 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 reimbursement claims must be filed within 120 days from the issuance date of claiming instructions. Reimbursement claims for fiscal years 1996-97 through 2001-02 must be filed with the SCO and be delivered or postmarked on or before **October 1, 2002**. Estimated claims for the 2002-03 fiscal year must also be delivered or postmarked on or before **October 1, 2002**. Thereafter, having received payment for an estimated claim, the claimant must file an annual 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. The claiming periods for the reimbursable activities listed in **IV.**, beginning on page 2 of the P's and G's, are as follows:

**One-Time Activities**

- **IV. A. 1. - Training**

Claiming Period - Fiscal years 1996-97 to 2001-02

- **IV. A. 2. - Policies and Procedures**

Claiming Period - Fiscal years 1996-97 to 2001-02

- **IV. A. 3. - Notice to Sex Offenders**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

### **On-Going Activities**

- **IV. B. 1. - Transmission to Department of Justice (DOJ)**

Claiming Period - January 1, 1999, to June 30, 1999, and fiscal years 1999-00 to 2001-02.

- **IV. B. 2. - Removal from Local Files**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

- **IV. B. 3. - Pre-Registration**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

- **IV. B. 4. - Employer Verification**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

- **IV. B. 5. - Vehicle Verification**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

- **IV. B. 6. - Residential Verification**

Claiming Period - January 1, 1999, to June 30, 1999, and fiscal years 1999-00 to 2001-02.

- **IV. B. 7. - Re-Evaluation**

Claiming Period - September 25, 1996, to June 30, 1997, and fiscal years 1997-98 to 2001-02.

- **IV. B. 8. - Information Maintenance**

Claiming Period - September 25, 1996, to June 30, 1997, and fiscal years 1997-98 to 2001-02 .

- **IV. B. 9. - Access Provision**

Claiming Period - September 25, 1996, to June 30, 1997, and fiscal years 1997-98 to 2001-02. **This claiming period terminates on December 31, 2003, since PC § 290.4 is only operative until January 1, 2004.**

- **IV. B. 10. - Record Maintenance**

Claiming Period - October 8, 1997, to June 30, 1998, and fiscal years 1998-99 to 2001-02.

Costs for all initial reimbursement claims must be filed separately according to the fiscal year in which the costs were incurred. However, the initial claims will be considered as one claim for the purpose of computing the late claim penalty. Do not prorate the penalty among fiscal years. If the claims are late, the penalty should be applied to a single fiscal year.

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 will not be accepted.**

**B. Estimated Claims**

Unless otherwise specified in the claiming instructions, school districts 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%. Claimants 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%, claimants 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. Future estimated claims filed with the SCO must be postmarked by January 15 of the fiscal year in which costs will be incurred. Claims filed timely will be paid before late claims.

**Minimum Claim Cost**

GC Section 17564 provides that no claim shall be filed pursuant to GC Sections 17551 and 17561, unless such a claim exceeds two hundred dollars (\$200), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds \$200, even if the individual school district's, direct service district's, or special district's claims do not each exceed \$200. The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. A combined claim must show the individual claim costs for each eligible district. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the SCO, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim.

**Reimbursement of Claims**

Initial reimbursement claims will only be reimbursed to the extent that expenditures can be supported. 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 the SCO are reviewed to determine if costs are related to the mandate, are reasonable and not excessive, and if the claim was prepared in accordance with the P's & G's adopted by the 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 the 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 the 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](http://www.sco.ca.gov/ard/local/locreim/index.htm).

### **Address for Filing Claims**

Submit a signed, original form FAM-27, Claim for Payment, and all other forms and supporting documents (no copies necessary) to:

If delivered by  
U.S. Postal Service:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
P.O. Box 942850  
Sacramento, CA 94250

If delivered by  
other delivery services:

Office of the State Controller  
Attn: Local Reimbursements Section  
Division of Accounting and Reporting  
3301 C Street, Suite 500  
Sacramento, CA 95816

## **Parameters and Guidelines**

Penal Code Sections 290 and 290.4

Statutes of 1996, Chapters 908 and 909

Statutes of 1997, Chapters 17, 80, 817, 818, 819, 820, 821, and 822

Statutes of 1998, Chapters 485, 550, 927, 928, 929, and 930

*Sex Offenders: Disclosure by Law Enforcement Officers  
("Megan's Law")*

### **I. SUMMARY OF THE MANDATE**

The test claim legislation (Penal Code sections 290 and 290.4) concerns the registration of certain convicted sex offenders and public disclosure of their identity by local law enforcement agencies. Section 290 specifically relates to the registration of these sex offenders when they are released from incarceration, when they move or change their temporary or permanent residence, or when they update their registration on an annual basis. Section 290 also allows local law enforcement agencies to disclose the identities of sex offenders to the public when a peace officer reasonably suspects that it is necessary to protect the public. Section 290.4 requires the Department of Justice to continually compile and maintain information regarding the identity of convicted sex offenders and to establish a "900" telephone number and CD-ROM program for public access of this information. The Department of Justice must distribute the information obtained on convicted sex offenders by CD-ROM or other electronic medium to local law enforcement agencies who in turn "may" then provide public access to the information. However, municipal police departments of cities with a population of less than 200,000 are exempt from this requirement.

On August 23, 2001, the Commission on State Mandates (Commission) adopted its Statement of Decision partially approving the test claim. The Commission found that the following required activities are a "new program or higher level of service" under article XIII B, section 6 of the California Constitution and result in "costs mandated by the state" within the meaning of Government Code section 17514:

- Submission of Registered Sex Offender information to the Department of Justice's Violent Crime Information Network by Local Law Enforcement Agencies (Pen. Code, §290, subd. (a)(1)(F).)
- Removal of Registration for Decriminalized Conduct (Pen. Code, §290, subd. (a)(2)(F)(i).)
- Pre-register (Pen. Code, §290, subd. (e)(1)(A-C).)
- Contents of Registration Upon Release (Pen. Code, §290, subd. (e)(2)(A-E).)
- Notice of Reduction of Registration Period (Pen. Code, §290, subd. (l)(1).)
- High-Risk Sex Offenders (Pen. Code, §290, subd. (n).)
- CD ROM (Pen. Code, §290.4, subd. (4)(A-C).)

- Records Retention (Pen. Code, §290, subd. (o).)

Lastly, the Commission found that all other activities in the test claim legislation did not constitute a reimbursable state mandated program pursuant to article XIII B, section 6 of the California Constitution.

## II. ELIGIBLE CLAIMANTS

Any county, city, city and county, or community college district, that has incurred increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs, except as limited in Section IV, activity 12.

## III. PERIOD OF REIMBURSEMENT

Government Code section 17551, prior to its amendment by Statutes of 1998, chapter 681, (effective September 22, 1998), stated that a test claim must be submitted on or before December 31 following a given fiscal year to establish eligibility for reimbursement for that fiscal year. The test claim for this mandate was filed on December 30, 1997. Therefore, costs incurred on or after July 1, 1996, for compliance with the mandate are reimbursable, unless otherwise specified below.<sup>1</sup>

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 Government Code section 17561, subdivision (d)(1), all claims for reimbursement of initial years' costs shall be submitted within 120 days of notification by the State Controller of the issuance of claiming instructions.

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

## IV. REIMBURSABLE ACTIVITIES

For each eligible claimant, the following activities are eligible for reimbursement:

### A. One-Time Activities

1. Train staff on implementing the reimbursable activities listed in Section IV, activities 2 through 13, of these parameters and guidelines. (One-time activity per employee.)
2. Develop internal policies, procedures, and manuals to implement *Sex Offenders: Disclosure by Law Enforcement Officers ("Megan's Law")*.
3. Notify every registered sex offender convicted prior to January 1, 1997, within the claimant's jurisdiction of the reduction in the time to register or reregister from 14 days to 5 days. (Pen. Code, § 290, subd. (1)(1).)<sup>2</sup> (*Reimbursement period begins October 8, 1997.*)

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<sup>1</sup> The statutes have different operative dates, therefore the reimbursement period for some activities may begin on a different date.

<sup>2</sup> As amended by Statutes of 1997, chapter 821, an urgency statute effective October 8, 1997.



## B. On-Going Activities

1. Develop, collect, and transmit sex offender registrations from the local jurisdiction directly into the Department of Justice Violent Crime Information Network. (Pen. Code, § 290, subd. (a)(1)(F).)<sup>3</sup> (*Reimbursement period begins January 1, 1999.*)
2. Remove a sex offender's registration from the local jurisdiction's files within 30 days of receiving notice to do so from the Department of Justice. (Pen. Code, § 290, subd. (a)(2)(F)(i).)<sup>4</sup> (*Reimbursement period begins October 8, 1997.*)
3. If the local law enforcement agency is the current place of incarceration, pre-registration of a convicted sex offender, including the obtaining of a current photograph and fingerprints of the offender as well as a written statement relaying information as is required by the Department of Justice. Notify the sex offender as acknowledgement of the information contained within the pre-registration statement. (Pen. Code, § 290, subd. (e)(1)(A-C).)<sup>5</sup> (*Reimbursement period begins October 8, 1997.*)
4. Verify that the sex offender's signed statement contains the name and address of the offender's employer, and the address of the offender's place of employment if it is different from the employer's main address. (Pen. Code, § 290, subd. e)(2)(A).<sup>6</sup> (*Reimbursement period begins October 8, 1997.*)
5. Verify that the offender's registration includes information related to any vehicle regularly driven by the offender, including license number, make, model, and such other information as may be requested by the Department of Justice. (Pen. Code, § 290, subd. (e)(2)(C).)<sup>7</sup> (*Reimbursement period begins October 8, 1997.*)
6. Verify that the convicted sex offender has adequate proof of residence, as determined by the Department of Justice; proof of residence is currently limited to a California driver's license, California identification card, recent rent or utility receipt, printed personalized checks or other recent banking documents, or any other information that the registering official believes is reliable. If the offender does not have a residence, and no reasonable expectation of obtaining a residence in the foreseeable future, then the local law enforcement agency shall obtain a statement to that effect from the sex offender. (Pen. Code, § 290, subd. (e)(2)(E).)<sup>8</sup> (*Reimbursement period begins January 1, 1999.*)
7. Provide high-risk sex offenders a printed form from the Department of Justice regarding reevaluation in order to be removed from the high-risk classification. (Pen. Code, § 290, subd. (n)(1)(G)(ii).)<sup>9</sup> (*Reimbursement period begins September 25, 1996.*)

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<sup>3</sup> As added by Statutes of 1998, chapter 929.

<sup>4</sup> As added by Statutes of 1997, chapter 821.

<sup>5</sup> As added by Statutes of 1997, chapter 821.

<sup>6</sup> As added and amended by Statutes of 1997, chapter 821.

<sup>7</sup> As added and amended by Statutes of 1997, chapter 821.

<sup>8</sup> As added by Statutes of 1998, chapters 928 and 929.

<sup>9</sup> As added by Statutes of 1996, chapter 908, an urgency statute effective September 25, 1996.

8. (Maintain such photographs and statistical information concerning high-risk sex offenders as is received quarterly from the Department of Justice. (Pen. Code, § 290, subd. (n)(2).)<sup>10</sup> (*Reimbursement period begins September 25, 1996.*)
9. For sheriff's departments in each county, municipal police departments of cities with a population of more than 200,000, and police departments or community college districts, to provide the necessary equipment, and staff assistance for the public to access the sex offender information provided by the Department of Justice on CD-ROM or other electronic medium, and to obtain information from individuals requesting access to the CD-ROM as required by the Department of Justice. (Pen. Code, § 290.4, subd. (a)(4)(A).)<sup>11</sup> (*Reimbursement period: September 25, 1996 through December 31, 2003.*)
10. Maintain records of those persons requesting access to the information contained within the CD-ROM or other electronic medium for a minimum of five years, and costs of destruction of such records at the end of such time. Additionally, a record of the means and dates of dissemination of information regarding high-risk offenders must be maintained for a minimum of five years, and costs of destruction at the end of such time. (Pen. Code, § 290, subd. (o).)<sup>12</sup> (*Reimbursement period begins October 8, 1997.*)

## V. CLAIM PREPARATION AND SUBMISSION

Each reimbursement claim for this mandate must be timely filed. Each of the following cost elements must be identified for each reimbursable activity identified in Section IV of this document.

### A. Direct Cost Reporting

Direct costs are those costs incurred specifically for the reimbursable activities. Direct costs that are eligible for reimbursement are:

#### 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

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<sup>10</sup> As added by Statutes of 1996, chapter 908.

<sup>11</sup> As added by Statutes of 1996, chapter 908. Penal Code section 290.4 contains a sunset provision wherein it is only operative until January 1, 2004.

<sup>12</sup> As amended by Statutes of 1997, chapter 821.

Report the name of the contractor and services performed to implement the reimbursable activities. 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 services that were performed during the period covered by the reimbursement claim. 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 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.

#### 6. Training

Report the cost of training an employee to perform the reimbursable activities, as specified in Section IV of this document. Report the name and job classification of each employee preparing for, attending, and/or conducting training necessary to implement the reimbursable activities. Provide the title, subject, and purpose (related to the mandate of the training session), dates attended, and location. If the training encompasses subjects broader than the reimbursable activities, only the pro-rata portion can be claimed. Report employee training time for each applicable reimbursable activity according to the rules of cost element A.1, Salaries and Benefits, and A.2, Materials and Supplies. Report the cost of consultants who conduct the training according to the rules of cost element A.3, Contracted Services. This data, if too voluminous to be included with the claim, may be reported in a summary. However, supporting data must be maintained as described in Section VI.

### B. Indirect Cost Rates

Indirect costs are costs that 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 the central government services distributed to the other departments based on a systematic and rational basis through a cost allocation plan.

#### Cities and Counties

Compensation for indirect costs is eligible for reimbursement utilizing the procedure provided in the Office of Management and Budget (OMB) Circular A-87. Claimants have the option of

using 10% of direct labor, excluding fringe benefits, or preparing an Indirect Cost Rate Proposal (ICRP) if the indirect cost rate claimed exceeds 10%.

If the claimant chooses to prepare an ICRP, both the direct costs (as defined and described in OMB Circular A-87 Attachments A and B) and the indirect costs shall exclude capital expenditures and unallowable costs (as defined and described in OMB A-87 Attachments A and B). However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.

The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.

In calculating an ICRP, the Claimant shall have the choice of one of the following methodologies:

1. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) classifying a department's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected; or
2. The allocation of allowable indirect costs (as defined and described in OMB Circular A-87 Attachments A and B) shall be accomplished by (1) separating a department into groups, such as divisions or sections, and then classifying the division's or section's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable distribution base. The result of this process is an indirect cost rate that is used to distribute indirect costs to mandates. The rate should be expressed as a percentage which the total amount allowable indirect costs bears to the base selected.

### Community Colleges

Community colleges have the option of using: (1) a federally approved rate, utilizing the cost accounting principles from the OMB 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. SUPPORTING DATA**

### **A. Source Documents**

For auditing purposes, all incurred costs claimed must be traceable to source documents that show evidence of their validity and relationship to the reimbursable activities. Documents may include, but are not limited to, worksheets, employee time records or time logs, cost allocation reports (system generated), invoices, receipts, purchase orders, contracts, agendas, training packets with signatures and logs of attendees, calendars, declarations, and data relevant to the reimbursable activities otherwise reported in compliance with local, state, and federal government requirements.

### **B. Record Keeping**

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 chapter is subject to audit by the State Controller no later than two years after the end of the calendar year in which the reimbursement claim is filed or last amended.\* See the State Controller's claiming instructions regarding retention of required documentation during the audit period.

## **VII. OFFSETTING SAVINGS AND REIMBURSEMENTS**

Any offsetting savings 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 received 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 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 claiming instructions, for those costs mandated by the State contained herein.

## **IX. PARAMETERS AND GUIDELINES AMENDMENTS**

Parameters and guidelines may be amended pursuant to Title 2, California Code of Regulations section 1183.2.

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

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS</b> <b>(MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS)</b>	For State Controller Use Only (19) Program Number 00241 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">241</span>
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LABEL HERE	(01) Claimant Identification Number	<b>Reimbursement Claim Data</b>	
	(02) Claimant Name	(22) SOD-1, (04)(A)(1)(f)	
	County of Location	(23) SOD-1, (04)(A)(2)(f)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>	(24) SOD-1, (04)(A)(3)(f)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>	(25) SOD-1, (04)(B)(1)(f)	

Type of Claim	Estimated Claim	Reimbursement Claim	
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) SOD-1, (04)(B)(2)(f)
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) SOD-1, (04)(B)(3)(f)
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) SOD-1, (04)(B)(4)(f)
			(29) SOD-1, (04)(B)(5)(f)
<b>Fiscal Year of Cost</b>	(06) <b>20___/20___</b>	(12) <b>20___/20___</b>	(30) SOD-1, (04)(B)(6)(f)
<b>Total Claimed Amount</b>	(07)	(13)	(31) SOD-1, (04)(B)(7)(f)
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32) SOD-1, (04)(B)(8)(f)
<b>Less: Prior Claim Payment Received</b>		(15)	(33) SOD-1, (04)(B)(9)(f)
<b>Net Claimed Amount</b>		(16)	(34) SOD-1, (04)(B)(10)(f)
<b>Due from State</b>	(08)	(17)	(35) SOD-1, (06)
<b>Due to State</b>		(18)	(36)

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college district to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer	Date
Type or Print Name	Title
(38) Name of Contact Person for Claim	Telephone Number ( ) - Ext.
	E-Mail Address

<b>Program 241</b>	<b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS (MEGAN'S LAW) (COMMUNITY COLLEGE DISTRICTS) Certification Claim Form Instructions</b>	<b>FORM FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03) Estimated.
- (04) Leave blank.
- (05) If filing an amended claim, enter an "X" in the box on line (05) Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form SOD-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09) Reimbursement.
- (10) Leave blank.
- (11) If filing an amended claim, enter an "X" in the box on line (11) Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form SOD-1, line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter 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 an estimated 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 on 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., SOD-1, (04)(A)(1)(g), means the information is located on form SOD-1, line (04)(A)(1), column (g). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person to contact if additional information is required.

**SUBMIT A SIGNED ORIGINAL, AND A COPY OF FORM FAM-27, WITH ALL OTHER FORMS AND SUPPORTING DOCUMENTS 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**

<b>Program 241</b>	<b>MANDATED COSTS SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS (MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS) CLAIM SUMMARY</b>					<b>FORM SOD-1</b>
(01) Claimant			(02) Type of Claim		Fiscal Year	
			Reimbursement	<input type="checkbox"/>	20__/20__	
			Estimated	<input type="checkbox"/>		
<b>Claim Statistics</b>						
(03) Leave blank.						
<b>Direct Costs</b>		<b>Object Accounts</b>				
(04) Reimbursable Components		(a) Salaries and Benefits	(b) Materials and Supplies	(c) Contract Services	(d) Fixed Assets	(e) Travel and Training
<b>A. One-Time Costs</b>						(f) Total
1. Training						
2. Policies and Procedures						
3. Notice to Sex Offenders						
<b>B. Ongoing Costs</b>						
1. Transmission to DOJ						
2. Removal from Local Files						
3. Pre-Registration						
4. Employer Verification						
5. Vehicle Verification						
6. Residential Verification						
7. Re-Evaluation						
8. Information Maintenance						
9. Access Provision						
10. Record Maintenance						
(05) Total Direct Costs						
<b>Indirect Costs</b>						
(06) Indirect Cost Rate		[Federally approved OMB A-21, FAM-29C, or 7%]				%
(07) Total Indirect Costs		[Line (06) x line (05)(a)]				
(08) Total Direct and Indirect Costs		[Line (05)(f) + line (07)]				
<b>Cost Reduction</b>						
(09) Less: Offsetting Savings						
(10) Less: Other Reimbursements						
(11) Total Claimed Amount		[Line (08) - {line (09) + line (10)}]				



<b>Program 241</b>	<b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS (MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS)</b>  <b>CLAIM SUMMARY</b>  <b>Instructions</b>	<b>FORM SOD-1</b>
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- (01) Enter the name of the claimant.
- (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 SOD-1 must be filed for a reimbursement claim. Do not complete form SOD-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 SOD-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) Leave blank.
- (04) Reimbursable Components. For each reimbursable component, enter the total from form SOD-2, line (05), columns (d) through (h) to form SOD-1, block (05), columns (a) through (e) in the appropriate row. Total each row.
- (05) Total Direct Costs. Total columns (a) through (f).
- (06) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06), by the Total Salaries and Benefits, line (05)(a).
- (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, that 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.

<b>Program 241</b>	<b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS (MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS) COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM SOD-2</b>
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(01) Claimant	(02) Fiscal Year
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<b>One-Time</b> <input type="checkbox"/> Training	<input type="checkbox"/> Policies and Procedures	<input type="checkbox"/> Notice to Sex Offenders
<b>Ongoing</b> <input type="checkbox"/> Transmission to DOJ	<input type="checkbox"/> Removal from Local Files	<input type="checkbox"/> Pre-Registration
<input type="checkbox"/> Employer Verification	<input type="checkbox"/> Vehicle Verification	<input type="checkbox"/> Residential Verification
<input type="checkbox"/> Re-Evaluation	<input type="checkbox"/> Information Maintenance	<input type="checkbox"/> Access Provision
<input type="checkbox"/> Record Maintenance		

(04) Description of Expenses			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 and Benefits	(e) Materials and Supplies	(f) Contract Services	(g) Fixed Assets	(h) Travel and Training

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ____ of ____						
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<b>Program</b> <span style="font-size: 2em; font-weight: bold;">241</span>	<b>SEX OFFENDERS: DISCLOSURE BY LAW ENFORCEMENT OFFICERS                  (MEGAN'S LAW) - (COMMUNITY COLLEGE DISTRICTS)</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>SOD-2</b>
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- (01) Claimant. Enter the name of the claimant.
- (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 SOD-2 shall be prepared for each applicable component.
- (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 and training expenses. **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 three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claims are filed, the time for the Controller to initiate an audit shall be three 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 supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	
<b>Salaries</b>	Employee Name/Title	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked					
<b>Benefits</b>	Activities Performed	Benefit Rate		Benefits = Benefit Rate x Salaries					
<b>Materials and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used				
<b>Contract Services</b>	Name of Contractor Specific Tasks Performed	Hourly Rate	Hours Worked Inclusive Dates of Service			Cost = Hourly Rate x Hours Worked			Copy of Contract and Invoices
<b>Fixed Assets</b>	Description of Equipment Purchased	Unit Cost	Usage				Cost = Unit Cost x Quantity Used		
<b>Travel and Training</b>	Purpose of Trip Name and Title	Per Diem Rate	Days					Cost = Rate x Days or Miles	
Travel	Departure and Return Date	Mileage Rate Travel Cost	Miles Travel Mode					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 SOD-1, block (05), columns (a) through (e) in the appropriate row.

# THREATS AGAINST PEACE OFFICERS

## 1. Summary of the Mandate

Chapter 1249, Statutes of 1992, added Penal Code section 832.9. This statute requires school districts employing peace officers to reimburse the officer or any member of his or her immediate family for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer or his or her immediate family as a result of the peace officer's employment.

Chapter 666, Statutes of 1995, amended Penal Code section 832.9, by specifying guidelines for reimbursement.

On April 24, 1997, the Commission determined that the requirements of Penal Code section 832.9, as added by Chapter 1249, Statutes of 1992 and amended by Chapter 666, Statutes of 1995, imposed upon school districts, a new program or higher level of service, within the meaning of section 6, article XIII B of the California Constitution and section 17514 of the Government Code.

## 2. Eligible Claimants

Any community college district, employing peace officers pursuant to Penal Code section 830, and incurring increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

## 3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. Funding for payment of initial claims covering fiscal years 1995-96, 1996-97, and 1997-98 may be made available in a future appropriation act subject to the approval of the Legislature and the Governor.

To determine if this program is funded in subsequent fiscal years, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the *Annual Claiming Instructions for State Mandated Costs* issued in September of each year to county superintendents of schools and superintendents of schools.

## 4. Types of Claims

### A. Reimbursement and Estimated Claims

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

### B. Minimum Claim

Government Code section 17564(a) provides that no claim shall be filed pursuant to Government Code section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county superintendent of schools, as fiscal agent for the school district, may submit a combined claim in excess of \$200 on behalf of one or more districts within the county even if the individual district's claim does not exceed \$200. A combined claim must show the individual costs for each district. Once a combined claim is filed, all subsequent years relating to the same mandate must be filed in a combined form. The county receives the reimbursement payment and is responsible for disbursing funds to each participating district. A district may withdraw from the combined claim form by providing a written notice of its intent to file a

separate claim, to the county superintendent of schools and the State Controller's Office at least 180 days prior to the deadline for filing the claim.

## 5. Filing Deadline

### A. Initial Claims

Pursuant to Government Code section 17561, subdivision (d)(3), initial claims must be filed within 120 days from the issuance of claiming instructions. Accordingly:

Reimbursement claims detailing the actual costs incurred for the 1995-96, and 1996-97 fiscal years must be filed with the State Controller's Office and postmarked by September 1, 1998. If the reimbursement claim is filed after the deadline of September 1, 1998, the approved claim must be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

Estimated claims for costs to be incurred during the 1997-98 fiscal year must be filed with the State Controller's Office and postmarked by September 1, 1998. Timely filed estimated claims are paid before late claims. If a payment is received for the estimated claim, a 1997-98 reimbursement claim must be filed by November 30, 1998.

### B. Annually Thereafter

Refer to the item, "Reimbursable State Mandated Cost Programs", contained in the annual cover letter for mandated cost programs issued annually in September, which identifies the fiscal years for which claims may be filed. If an "x" is shown for the program listed under "19\_\_-19\_\_ Reimbursement Claim", and/or "19\_\_-19\_\_ Estimated Claim", claims may be filed as follows:

An estimated claim filed with the State Controller's Office must be postmarked by November 30 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.

After having received payment for an estimated claim, the claimant must file a reimbursement claim by November 30 of the following fiscal year. If the district fails to file a reimbursement claim, monies received for the estimated claim must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. For information regarding appropriations for reimbursement claims, refer to the schedule, "Appropriation for State Mandated Cost Programs," in the previous fiscal year's annual claiming instructions.

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

## 6. Reimbursable Components

For each eligible claimant, the direct and indirect cost of labor, supplies, and services incurred for the following mandated components are reimbursable:

### A. Moving and Relocation Expenses from July 1, 1995 through December 31, 1995

#### (1) Review and Approval of Claims

Review and approve claims for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer, or his, or her immediate family as a result of the peace officer's employment. Costs incurred before and after the change of residence, including the cost of moving household effects either by commercial household goods carrier or by the employee, are reimbursable.

#### (2) Payment of Expenses

Payment of the approved reimbursement to the peace officer or member of the immediate

family residing with the officer for actual and necessary moving and relocation expenses.

**B. Moving and Relocation Expenses from January 1, 1996 to Present****(1) Notification of a Threat**

Receipt of notification of a credible threat. (Penal Code section 832.9, subdivisions (b)(5) and (c)).

**(2) Approval of Relocation Plans**

Approval of relocation plans and if necessary, verification of residency of any immediate family member. (Penal Code section 832.9, subdivisions (a), (b)(3), and (d)).

**(3) Review and Approval of Claims**

Review and approval of claims for actual and necessary moving and relocation expenses incurred when it is necessary to move because the officer has received a threat that a life threatening action may be taken against the officer, or his, or her immediate family as a result of the peace officer's employment. Costs incurred before and after the change of residence, including the cost of moving household effects either by commercial household goods carrier or by the employee. Approval of "actual and necessary relocation costs" is subject to the limitations set forth in Penal Code section 832.9, as amended by Chapter 666, Statutes of 1995.

**(4) Payment of Expenses**

Payment of the approved reimbursement to the peace officer or member of the immediate family for actual and necessary moving and relocation expenses.

**7. Reimbursement Limitations**

A. Litigation expenses "allowable as costs" and "not allowable as costs" pursuant to section 1033.5 of the Code of Civil Procedure, are not reimbursable if incurred by claimants and/or local law enforcement agencies responding to and/or defending claims or actions brought under Penal Code section 832.9.

B. After January 1, 1996, the following costs are not reimbursable:

**(1) Moving Costs**

Moving Costs that are not included in the Department of Personnel Administration rules governing promotional relocations, (Penal Code section 832.9, subdivision (b)(1). Refer to DPA Article 7, beginning on page 7.)

**(2) Loss/Decrease in Value**

Loss or decrease in value of a peace officer's residence due to a forced sale, (Penal Code section 832.9, subdivision (b)(2).)

**(3) Unapproved Expenses**

Costs incurred by a peace officer or the immediate family without prior approval of the appointing authority, (Penal Code section 832.9, subdivision (b)(3).)

**(4) Unauthorized Payment of Salaries**

Unauthorized payment of the peace officer's salary while moving, (Penal Code section 832.9, subdivision (b)(4).)

**(5) Temporary Housing**

Temporary relocation housing which exceeds 60 days, (Penal Code section 832.9, subdivision (b)(6).)

**(6) Relocation Costs**

Relocation costs incurred 120 days after the original notification of a viable threat if the peace officer has failed to relocate, (Penal Code section 832.9, subdivision (b)(7).)

Any offsetting savings or reimbursement the claimant received from any source including but not limited to, service fees collected, federal funds, and other state funds as a direct result of this mandate, shall be identified and deducted so only net local costs are claimed.

## 8. Claiming Forms and Instructions

The diagram "Illustration of Claim Forms" provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms TAP-1 and TAP-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be mailed to claimants.

### A. Form TAP-2, Component/Activity Cost Detail

This form is used to segregate the detailed costs by claim component. A separate form TAP-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

#### (1) Salaries and Benefits

Identify the employee(s), and/or show the classification of the employee(s) involved. Describe the mandated functions performed by each employee, and specify the actual time spent, the productive hourly rates, and related fringe benefits.

Source documents to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

#### (2) Services and Supplies

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

Source documents to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

#### (3) Contracted Services

Contracting costs are reimbursable to the extent that the function to be performed requires special skill or knowledge that is not readily available from the claimant's staff or the service to be provided by the contractor is cost effective.

Give the name(s) of contractor(s) who performed the service(s). Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

#### (4) Employee Reimbursement

Reimbursement to the peace officer or member of his or her immediate family for actual and necessary moving and relocation expenses must provide the following:

(a) Show the dates when the claimant received notification of the threat, when moving and relocation expenses were incurred, and when the officer or member of his or her immediate family was reimbursed.

(b) Submit with the claim, a copy of the contract, invoices, and receipts for the cost of moving and relocation. Identify the independent contractor or employee who provided services for moving and relocation.

(c) If confidentiality is involved, to protect the officer's relocation, mark out sensitive areas of the contract, invoices, and receipts.

For audit purposes, all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. When no funds are appropriated for the initial claim 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.

**B. Form TAP-1, Claim Summary**

This form is used to summarize direct costs by claim component and compute allowable indirect costs for the mandate. Claim statistics shall identify the work performed for costs claimed. The claimant must give the number of peace officers who were relocated in the fiscal year of claim as a result of credible threats received.

The Commission on State Mandates requests that claimants send a copy of form TAP-1 for each of the initial years' reimbursement claims by mail or facsimile to the Commission on State Mandates, 1300 I Street, Suite 950, Sacramento, CA 95814, Facsimile: (916) 445-0278. Although providing this information is not a condition of payment, claimants are encouraged to provide this information to enable the Commission to develop a statewide cost estimate and recommend an appropriation to the Legislature.

School districts and local offices of education may compute the amount of indirect costs utilizing the State Department of Education's Annual Program Cost Data Report J-380 or J-580 rate, as applicable. The cost data on this form is carried forward to form FAM-27.

**C. Form FAM-27, Claim for Payment**

Form FAM-27 contains a certification that must be signed by an authorized representative of the district. All applicable information from form TAP-1 must be carried forward to this form for the State Controller's Office to process the claim for payment



**DEPARTMENT OF PERSONNEL ADMINISTRATION RULES****Moving and Relocation Expenses****Effective January 1, 2002****599.714.1 Scope**

(a) Whenever a permanent state officer or employee is required by any appointing power because of a change in assignment promotion or other reason related to his/her duties, to change his/her place of residence, such officer, agent or employee shall receive reimbursement of his/her actual and necessary moving and relocation expenses incurred by him/her both before and after and by reason of such change of residence, subject to the provisions and limitations of this article.

(b) For the purposes of this article, a move occurs on the official reporting date to the new headquarters, and when a change in residence is reasonable to be required. Relocation shall be paid, when the following conditions are met:

(1) The officer's or employees officially designated headquarters is changed for the advantage of the State, which includes the following:

(A) A promotion offered by any appointing authority, not including those movements that the employee could make through transfer, reinstatement, or reemployment eligibility; or

(B) An involuntary transfer initiated by and at the discretion of the appointing authority,

(C) Any involuntary transfer required to affect a mandatory reinstatement following:

(I) Termination of a career executive or exempt appointment

(II) Leave of absence

(III) Rejection from probation

(D) Any involuntary transfer required to affect a mandatory reinstatement following the expiration or involuntary termination of a temporary appointment, limited term appointment, or training and development assignment when:

(I) the employee did not relocate to accept the appointment or assignment, or

(II) the employee did relocate, at State expense, to accept the appointment or assignment

(2) The move must be a minimum of 50 miles plus the number of miles between the old residence and the old headquarters.

(3) Relocations that meet the above criteria will be fully reimbursed to the extent and limitations in this article.

(c) A change of residence is not deemed reasonable to be required for voluntary transfers or permissive reinstatements, with or without a salary increase, in response to general requests which specify that moving and relocation expenses will not be paid, or for any non-promotional transfer which is primarily for the benefit of the officer or employee.

(d) When an appointment does not meet the criteria in (a) and (b) the appointing power may, at his/her discretion, determine in advance that it is in the best interest of the State to reimburse all or part of the actual reasonable and necessary relocation expenses provided in this article as an incentive to recruit employees to positions that are designated by the appointing power as difficult to fill or because of outstanding qualifications of the appointee, or due to unusual and unavoidable hardship to the employee by reason of the change of residence.

(1) Relocations that meet this criteria shall be reimbursed only for the items in this article specifically authorized by the appointing power, and may be subject to further limitations designated by the appointing power.

(2) Upon determination that any reimbursement will be made, the appointing power shall:

(A) Determine which provisions will apply to the relocation and establish any additional limitations to those provisions such as dollar limits, weight limits, or time limits.

(B) Notify the employee in writing, of specific allowable reimbursements prior to the move.

(e) Requirements and limitations specified in this article may not be waived or exceeded by the appointing power.

(f) Unauthorized relocation expenses and relocation expenses incurred prior to receipt of a written notice of allowable relocation expenses are the responsibility of the employee.

#### **599.715.1 Reimbursement for Miscellaneous Expenses-Excluded Employees**

An officer or employee who is required to change his/her place of residence according to Section 599.714.1 may receive reimbursement for up to \$200 for miscellaneous expenses upon submittal of documentation of the payment of all such expenses and certification that the expenses were related to dissolution to the old household and/or the establishment of a new household and were not otherwise reimbursed.

(a) Reimbursement for the installation and/or connection of appliances or antennas purchased after the change of residence shall be allowed provided no claim is made for installation and/or connection of a similar item in the movement of household goods, and installation and/or connection occurs within sixty days of the establishment of a new residence.

(b) Deposits are not reimbursable.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code. Reference: Section 19841, Government Code.

#### **599.716.1 Reimbursement for Sale of a Residence**

(a) Whenever an officer or employee is required, as defined in Section 599.714, to change his/her officially designated headquarter and such change requires the settlement of a lease on the employee's old residence, the officer or employee shall receive the actual and necessary costs of settlement of the unexpired lease to a maximum of one year.

(b) Reimbursement shall not be allow if it is determined that the officer or employee knew or reasonably should have known that a transfer according to Section 599.714 was imminent before entering into a lease agreement.

(c) Claims for settlement of a lease shall be documented and itemized and submitted within six months following the new reporting date except that the Director of the Department of Personnel Administration may grant an extension of not more than three months upon receipt of evidence warranting such extension prior to the expiration of the six-months period.

(1) The claim may be a signed agreement between the officer or employee and the lessor or it may be made unilaterally by the officer or employee.

(2) In no event shall the final settlement by the State exceed one year's rent nor shall it include any costs, deposits or fees.

#### **599.717.1 Settlement of a Lease-Excluded Employee**

(a) Whenever an officer or employee is required, as defined by Section 599.714.1(a) to change his/her place of residence and such change requires the settlement of a lease on the employee's old residence, the officer or employee shall receive the actual and necessary cost of settlement of the unexpired lease to a maximum of one year. In no event shall the lease settlement include any costs, deposits or fees.

(1) Reimbursement shall not be allowed if it is determined that the officer or employee knew or reasonably should have known that a transfer according to Section 599.714.1 was imminent before entering into a lease agreement.

(2) Claims for settlement of a lease shall include a lease agreement signed by both the employee and the

lessor, and shall be itemized and submitted within nine months following the new reporting date.

(b) If an employee is required under 599.714.1(a) to change his/her place of residence and such notice to the employee is insufficient to provide the employee the notice period required by a month to month rental agreement, reimbursement may be claimed for the number of days penalty paid by the employee to a maximum of 30 calendar days.

(1) Reimbursement shall not be allowed for days that the employee failed to notify the landlord after notification by the employer of the reassignments.

(2) Claims shall be accompanied by a copy of the rental agreement, an itemized receipt for the penalty and the name and address of the individual or company to which the rental penalty has been paid.

(c) No reimbursement shall be made for forfeiture of cleaning or security deposits, or for repair, replacement, or damages of rental property.

#### **599.718.1 Expenses for Moving Household Effects**

(a) For the purpose of these regulations, household or personal effects include items such as furniture, clothing, musical instruments, household appliances, food, and other items that are usual or necessary for the maintenance of one household.

(b) Household effects shall not include items connected to a for profit business, items from another household, items that are permanently affixed to the property being vacated or items that would normally be discarded or recycled.

(c) At the discretion of the appointing power, other items may be considered household effects based on a consideration of the estimated cost of the move and a review of the items listed on the inventory. Expenses related to moving items other than those described in (a) that have not been approved by the appointing power shall be the responsibility of the employee.

NOTE: Authority cited: Sections 19815.4(d), 19816 and 19820, Government Code, Reference: Section 19841.

#### **599.719.1 Reimbursement for Moving Household Effects**

Reimbursement shall be allowed for the cost of moving an employee's effects either via commercial household goods carrier or by the employee. Reimbursements under this rule shall not exceed the cost of moving the employee's household goods from the old residence to the new headquarters plus 50 miles unless the appointing authority determines that a longer move is in the best interest of the State. Any additional expense associated with an interstate or intercountry move shall be approved in advance by the appointing power. No reimbursement will be allowed for the hiring of casual labor.

(a) When the employee retains a commercial mover, reimbursement for actual and necessary expenses incurred by a commercial mover under this article for the packing, insurance, one pickup, transportation, storage-in-transit (not including warehouse handling charges except when required by interstate tariffs), one delivery, unpacking, and installation at the new location of an employee's household effects shall be allowed subject to the following:

(1) Weight of household effects for which expenses may be reimbursed shall not exceed 5,000 kilograms (11,000 pounds).

(2) Duration of storage-in-transit for which charges may be reimbursed shall not exceed 60 calendar days unless a longer period of storage is approved in advance by the appointing authority based on hardship to the employee.

(3) Rates at which reimbursement is allowed shall not exceed the minimum rates, at the minimum declared valuation, established by the California Public Utilities Commission for household goods carriers, unless a higher rate is approved by the Department of General Services.

(4) Cost of insurance for which reimbursement is allowed shall not exceed the cost of insurance coverage at \$2.00 valuation for each pound of household effects shipped by household goods carrier.

(5) Claims for exceptions to the 11,000 pounds statutory limit will be considered by the appointing authority up to a maximum of 23,000 pounds, only when it has been determined that every reasonable effort had

been made to conform to the limit. Exceptions to the number of pick-ups and deliveries may be made by the appointing power when it is reasonably necessary and in the best interest of the state.

(b) When the employee does not retain a commercial mover, reimbursement shall be allowed as follows for expenses related to the movement by the employee of his/her household effects in a truck or trailer.

(1) Rental of a truck or trailer from a commercial establishment. When not included in the truck rental rate, the cost of gasoline, rental of furniture, dolly, packing cartons and protective pads will be reimbursed. If the total costs exceed \$1,000 the claim must be accompanied by at least one written commercial rate quote. Reimbursement will be made at the rate (including gasoline) which results in the lowest cost; or

(2) Mileage reimbursement at the rates provided in Section or 599.631.1 (b) for noncommercial privately owned motor vehicles used in transporting the employee's household effects.

(3) Reimbursement for more than one trip by the method described in (b)(1) or (2) above may be allowed if the employee's agency has determined that the total cost would be less than the cost of movement by a commercial household goods carrier.

(c) If household goods are moved exclusively in the employee's personal vehicle, reimbursement for mileage may be claimed at the State mileage rate. No other mileage or moving expense shall be allowed.

(d) All claims for the reimbursement of the movement of household goods require receipts. Unless an exception is granted by the appointing authority, claims shall be submitted no later than 2 years and 60 days from the effective date of appointment or 15 days prior to voluntary separation, whichever is first.

#### **599.720.1 Reimbursement for Movement of a Mobile Home**

For the movement of a mobile home, which contains the household effects of an officer or employee, and has served as the employee's residence at the previous location at the time of notification of relocation, reimbursement will be allowed as follows:

(a) Where transportation of the trailer coach is by a commercial mobile home transporter and receipts are submitted:

(1) For tolls, taxes, charges, fees, or permits fixed by the State or local authority required for the transportation or assembly or trailer coaches actually incurred by the employee.

(2) Charges for disassembly and assembly of the trailer, including but not limited to, disassembly and assembly of trailer, skirt, awnings, porch, the trailer coach itself, and other miscellaneous documented, itemized expenses related to the dissolution of the old household and/or the establishment of the new household, up to \$2,500 unless an exception is approved by the appointing power.

(3) Reimbursement will be allowed for the actual cost supported by voucher and installation of wheels and axles necessary to comply with the requirements of Chapter 5, Article 1 of the California Vehicle Code.

(4) Three competitive bids shall be obtained and reimbursement will be approved at the lowest bid. Based on information documenting the attempt to obtain three bids as provided by the employee, the appointing power may waive the three-bid requirement.

(5) Reimbursement received under this section precludes any additional reimbursement for miscellaneous expenses under Section 599.715.1.

(6) Movement of the trailer coach at rates exceeding the minimum rates established by the California Public Utilities Commission for mobile home transporters:

(7) Charges at P. U. C. minimum rates to obtain permits identified above:

(8) Storage-in-transit for up to 60 calendar days at P. U. C. minimum rates, unless an extension is approved by the appointing authority.

(b) Where transportation of the coach is by an employee, expenses may be claimed for a one-way trip by submitting gasoline receipts.

(c) Reimbursement will not be allowed for :

(1) Purchase of parts and materials except for those items necessary to comply with the minimum requirements of the California Administrative Code, Title 25, Chapter 5.

- (2) Repairs including tires and tubes, and breakdown in transit.
- (3) Costs associated with maintenance or repair of the trailer coach.
- (4) Costs for separate shipment of household goods carrier unless that is determined to be the most economical method of transport.
- (5) Costs associated with the movement or handling of permanent structures.
- (d) All claims related to the movement of a trailer coach and the household goods therein require receipts and shall be submitted no later than 2 years and 60 days from the effective date of appointment, or 15 days prior to the voluntary separation, whichever is first. No extension will be granted.

#### **599.722.1 Relocation Subsistence Reimbursement and Mileage**

(a) If eligible under Section 599.714(a), an officer or employee shall be reimbursed for actual lodging, supported by a receipt, and meal and incidental expenses in accordance with and not to exceed the rate established in Section 599.619(a)(1) and (2), while locating a permanent residence at the new location. Employees who do not furnish receipts for lodging may be reimbursed for noncommercial meals and noncommercial lodging in accordance with 599.619(b). A permanent residence is typically an abode that is purchased, or rented on a monthly basis, of a type that provides long-term living accommodations, where any utilities are hooked up (gas, electric, cable, phone), and mail is delivered.

(1) Reimbursement may be claimed for up to 60 days, except an extension of up to 30 days may be granted when the Appointing power has determined in advance that the delay of change of residence is a result of unusual and unavoidable circumstances that are beyond the control of the officer or employee. The maximum reimbursement to be received by said officer, or employee shall not exceed the equivalent dollar amount of 60 days of full meals, incidentals, and receipted lodging.

(2) Interruptions in relocation caused by sick leave, vacation or other authorized leaves of absence shall be reimbursable at the option of the employee providing the employee remains at the new location and is actively seeking a permanent residence.

(3) The relocation subsistence reimbursement shall terminate immediately upon establishment of a permanent residence. The appointing power shall determine when a permanent residence has been established.

(4) Partial days shall count as full days for the purpose of computing the 60-day period.

(b) Upon approval of the Appointing Power, meals and/or lodging expenses, for up to fourteen days, arising from trips to the new location for the sole purpose of locating housing shall be reimbursed in accordance with Section 599.619(a)(1) and (2), or 599.619(c)(1) or 599.619(d). Claims for reimbursement of meals/lodging expenses in this item are limited to those incurred after receipt of formal written authorization for relocation and prior to the effective date of appointment.

The period claimed should be included in the computation of the 60-day relocation period.

(c) Reimbursement for travel from the old residence to the new headquarters may be claimed one way one time and shall not exceed the mileage rate allowed in 599.631(a).

Note: Authority cited: Section 3539.5, Government Code. Reference: Section 19841, Government Code.

#### **599.724.1 Payment of Claims for Moving and Relocation Expenses**

(a) The Department of Personnel Administration shall be responsible for prescribing any specific procedures necessary for effective and economical operation of this article. Claims shall be made on authorized forms, scheduled in the normal manner and submitted through regular channels to the State Controller for payment. All claims must be substantiated by invoices, receipts, or other evidence for each item claimed.

(b) Agencies may contract directly with the carrier for movement of household effects of officers and employees at state expense, subject to the same restrictions as if the shipment was arranged by the officer or employee and reimbursed by the State.

(c) If the change in residence results in the salary of the officer or employee being paid by a different appointing power, all allowable moving and relocation expenses shall be paid by the new appointing

power except where the old appointing power agrees to pay all or part of the expenses allowable under this Article.

(d) Each department shall be responsible for insuring that upon notice to the employee of an impending move a copy of these rules shall be given to the officer or employee.

(e) When exceptions have been granted by an appointing authority, the written justification of those exceptions shall be maintained with the applicable claims.

**599.619 Reimbursement for Meals and Lodging**

The employee on travel status shall be reimbursed actual expenses for receipted lodging, and for meals and incidentals as provided in this section, unless directed to travel under the provision of 599.624.1. Lodging and/or meals provided by the State or included in hotel expenses or conference fees, or in transportation costs such as airline tickets, or otherwise provided shall not be claimed for reimbursement. Snacks and continental breakfasts, such as rolls, juice and coffee, are not considered to be meals. The circumstances of travel will determine the rate allowed.

(a) Short-term Travel. Reimbursement for short-term subsistence will be authorized only when the traveler incurs expenses arising from the use of reasonable, moderately priced commercial lodging and meal establishments, such as hotels, motels, bed and breakfast inns, campgrounds, restaurants, cafes, diners, etc., that cater to the general public. Employees who stay with friends or relatives may claim meals only in accordance with the rates and time frames set forth below. Lodging receipts are required. The short-term rate is intended for trips of such duration that weekly or monthly rates are not obtainable and will be discontinued after the 30th consecutive day assigned to one location unless an extension has been previously documented and approved by the appointing power. In extending short-term travel, the appointing power shall consider the expected remaining length of travel assignment.

(1) In computing reimbursement for continuous short-term travel of more than 24 hours and less than 31 consecutive days, the employee will be reimbursed for actual costs up to the maximum allowed for each meal, incidental, and lodging expense for each complete 24 hours of travel, beginning with the traveler's time of departure and return, as follows:

(A) On the first day of travel on a trip of 24 hours or more:

- Trip begins at or before 6am: breakfast may be claimed on the first day
- Trip begins at or before 11am: lunch may be claimed on the first day
- Trip begins at or before 5pm: dinner may be claimed on the first day

(B) On the fractional day of travel at the end of the trip of more than 24 hours:

- Trip ends at 8 am: breakfast may be claimed
- Trip ends at or after 2pm: lunch may be claimed
- Trip ends at or after 7pm: dinner may be claimed

If the fractional day includes an overnight stay, receipted lodging may be claimed. No meal or lodging expense may be claimed or reimbursed more than once on any given date or during any 24-hour period.

(C) Reimbursement shall be for actual expenses, subject to the following maximum rates:

**Meals:**

Breakfast	\$6.00
Lunch	\$10.00
Dinner	\$18.00
Incidentals	\$6.00

Receipts for meals must be maintained by the employee as substantiation that the amount claimed was not in excess of the amount of actual expense. The term incidentals includes but is not limited to expenses for laundry, cleaning and pressing of clothing, and fees and tips for services, such as for

porters and baggage carriers. It does not include taxicab fares, lodging taxes or the costs of telegrams or telephone calls.

## Lodging

Statewide, with receipts. Actual up to \$84.00 plus tax

When employees are required to do business and obtain lodging in the Counties of Los Angeles and San Diego and an actual lodging up to \$110.00 plus tax.

When employees are required to do business and obtain lodging in the Counties of Alameda, San Francisco, San Mateo and Santa Clara, actual lodging up to \$140.00 plus tax.

If lodging receipts are not submitted, reimbursement will be for actual expenses for meals/incidentals only at the rates and time frames set forth in this section.

(2) In computing reimbursement for continuous travel of less than 24 hours, actual expenses, up to the maximums in (C) above, will be reimbursed for breakfast and/or dinner and/or lodging in accordance with the following time frames:

Travel begins at or before 6 a.m. and ends at or after 9 a.m.: Breakfast may be claimed

Travel begins at or before 4 p.m. and ends at or after 7 p.m.: Dinner may be claimed

If the trip of less than 24 hours includes an overnight stay, receipted lodging may be claimed.

No lunch or incidentals may be reimbursed on travel of less than 24 hours.

(b) Long-term Travel. Reimbursement for long-term meals and receipted lodging will be authorized when the traveler incurs expenses in one location comparable to those arising from the use of commercial establishments catering to the long-term visitor. Meals and/or lodging provided by the State shall not be claimed for reimbursement. With approval of the appointing power and upon meeting the criteria in (3) below, an employee on long-term field assignment who is living at the long-term location may claim either:

(1) \$24.00 for meals and incidentals and up to \$24.00 for receipted lodging for travel of 12 hours up to 24 hours; either \$24.00 for meals or up to \$24.00 for receipted lodging for travel less than 12 hours, or

(2) Reimbursement for actual individual expense, substantiated by receipts for lodging, utility, gas, and electricity, up to a maximum of \$1,130.00 per calendar month while on a long term assignment, and \$10.00 for incidentals, without receipts, for each period of 12 to 24 hours; \$5.00 for meals and incidentals for periods of less than 12 hours at the long term location.

(3) To claim expenses under either (1) or (2) above, the employee must meet the following criteria:

(A) The employee continues to maintain a permanent residence at the primary headquarters and

(B) The permanent residence is occupied by the employee's dependents, or

(C) The permanent residence is maintained at a net expense to the employee exceeding \$200 per month.

(D) The employee must submit substantiating evidence of these conditions to the appointing power in accordance with its requirements.

(4) Employees who do not meet the criteria to claim (1) or (2) above may claim \$12.00 for meals and incidentals and \$12.00 for receipted lodging for every 12 to 24 hours at the long term location; \$12.00 for meals or \$12.00 receipted lodging for periods of less than 12 hours at the long term location.

(5) With the approval of the appointing power, the reimbursement of long term lodging may continue when the employee is away from the long term location on short term business travel or other absences from the location as approved by the appointing authority.

(c) Out-of-State Travel. Out-of-State travel is any kind of travel outside the State of California for the purpose of conducting business outside the State of California. For short-term out-of-state travel, employees will be reimbursed for actual lodging expenses, supported by receipt, and will be reimbursed for meal and incidental expenses as defined in section 599.619(a). Failure to furnish



lodging receipts will limit reimbursement to meals only at the rates specified in (a). Long-term out-of-state travel will be reimbursed according to Section 599.619(c).

(d) Out-of-Country Travel. For short-term out-of-country travel, employees will be reimbursed for actual lodging expenses, supported by a receipt, and will be reimbursed for actual meal and incidental expenses subject to maximum rates in accordance with the published Government meal and incidental rates for foreign travel for the dates of travel. Failure to furnish lodging receipts will limit reimbursement to meals only in accordance with the published Government meals and incidental rates for foreign travel. Long-term out-of-country travel will be reimbursed according to Section 599.619(a) through (c).

(e) Exceptions to reimburse in excess of the maximum lodging rate cited in (a) of this rule may be granted by the Appointing Power only in an emergency, or when there is no lodging available at the State maximum rate or when it is cost effective. The Appointing Power shall document the reasons for each exception and shall keep this documentation on file for three calendar years from the date of the exception.

NOTE: Authority cited; sections 3539.5, 19815.4(d), 19816 and 19820, Government Code. Reference: Sections 3527(b) and 11030, Government Code.

### **599.631 TRANSPORTATION BY PRIVATELY OWNED AUTOMOBILE**

(a) Where the employee is authorized to use a privately owned automobile on official state business the reimbursement rate shall be up to 31 cents per mile. Claims for reimbursement for private vehicle expenses must include the vehicle license number and the name of each state officer, employee, or board, commission, or authority, member transported on the trip. No reimbursement of transportation expense shall be allowed any passenger in any vehicle operated by another state officer, employee, or member.

(1) Expenses arriving from travel between home and headquarters or garage shall not be allowed, except as provided in 599.626(d)(2) or 599.626.1(c), regardless of the employee's normal mode of transportation.

(2) When a trip is commenced or terminated at a claimant's home on a regularly scheduled work day, the distance traveled shall be computed from either his or her residence or headquarters, whichever shall result in the lesser distance except as provided in 599.626.1(c).

(3) However, if the employee commences or terminates travel on a regularly scheduled day off, mileage may be computed from his or her residence.

(b) Where the employee's use of a privately owned automobile is authorized for travel to or from a common carrier terminal, and the automobile is not parked at the terminal during the period of travel, the employee may claim double the number of miles between the terminal and the employee's headquarters of residence, whichever is less, at a rate defined in section 599.631(a), while the employee occupies the automobile for the distance between the terminal and his or her residence or headquarters. If the employee commences or terminates travel one hour before or after his/her regularly scheduled work day, or on a regularly scheduled day off, mileage may be computed from his/her residence.

(c) All ferry, bridge, or toll charges while on state business will be allowed with any required receipts.

(d) All necessary parking charges while on state business will be allowed, with any required receipts, for:

(1) Day parking on trips away from the headquarters office and employee's primary residence.

(2) Overnight parking on trips away from the headquarters and employee's primary residence, except that parking shall not be claimed if expense-free overnight parking is available.

(3) Day parking adjacent to either headquarters office, a temporary job site, or training site, but only if the employee had other reimbursable private or state automobile expenses for the same day. An employee may not prorate weekly or monthly parking fees.

(e) Gasoline, maintenance, and automobile repair expenses will not be allowed.

(f) The mileage reimbursement rates include the cost of maintaining liability insurance at the minimum amount prescribed by a law and collection insurance sufficient to cover the reasonable value of the automobile, less a deductible. When a privately owned automobile operated by a state officer, agent, or employee is damaged by collision or is otherwise accidentally damaged, reimbursement for repair or the

deductible to a maximum of \$500.00 will be allowed if:

- (1) The damage occurred while the automobile was used on official business by permission or authorization of the employing agency; and
- (2) The automobile was damaged through no fault of the state officer, agent, or employee; and
- (3) The amount claimed is an actual loss to the state officer, agent, or employee, and is not recoverable directly from or through the insurance coverage of any party involved in the accident; and
- (4) The loss claimed does not result from a decision of a state officer, agent, or employee not to maintain collision coverage; and
- (5) The claim is processed in accordance with the procedures prescribed by the Department of Personnel Administration.

(g) **Specialized Vehicles.** An employee with a physical disability who must operate a motor vehicle on official state business and who can operate only specially equipped or modified vehicles may claim a rate of 24 cents per mile without certification. Where travel is authorized to and from a common carrier terminal, as specified in section 599.631(b). Supervisors approving these claims must determine the employee's need for the use of such vehicles.

#### **AUTHORIZED RELOCATION EXPENSES**

Per Diem - Employees may claim up to 60 days while at the new location until a new permanent residence is found. Specific per diem allowance for excluded employee are attached. Extensions of the per diem may be granted by the Department of Personnel Administration if the employee suffers unusual hardship. Requests for extensions must be submitted to the Relocation Liaison, on a Std. 256 prior to the expiration of the 60 day period. The Relocation Liaison will review the Std. 256 for completeness then forward to the Department of Personnel Administration.

Shipment of Household Goods - The State will pay for the packing, transportation, insurance, storage-in-transit, unpacking and installation of employee's household effects. The employer will issue the relocating employee a "Moving Service Authorization" which the employee will give to any licensed mover. The Moving Service Authorization authorizes the mover to bill the State directly. There is no actual dollar limitation, (the State only pays minimum tariff rates), however there is an 11,000 pound weight limit. If the mover estimates the weight of the household goods to be more than 11,000 pounds, the employee should immediately submit a Std. 256 with the mover's estimate to the Relocation Liaison. The Department of Personnel Administration may approve excess weight provided the employee requests the exception in advance of the actual move.

The State will not pay for the shipment of the following prohibited items:

Automobiles other motor vehicles farm tractor, implements and equipment trailers with or without other property boats all animals, livestock, or pets belongings which are not the property of the immediate family of the officer or employee belongings related to commercial enterprises engaged in by the officer or employee firewood, fuels bricks, sand ceramic wall tile wire fence or other building materials wastepaper and rags.

Storage in Transit - The State will pay for the storage of household goods for up to 60 days. Storage is limited to 11,000 pounds of household goods unless the excess weight has been previously approved by DPA. The storage company should bill the State directly using the authorization of the Moving Service Authorization. Miscellaneous items taken out of storage prior to the moving company delivering all household goods is not reimbursable and must be paid by the employee.

Sale of Residence - The State will pay for certain costs associated with the sale of the employee's dwelling which was his/her residence at the time of notification of the transfer.

Reimbursable costs are:

Brokerage Commission, Escrow fees, Title insurance, Prepayment penalties, Local taxes, charges or fees required to consummate the sale. Miscellaneous sellers costs up to \$200.00.

Nonreimbursable costs are:

Seller's Points, Property tax, Repair work and re-inspection fees.

Excluded employees have two years from the reporting date at the new headquarters to submit a claim for reimbursement of seller's costs. There is no extension of the time limit for Non-represented employees.

Settlement of a Lease - The State will pay for the settlement of a lease which was entered into prior to notification of the transfer. Claims for payment of the lease settlement must be submitted within 9 months from the reporting date at the new headquarters.

Movement of a Trailer Coach - The State will pay for the actual cost of transporting the mobile home to the new location plus up to \$2,500 for disassembly and assembly of the trailer. Request for reimbursement in excess of \$2,500 must be submitted to DPA on a Std. 256 prior to the move; approval will only be given for the lowest of three bids. Household goods must be shipped in the mobile home unless DPA approves a separate shipment.

Miscellaneous - There is a \$200.00 miscellaneous allowance with documentation and certification, which is intended to assist the employee in establishing the new household. This allowance should be used to pay utility installation fees, appliance hook-up fees and the like. It is appropriate to use this allowance for cable hook-up. This allowance may not be used to satisfy deposit requirements. The allowance may not be claimed if moving a mobile home; hook-up, etc., are included in the mobile home set-up charge.

Mileage - The employee may be reimbursed 24 cents per mile for one vehicle to make one one-way trip between the old residence and the new residence. Anything over locating cents is considered taxable income.

Private car mileage for the purpose of locating housing at the new location is not reimbursable.

EXPENSES INCURRED PRIOR TO THE OFFICIAL TRANSFER CANNOT BE CLAIMED.

<b>CLAIM FOR PAYMENT</b> Pursuant to Government Code Section 17561 <b>THREATS AGAINST PEACE OFFICERS (SCHOOL DISTRICTS)</b>	For State Controller Use Only (19) Program Number 00242 (20) Date Filed ___/___/___ (21) LRS Input ___/___/___	<b>Program</b> <span style="font-size: 2em; font-weight: bold;">242</span>
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L A B E L  H E R E	(01) Claimant Identification Number		<b>Reimbursement Claim Data</b>	
	(02) Claimant Name		(22) TAP-1, (03)	
	County of Location		(23) TAP-1, (04)(1)(e)	
	Street Address or P.O. Box <span style="float: right;">Suite</span>		(24) TAP-1, (04)(2)(e)	
	City <span style="float: right;">State</span> <span style="float: right;">Zip Code</span>		(25) TAP-1, (06)	

<b>Type of Claim</b>	<b>Estimated Claim</b>	<b>Reimbursement Claim</b>		
	(03) Estimated <input type="checkbox"/>	(09) Reimbursement <input type="checkbox"/>	(26) TAP-1, (07)	
	(04) Combined <input type="checkbox"/>	(10) Combined <input type="checkbox"/>	(27) TAP-1, (9)	
	(05) Amended <input type="checkbox"/>	(11) Amended <input type="checkbox"/>	(28) TAP-1, (10)	
			(29)	
<b>Fiscal Year of Cost</b>	(06) <b>20</b> ___/20 ___	(12) <b>20</b> ___/20 ___	(30)	
<b>Total Claimed Amount</b>	(07)	(13)	(31)	
<b>Less: 10% Late Penalty, not to exceed \$1,000</b>		(14)	(32)	
<b>Less: Prior Claim Payment Received</b>		(15)	(33)	
<b>Net Claimed Amount</b>		(16)	(34)	
<b>Due from State</b>	(08)	(17)	(35)	
<b>Due to State</b>		(18)	(36)	

**(37) CERTIFICATION OF CLAIM**

In accordance with the provisions of Government Code Section 17561, I certify that I am the officer authorized by the community college to file mandated cost claims with the State of California for this program, and certify under penalty of perjury that I have not violated any of the provisions of Government Code Sections 1090 to 1098, inclusive.

I further certify that there was no application other than from the claimant, nor any grant or payment received, for reimbursement of costs claimed herein, and such costs are for a new program or increased level of services of an existing program. All offsetting savings and reimbursements set forth in the Parameters and Guidelines are identified, and all costs claimed are supported by source documentation currently maintained by the claimant.

The amounts for this Estimated Claim and/or Reimbursement Claim are hereby claimed from the State for payment of estimated and/or actual costs set forth on the attached statements. I certify under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Signature of Authorized Officer	Date
Type or Print Name	Title
(38) Name of Contact Person for Claim	Telephone Number ( ) - Ext.
	E-Mail Address

<b>Program</b> <b>242</b>	<b>THREATS AGAINST PEACE OFFICERS (SCHOOL DISTRICTS)</b> <b>Certification Claim Form</b> <b>Instructions</b>	<b>FORM</b> <b>FAM-27</b>
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- (01) Enter the payee number assigned by the State Controller's Office.
- (02) Enter your Official Name, County of Location, Street or P. O. Box address, City, State, and Zip Code.
- (03) If filing an estimated claim, enter an "X" in the box on line (03), Estimated.
- (04) Leave blank.
- (05) If filing an amended claim, enter an "X" in the box on line (05), Amended.
- (06) Enter the fiscal year in which costs are to be incurred.
- (07) Enter the amount of the estimated claim. If the estimate exceeds the previous year's actual costs by more than 10%, complete form TAP-1 and enter the amount from line (11).
- (08) Enter the same amount as shown on line (07).
- (09) If filing a reimbursement claim, enter an "X" in the box on line (09), Reimbursement.
- (10) Leave blank.
- (11) If filing an amended claim, enter an "X" in the box on line (11), Amended.
- (12) Enter the fiscal year for which actual costs are being claimed. If actual costs for more than one fiscal year are being claimed, complete a separate form FAM-27 for each fiscal year.
- (13) Enter the amount of the reimbursement claim from form TAP-1, line (11). The total claimed amount must exceed \$1,000.
- (14) Reimbursement claims must be filed by January 15 of the following fiscal year in which costs were incurred or the claims shall be reduced by a late penalty. Enter zero if the claim was timely filed, otherwise, enter 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 on 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., TAP-1, (03), means the information is located on form TAP-1, line (03). Enter the information on the same line but in the right-hand column. Cost information should be rounded to the nearest dollar, i.e., no cents. Indirect costs percentage should be shown as a whole number and without the percent symbol, i.e., 7.548% should be shown as 8. **Completion of this data block will expedite the payment process.**
- (37) Read the statement "Certification of Claim." If it is true, the claim must be dated, signed by the agency's authorized officer, and must include the person's name and title, typed or printed. **Claims cannot be paid unless accompanied by an original signed certification. (To expedite the payment process, please sign the form FAM-27 with blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)**
- (38) Enter the name, telephone number, and e-mail address of the person whom this office should contact if additional information is required.

Claims should be rounded to the nearest dollar. Submit a signed original and a copy of form FAM-27, Claim for Payment, and all other forms and supporting documents. **(To expedite the payment process, please sign the form in blue ink, and attach a copy of the form FAM-27 to the top of the claim package.)** Use the following mailing addresses:

**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**

<b>Program</b> <b>242</b>	<b>MANDATED COSTS</b> <b>THREATS AGAINST PEACE OFFICERS</b> <b>CLAIM SUMMARY</b>				<b>FORM</b> <b>TAP-1</b>
(01) Claimant		(02) Type of Claim		Fiscal Year	
		Reimbursement <input type="checkbox"/>			
		Estimated <input type="checkbox"/>		20__/20__	
<b>Claim Statistics</b>					
(03) Number of peace officers relocated in the fiscal year of claim					
<b>Direct Costs</b>		<b>Object Accounts</b>			
(04) Reimbursable Components		(a)	(b)	(c)	(d)
		Salaries and Benefits	Services and Supplies	Employee Reimbursement	Total
1. Moving and Relocation Expenses (7/1/95 - 12/31/95)					
2. Moving and Relocation Expenses (1/1/96 - Present)					
(05) Total Direct Costs					
<b>Indirect Costs</b>					
(06) Indirect Cost Rate				[Federally Approved OMB A-21, FAM-29C, or 7%]	%
(07) Total Indirect Costs				[Line (06) x line (05)(a)]	
(08) Total Direct and Indirect Costs				[Line (05)(e) + line (07)]	
<b>Cost Reduction</b>					
(09) Less: Offsetting Savings, if applicable					
(10) Less: Other Reimbursements, if applicable					
(11) Total Claimed Amount				[Line (08) - {line (09) + line (10)}]	

<b>Program</b> <b>242</b>	<b>THREATS AGAINST PEACE OFFICERS</b> <b>CLAIM SUMMARY</b> <b>Instructions</b>	<b>FORM</b> <b>TAP-1</b>
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- (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 form TAP-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 TAP-1 must be filed for a reimbursement claim. Do not complete form TAP-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 TAP-1 must be completed and a statement attached explaining the increased costs. Without this information the estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
  
- (03) Enter the number of peace officers relocated in the fiscal year of claim due to credible threats.
  
- (04) Reimbursable Components. For each reimbursable component, enter the total from form TAP-2, line (05), columns (d), (e), and (f) to form TAP-1, block (04), columns (a), (b), and (c) in the appropriate row. Total each row.
  
- (05) Total Direct Costs. Total columns (a) through (d).
  
- (06) Indirect Cost Rate. Community college districts may use the federally approved OMBA-21 rate, the rate computed using form FAM 29C, or a 7% indirect cost rate, for the fiscal year of costs.
  
- (07) Total Indirect Costs. Enter the result of multiplying the Indirect Cost Rate, line (06) by the Total Salaries and Benefits, line (05)(a).
  
- (08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(d), 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. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Direct and Indirect Costs, line (08). 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.

<b>Program</b> <span style="font-size: 24pt; font-weight: bold;">242</span>	<b>MANDATED COSTS</b> <b>THREATS AGAINST PEACE OFFICERS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b>	<b>FORM</b> <b>TAP-2</b>
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(01) Claimant	(02) Fiscal Year Costs Were Incurred
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(03) Reimbursable Components: Check only **one** box per form to identify the component being claimed.

<input type="checkbox"/> Moving and Relocation Expenses (7/1/95 - 12/31/95)	<input type="checkbox"/> Moving and Relocation Expenses (1/1/96 - Present)
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(04) Description of Expenses: Complete columns (a) through (g). **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 and Benefits	(e) Services and Supplies	(f) Employee Reimburse- ment

(05) Total <input type="checkbox"/> Subtotal <input type="checkbox"/> Page: ___ of ___			
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<b>Program</b> <b>242</b>	<b>THREATS AGAINST PEACE OFFICERS</b> <b>COMPONENT/ACTIVITY COST DETAIL</b> <b>Instructions</b>	<b>FORM</b> <b>TAP-2</b>
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- (01) Enter the name of the claimant.
- (02) 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 TAP-2 shall be prepared for each applicable component.
- (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, 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 three years after the date the claim was filed or last amended, whichever is later. If no funds were appropriated and no payment was made at the time the claim was filed, the time for the Controller to initiate an audit shall be 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							Submit these supporting documents with the claim
	(a)	(b)	(c)	(d)	(e)	(f)	
<b>Salaries</b>	Employee Name	Hourly Rate	Hours Worked	Salaries = Hourly Rate x Hours Worked			
<b>Benefits</b>	Title  Activities	Benefit Rate		Benefits = Benefit Rate x Salaries			
<b>Services and Supplies</b>	Description of Supplies Used	Unit Cost	Quantity Used		Cost = Unit Cost x Quantity Used		
<b>Contract Services</b>	Name of Contractor  Specific Tasks Performed	Hourly Rate	Hours Worked  Dates of Service		Cost = Hourly Rate x Hour Worked		Invoice
<b>Employee Reimbursement</b>	Name of Peace Officer	Date of Receipt of Notification of Threat	Date of Moving and Relocation Expenses			Amount of Reimburse- ment	Invoices

- (05) Total line (04), columns (d), (e), and (f) 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), (e), and (f) to form TAP-1, block (04), columns (a), (b), and (c) in the appropriate row.

# APPENDIX

## A. STATE OF CALIFORNIA TRAVEL EXPENSE GUIDELINES

### Travel Program Effective January 31, 2002

The travel reimbursement program continues to be subject to the Internal Revenue Service (IRS) requirements for an accountable plan. There are no flat rate reimbursements. All items are to be claimed for the actual amount of expense, up to the maximum allowed. If the provisions below do not require submission of a receipt for a given item of expense, it is the employee's responsibility to retain receipts and other records of the expense and have them available for audit.

Lodging and meals that are provided by the State, included in hotel expenses, conference fees, or transportation costs such as airline tickets; or otherwise provided shall not be claimed for reimbursement.

Employees may be reimbursed for actual expenses for breakfast, lunch, dinner, and incidentals for each 24 hours of travel, as follows:

Breakfast	up to	\$6.00
Lunch	up to	10.00
Dinner	up to	18.00
Incidentals	up to	6.00

Incidental expenses include, but are not limited to, expenses for laundering and pressing of clothing and tips for services such as porters and baggage handlers. Incidentals do not include taxicab fares, lodging taxes, or the cost of telegrams or telephone calls.

#### Lodging

All lodging reimbursements require a receipt from a commercial lodging establishment such as a hotel, motel, bed and breakfast inn, or campground that caters to the general public. No lodging will be reimbursed without a valid receipt. Employees who stay with friends or relatives are not eligible for lodging reimbursement, but may claim their actual expenses for meals and incidentals.

#### Short-Term Travel

- A.** For continuous short-term travel of more than 24 hours but less than 31 days, the employee will be reimbursed for actual costs up to the maximum for each meal, incidental, and lodging expense for each completed 24 hours of travel, beginning with the traveler's time of departure and return as follows:
1. On the first day of travel at the beginning of a trip of more than 24 hours:
    - Trip begins at or before 6 a.m. - Breakfast may be claimed
    - Trip begins at or before 11 a.m. - Lunch may be claimed
    - Trip begins at or before 5 p.m. - Dinner may be claimed
  2. On the fractional day of travel at the end of a trip of more than 24 hours:
    - Trip ends at or after 8 a.m. - Breakfast may be claimed
    - Trip ends at or after 2 p.m. - Lunch may be claimed
    - Trip ends at or after 7 p.m. - Dinner may be claimed

If the fractional day includes an overnight stay, receipted lodging may be claimed. No meal or lodging expenses may be claimed or reimbursed more than once on any given date or during any 24-hour period.

- (b) For continuous travel of less than 24 hours, the employee will be reimbursed for actual expenses, up to a maximum as follows:

Travel begins at or before 6 a.m. and ends at or after 9 a.m. - Breakfast may be claimed  
Travel begins at or before 4 p.m. and ends at or after 7 p.m. - Dinner may be claimed

If the trip extends overnight, receipted lodging may be claimed. No lunch or incidentals may be claimed on a trip of less than 24 hours.

### **Short-Term Travel Maximum Lodging Reimbursement Rate**

- A. Statewide except as in (B) and (C) below, actual receipted lodging up to \$84 plus tax.
- B. When required to conduct state business and obtain lodging in the counties of Los Angeles and San Diego, reimbursement will be for actual receipted lodging, to a maximum of \$110 plus tax.
- C. When required to conduct state business and obtain lodging in the counties of Alameda, San Francisco, San Mateo, and Santa Clara, reimbursement will be for actual receipted lodging, to a maximum of \$140 plus tax.

### **Long-Term Travel**

Actual expenses for long-term meals and receipted lodging will be reimbursed when the employee incurs expenses in one location comparable to those arising from the use of establishments catering to long-term visitors.

#### **A. Full Long-Term Travel**

To qualify for full long-term travel reimbursement, the employee on long-term field assignment must meet the following criteria:

- a) The employee continues to maintain a permanent residence at the primary headquarters, and either,
- b) The permanent residence is occupied by the employee's dependents, or
- c) The permanent residence is maintained at a net expense to the employee exceeding \$200 per month.

The employee who is living at the long-term location may claim either:

1. Reimbursement for actual individual expense, substantiated by receipts for lodging, water, sewer, gas, and electricity, up to a maximum of \$1,130 per calendar month while on the long-term assignment, and actual expenses up to \$10 for meals and incidentals, for each period of 12 to 24 hours and up to \$5 for actual meals and incidentals for each period of less than 12 hours at the long-term location, or
2. Long-term subsistence rates of \$24 for actual meals and incidentals, \$24 for receipted lodging for travel of 12 hours up to 24 hours, and either \$24 for actual meals or \$24 for receipted lodging for travel less than 12 hours when the employee incurs expenses in one location comparable to those arising from the use of establishments catering to long-term visitors.

**B. Partial Long-Term Travel**

An employee on long-term field assignment who does not maintain a separate residence in the headquarters area may claim long-term subsistence rates of up to \$12 for actual meals and incidentals and \$12 for receipted lodging for travel of 12 hours up to 24 hours at the long-term location, and either \$12 for actual meals or \$12 for receipted lodging for travel less than 12 hours at the long-term location.

**Receipts**

Receipts or vouchers shall be submitted for every item of expense of \$25 or more.

- A.** Receipts are required for every item of transportation and business expense incurred as a result of conducting state business except for actual expenses as follows:
1. Railroad and bus fares of less than \$25, when travel is wholly within the State of California.
  2. Street car, ferry fares, bridge and road tolls, local rapid transit system, taxi, shuttle, or hotel bus fares, and parking fees of \$10 or less for each continuous period of parking or each separate transportation expense noted in this item.
  3. Telephone, telegraph, tax, or other business charges related to state business of \$5 or less.
  4. In the absence of a receipt, reimbursement will be limited to the non-receipted amount above.
- B.** Reimbursement will be claimed only for the actual and necessary expenses noted above. Regardless of the above exceptions, the approving officer may require additional certification and/or explanation in order to determine that an expense was actually and reasonably incurred. In the absence of a satisfactory explanation, the expense shall not be allowed.

**Mileage**

When an employee is authorized by his/her appointing authority or designee to operate a privately owned vehicle on state business, the employee will be allowed to claim and be reimbursed 34 cents per mile. An employee who is required to use a specialized vehicle that has been modified to accommodate disabilities may claim 37 cents per mile.

## B. GOVERNMENT CODE SECTIONS 17500-17616

### GC §17500: Legislative Findings and Declarations

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for the costs of state-mandated local programs has not provided for the effective determination of the state's responsibilities under Section 6 of Article XIII B of the California Constitution. The Legislature finds and declares that the failure of the existing process to adequately and consistently resolve the complex legal questions involved in the determination of state-mandated costs has led to an increasing reliance by local agencies and school districts on the judiciary and, therefore, in order to relieve unnecessary congestion of the judicial system, it is necessary to create a mechanism which is capable of rendering sound quasi-judicial decisions and providing an effective means of resolving disputes over the existence of state-mandated local programs. It is the intent of the Legislature in enacting this part to provide for the implementation of Section 6 of Article XIII B of the California Constitution and to consolidate the procedures for reimbursement of statutes specified in the Revenue and Taxation **Code** with those identified in the Constitution. Further, the Legislature intends that the Commission on State Mandates, as a quasi-judicial body, will act in a deliberative manner in accordance with the requirements of Section 6 of Article XIII B of the California Constitution.

### GC §17510: Construction of Part

Unless the context otherwise requires, the definitions contained in this chapter govern the construction of this part. The definition of a word applies to any variants thereof and the singular tense of a word includes the plural.

### GC §17511: "City"

"City" means any city whether general law or charter, except a city and county.

### GC §17512: "Commission"

"Commission" means the Commission on State Mandates.

### GC §17513: "Cost Mandated by the Federal Government"

"Costs mandated by the federal government" means any increased costs incurred by a local agency or school district after January 1, 1973, in order to comply with the requirements of a federal statute or regulation. "Costs mandated by the federal government" includes costs resulting from enactment of a state law or regulation where failure to enact that law or regulation to meet specific federal program or service requirements would result in substantial monetary penalties or loss of funds to public or private persons in the state. "Costs mandated by the federal government" does not include costs which are specifically reimbursed or funded by the federal or state government or programs or services which may be implemented at the option of the state, local agency, or school district.

### GC §17514: "Costs Mandated by the State"

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

### GC §17515: "County"

"County" means any chartered or general law county. "County" includes a city and county.

**GC §17516: "Executive Order"**

"Executive order" means any order, plan, requirement, rule, or regulation issued by any of the following: (a) The Governor. (b) Any officer or official serving at the pleasure of the Governor. (c) Any agency, department, board, or commission of state government. "Executive order" does not include any order, plan, requirement, rule, or regulation issued by the State Water Resources Control Board or by any regional water quality control board pursuant to Division 7 (commencing with Section 13000) of the Water Code. It is the intent of the Legislature that the State Water Resources Control Board and regional water quality control boards will not adopt enforcement orders against publicly owned dischargers which mandate major waste water treatment facility construction costs unless federal financial assistance and state financial assistance pursuant to the Clean Water Bond Act of 1970 and 1974, is simultaneously made available. "Major" means either a new treatment facility or an addition to an existing facility, the cost of which is in excess of 20 percent of the cost of replacing the facility.

**GC §17517: "Fund"**

"Fund" means the State Mandates Claims Fund.

**GC §17518: "Local Agency"**

"Local agency" means any city, county, special district, authority, or other political subdivision of the state.

**GC §17519: "School District"**

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

**GC §17520: "Special District"**

"Special district" means any agency of the state which performs governmental or proprietary functions within limited boundaries. "Special district" includes a redevelopment agency, a joint powers agency or entity, a county service area, a maintenance district or area, an improvement district or improvement zone, or any other zone or area. "Special district" does not include a city, a county, a school district, or a community college district. County free libraries established pursuant to Chapter 2 (commencing with Section 27151) of Division 20 of the Education Code, areas receiving county fire protection services pursuant to Section 25643 of the Government Code, and county road districts established pursuant to Chapter 7 (commencing with Section 1550) of Division 2 of the Streets and Highways Code shall be considered "special districts" for all purposes of this part.

**GC §17521: "Test Claim"**

"Test claim" means the first claim, including claims joined or consolidated with the first claim, filed with the commission alleging that a particular statute or executive order imposes costs mandated by the state.

**GC §17522: Definitions**

(a) "Initial reimbursement claim" means a claim filed with the Controller by a local agency or school district for costs to be reimbursed for the fiscal years specified in the first statute that appropriates funds for reimbursement of the mandate. (b) "Annual reimbursement claim" means a claim for actual costs incurred in a prior fiscal year filed with the Controller by a local agency or school district for which appropriations are made to the Controller for this purpose. (c) "Estimated reimbursement claim" means a claim filed with the Controller by a local agency or school district in conjunction with an initial reimbursement claim, annual reimbursement claim, or at other times, for estimated costs to be reimbursed during the current or future fiscal years, for which appropriations are made to the Controller for this purpose. (d) "Entitlement claim" means a claim filed by a local agency or school district with the Controller for the purpose of establishing or adjusting a base year entitlement. All entitlement claims are subject to Section 17616.

**GC §17523: "Deflator"**

"Deflator" means the Implicit Price Deflator for the Costs of Goods and Services to Governmental Agencies, as determined by the Department of Finance.

**GC §17524: "Base Year Entitlement"**

"Base year entitlement" means that amount determined to be the average for the approved reimbursement claims of each local agency or school district for the three preceding fiscal years adjusted by the change in the deflator. A base year entitlement shall not include any nonrecurring or initial startup costs incurred by a local agency or school district in any of those three fiscal years. For those mandates which become operative on January 1 of any year, the amount of the "approved reimbursement claim" for the first of the three years may be computed by annualizing the amount claimed for the six-month period of January through June in that first year, excluding nonrecurring or startup costs.

**GC §17525: Members: Term and Per Diem for Specified Members**

(a) There is hereby created the Commission on State Mandates, which shall consist of seven members as follows: (1) The Controller. (2) The Treasurer. (3) The Director of Finance. (4) The Director of the Office of Planning and Research. (5) A public member with experience in public finance, appointed by the Governor and approved by the Senate. (6) Two members from the following three categories appointed by the Governor and approved by the Senate, provided that no more than one member shall come from the same category: (A) A city council member. (B) A member of a county or city and county board of supervisors. (C) A governing board member of a school district as defined in Section 17519. (b) Each member appointed pursuant to paragraph (5) or (6) of subdivision (a) shall be subject to both of the following: (1) The member shall serve for a term of four years subject to renewal. (2) The member shall receive per diem of one hundred dollars (\$100) for each day actually spent in the discharge of official duties and shall be reimbursed for any actual and necessary expenses incurred in connection with the performance of duties as a member of the commission.

**GC §17526: Open Meetings: Executive Sessions**

(a) All meetings of the commission shall be open to the public, except that the commission may meet in executive session to consider the appointment or dismissal of officers or employees of the commission or to hear complaints or charges brought against a member, officer, or employee of the commission. (b) The commission shall meet at least once every month. (c) The time and place of meetings may be set by resolution of the commission, by written petition of a majority of the members, or by written call of the chairperson. The chairperson may, for good cause, change the starting time or place, reschedule, or cancel any meeting. (d) This section shall become operative on July 1, 1996.

**GC §17527: Powers of Commission**

In carrying out its duties and responsibilities, the commission shall have the following powers: (a) To examine any document, report, or data, including computer programs and data files, held by any local agency or school district. (b) To meet at times and places as it may deem proper. (c) As a body or, on the authorization of the commission, as a committee composed of one or more members, to hold hearings at any time and place it may deem proper. (d) Upon a majority vote of the commission, to issue subpoenas to compel the attendance of witnesses and the production of books, records, papers, accounts, reports, and documents. (e) To administer oaths. (f) To contract with other agencies or individuals, public or private, as it deems necessary, to provide or prepare services, facilities, studies, and reports to the commission as will assist it in carrying out its duties and responsibilities. (g) To adopt, promulgate, amend, and rescind rules and regulations, which shall not be subject to the review and approval of the Office of Administrative Law pursuant to the provisions of the Administrative Procedure Act provided for in Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2. (h) To do any and all other actions necessary or convenient to enable it fully and adequately to perform its duties and to exercise the powers expressly granted to it.



**GC §17528: Election of Officers**

The members of the commission shall elect a chairperson and a vice chairperson of the commission.

**GC §17529: Appointment of Attorney: Duties**

The commission may appoint as attorney to the commission an attorney at law of this state, who shall hold office at the pleasure of the commission. The attorney shall represent and appear for the commission in all actions and proceedings involving any question under this part or under any order or act of the commission. The attorney shall advise the commission and each member of the commission, when so requested, in regard to all matters in connection with the powers and duties of the commission and the members thereof. The attorney shall generally perform all duties and services as attorney to the commission which the commission may require.

**GC §17530: Appointment of Executive Director: Duties**

The commission shall appoint an executive director, who shall be exempt from civil service and shall hold office at the pleasure of the commission. The executive director shall be responsible for the executive and administrative duties of the commission and shall organize, coordinate, supervise, and direct the operations and affairs of the commission and expedite all matters within the jurisdiction of the commission. The executive director shall keep a full and true record of all proceedings of the commission, issue all necessary process, writs, warrants, and notices, and perform other duties as the commission prescribes.

**GC §17531: Authority of Executive Director to Employ Necessary Staff**

The executive director may employ those officers, examiners, experts, statisticians, accountants, inspectors, clerks, and employees as the executive director deems necessary to carry out the provisions of this part or to perform the duties and exercise the powers conferred upon the commission by law.

**GC §17532: Quorum: Investigations, Inquiries, and Hearing**

A majority of the commissioners shall constitute a quorum for the transaction of any business, for the performance of any duty, or for the exercise of any power of the commission. Any investigation, inquiry, or hearing which the commission has power to undertake or to hold may be undertaken or held by or before any commissioner or commissioners designated for the purpose by the commission. The evidence in any investigation, inquiry, or hearing may be taken by the commissioner or commissioners to whom the investigation, inquiry, or hearing has been assigned or, in his or her or their behalf, by an examiner designated for that purpose. Every finding, opinion, and order made by the commissioner or commissioners so designated, pursuant to the investigation, inquiry, or hearing, when approved or confirmed by the commission and ordered filed in its office, shall be deemed to be the finding, opinion, and order of the commission.

**GC §17533: Provisions not Applicable to Hearing by Commission**

Notwithstanding Section 11425.10, Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 does not apply to a hearing by the commission under this part.

**GC §17550: Reimbursements of Local Agencies and Special Districts**

Reimbursement of local agencies and school districts for costs mandated by the state shall be provided pursuant to this chapter.

**GC §17551: Commission Hearing and Decision Upon Claims**

(a) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district that the local agency or school district is entitled to be reimbursed by the

state for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution. (b) Commission review of claims may be had pursuant to subdivision (a) only if the test claim is filed within the time limits specified in this section. (c) Local agency and school district test claims shall be filed not later than three years following the date the mandate became effective, or in the case of mandates that became effective before January 1, 2002, the time limit shall be one year from the effective date of this subdivision. (d) The commission, pursuant to the provisions of this chapter, shall hear and decide upon a claim by a local agency or school district filed on or after January 1, 1985, that the Controller has incorrectly reduced payments to the local agency or school district pursuant to paragraph (2) of subdivision (d) of Section 17561.

**GC §17552: Exclusivity of Procedure by Chapter**

This chapter shall provide the sole and exclusive procedure by which a local agency or school district may claim reimbursement for costs mandated by the state as required by Section 6 of Article XIII B of the California Constitution.

**GC §17553: Adoption of Procedure for Receiving Claims and Providing Hearings: Postponement of Hearings**

(a) The commission shall adopt procedures for receiving claims pursuant to this article and for providing a hearing on those claims. The hearing procedure shall provide for presentation of evidence by the claimant, the Department of Finance and any other affected department or agency, and any other interested person. The procedures shall ensure that a statewide cost estimate is adopted within 12 months after receipt of a test claim, when a determination is made by the commission that a mandate exists. This deadline may be extended for up to six months upon the request of either the claimant or the commission. Hearing of a claim may be postponed at the request of the claimant, without prejudice, until the next scheduled hearing. (b) The procedures adopted by the commission pursuant to subdivision (a) shall include the following: (1) Provisions for acceptance of more than one claim on the same statute or executive order relating to the same statute or executive order filed with the commission, and, absent agreement by the test claimants to the contrary, to designate the first to file as the lead test claimant. (2) Provisions for consolidating test claims relating to the same statute or executive order filed with the commission with time limits that do not exceed 90 days from the initial filing for consolidating the test claims and for claimants to designate a single contact for information regarding the test claim. (3) Provisions for claimants to designate a single claimant for a test claim relating to the same statute or executive order filed with the commission, with time limits that do not exceed 90 days from the initial filing for making that designation. (c) If a completed test claim is not received by the commission within 30 calendar days from the date that an incomplete test claim was returned by the commission, the original test claim filing date may be disallowed, and a new test claim may be accepted on the same statute or executive order. (d) In addition, the commission shall determine whether an incorrect reduction claim is complete within 10 days after the date that the incorrect reduction claim is filed. If the commission determines that an incorrect reduction claim is not complete, the commission shall notify the local agency and school district that filed the claim stating the reasons that the claim is not complete. The local agency or school district shall have 30 days to complete the claim. The commission shall serve a copy of the complete incorrect reduction claim on the Controller. The Controller shall have no more than 90 days after the date the claim is delivered or mailed to file any rebuttal to an incorrect reduction claim. The failure of the Controller to file a rebuttal to an incorrect reduction claim shall not serve to delay the consideration of the claim by the commission.

**GC §17554: Commission's Authority to Expedite Claim**

With the agreement of all parties to the claim, the commission may waive the application of any procedural requirement imposed by this chapter or pursuant to Section 17553 in order to expedite action on the claim. The authority granted by this section includes the consolidation of claims and the shortening of time periods.

**GC §17555: Date for Public Hearing: Test Claim Form and Procedure**

(a) The commission, within 10 days after receipt of a test claim based upon a statute or executive order, shall set a date for a public hearing on the claim within 75 days. The test claim may be based upon estimated costs that a local agency or school district may incur as a result of the statute or executive order and may be filed at any time after the statute is enacted or the executive order is adopted. The claim shall be submitted in a form prescribed by the commission. After a hearing in which the claimant and any other interested organization or individual may participate, the commission shall determine if there are costs mandated by the state. (b) This section shall become operative on July 1, 1996.

**GC §17556: Criteria for not Finding Costs Mandated by the State**

The commission shall not find costs mandated by the state, as defined in Section 17514, in any claim submitted by a local agency or school district, if, after a hearing, the commission finds that: (a) The claim is submitted by a local agency or school district which requested legislative authority for that local agency or school district to implement the program specified in the statute, and that statute imposes costs upon that local agency or school district requesting the legislative authority. A resolution from the governing body or a letter from a delegated representative of the governing body of a local agency or school district which requests authorization for that local agency or school district to implement a given program shall constitute a request within the meaning of this paragraph. (b) The statute or executive order affirmed for the state that which had been declared existing law or regulation by action of the courts. (c) The statute or executive order implemented a federal law or regulation and resulted in costs mandated by the federal government, unless the statute or executive order mandates costs which exceed the mandate in that federal law or regulation. (d) The local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the mandated program or increased level of service. (e) The statute or executive order provides for offsetting savings to local agencies or school districts which result in no net costs to the local agencies or school districts, or includes additional revenue that was specifically intended to fund the costs of the state mandate in an amount sufficient to fund the cost of the state mandate. (f) The statute or executive order imposed duties which were expressly included in a ballot measure approved by the voters in a statewide election. (g) The statute created a new crime or infraction, eliminated a crime or infraction, or changed the penalty for a crime or infraction, but only for that portion of the statute relating directly to the enforcement of the crime or infraction.

**GC §17557: Determination of Amount to be Subvned for Reimbursement: Parameters and Guidelines**

(a) If the commission determines there are costs mandated by the state pursuant to Section 17555, it shall determine the amount to be subvned to local agencies and school districts for reimbursement. In so doing it shall adopt parameters and guidelines for reimbursement of any claims relating to the statute or executive order. The successful test claimants shall submit proposed parameters and guidelines within 30 days of adoption of a statement of decision on a test claim. At the request of a successful test claimant, the commission may provide for one or more extensions of this 30-day period at any time prior to its adoption of the parameters and guidelines. If proposed parameters and guidelines are not submitted within the 30-day period and the commission has not granted an extension, then the commission shall notify the test claimant that the amount of reimbursement the test claimant is entitled to for the first 12 months of incurred costs will be reduced by 20 percent, unless the test claimant can demonstrate to the commission why an extension of the 30-day period is justified. A local agency, school district, and the state may file a claim or request with the commission to amend, modify, or supplement the parameters or guidelines. The commission may, after public notice and hearing, amend, modify, or supplement the parameters and guidelines. (b) In adopting parameters and guidelines, the commission may adopt an allocation formula or uniform allowance which would provide for reimbursement of each local agency or school district of a specified amount each year. (c) The parameters and guidelines adopted by the commission shall specify the fiscal years for which local agencies and school districts shall be reimbursed for costs incurred, provided, however, that the commission shall not specify therein any fiscal year for which payment could be provided in the annual Budget Act. A test claim shall be submitted on or before June 30 following a fiscal year in order to establish eligibility for reimbursement for that fiscal year. The

claimant may thereafter amend the test claim at any time prior to a commission hearing on the claim without affecting the original filing date as long as the amendment substantially relates to the original test claim.

**GC §17558: Submission of Parameters and Guidelines to Controller: Transfer of Claims; Claiming Instructions**

(a) The commission shall submit the adopted parameters and guidelines to the Controller. All claims relating to a statute or executive order that are filed after the determination of the test claim pursuant to Section 17557 shall be transferred to the Controller who shall pay and audit the claims from funds made available for that purpose. (b) Not later than 60 days after receiving the adopted parameters and guidelines from the commission, the Controller shall issue claiming instructions for each mandate that requires state reimbursement, to assist local agencies and school districts in claiming costs to be reimbursed. In preparing claiming instructions, the Controller may request the assistance of other state agencies. The claiming instructions shall be derived from the statute or executive order creating the mandate and the parameters and guidelines adopted by the commission. (c) The Controller shall, within 60 days after receiving revised adopted parameters and guidelines from the commission or other information necessitating a revision of the claiming instructions, prepare and issue revised claiming instructions for mandates that require state reimbursement that have been established by commission action pursuant to Section 17555 or after any decision or order of the commission pursuant to Section 17551. In preparing revised claiming instructions, the Controller may request the assistance of other state agencies. (d) This section shall become operative on July 1, 1996.

**GC §17558.5: Reimbursement Claim: Audit; Remittance Advice and Other Notices of Payment**

(a) A reimbursement claim for actual costs filed by a local agency or school district pursuant to this chapter is subject to the initiation of an audit by the Controller no later than three years after the date that the actual reimbursement claim is filed or last amended, whichever is later. However, if no funds are appropriated or no payment is made to a claimant for the program for the fiscal year for which the claim is filed, the time for the Controller to initiate an audit shall commence to run from the date of initial payment of the claim. (b) The Controller shall notify the claimant in writing within 30 days after issuance of a remittance advice of any adjustment to a claim for reimbursement that results from an audit or review. The notification shall specify the claim components adjusted, the amounts adjusted, interest charges on claims adjusted to reduce the overall reimbursement to the local agency or school district, and the reason for the adjustment. Remittance advices and other notices of payment action shall not constitute notice of adjustment from an audit or review. (c) The interest rate charged by the Controller on reduced claims shall be set at the Pooled Money Investment Account rate and shall be imposed on the dollar amount of the overpaid claim from the time the claim was paid until overpayment is satisfied. (d) Nothing in this section shall be construed to limit the adjustment of payments when inaccuracies are determined to be the result of the intent to defraud, or when a delay in the completion of an audit is the result of willful acts by the claimant or inability to reach agreement on terms of final settlement.

**GC §17558.6: Legislative Intent**

It is the intent of the Legislature that the Commission on State Mandates review its process by which local agencies may appeal the reduction of reimbursement claims on the basis that the reduction is incorrect in order to provide for a more expeditious and less costly process.

**GC §17559: Judicial Review**

(a) The commission may order a reconsideration of all or part of a test claim or incorrect reduction claim on petition of any party. The power to order a reconsideration or amend a test claim decision shall expire 30 days after the statement of decision is delivered or mailed to the claimant. If additional time is needed to evaluate a petition for reconsideration filed prior to the expiration of the 30-day period, the commission may grant a stay of that expiration for no more than 30 days, solely for the purpose of considering the petition. If no action is taken on a petition within the time allowed for ordering reconsideration, the petition shall be deemed denied. (b) A claimant or the state may commence a proceeding in accordance with the

provisions of Section 1094.5 of the **Code** of Civil Procedure to set aside a decision of the commission on the ground that the commission's decision is not supported by substantial evidence. The court may order the commission to hold another hearing regarding the claim and may direct the commission on what basis the claim is to receive a rehearing.

#### **GC §17560: Deadlines for Filing Reimbursement Claims**

Reimbursement for state-mandated costs may be claimed as follows: (a) A local agency or school district may file an estimated reimbursement claim by January 15 of the fiscal year in which costs are to be incurred, and, by January 15 following that fiscal year shall file an annual reimbursement claim that details the costs actually incurred for that fiscal year; or it may comply with the provisions of subdivision (b). (b) A local agency or school district may, by January 15 following the fiscal year in which costs are incurred, file an annual reimbursement claim that details the costs actually incurred for that fiscal year. (c) In the event revised claiming instructions are issued by the Controller pursuant to subdivision (c) of Section 17558 between October 15 and January 15, a local agency or school district filing an annual reimbursement claim shall have 120 days following the issuance date of the revised claiming instructions to file a claim.

#### **GC §17561: Reimbursement of Costs for State Mandated Programs**

(a) The state shall reimburse each local agency and school district for all "costs mandated by the state," as defined in Section 17514. (b) (1) For the initial fiscal year during which these costs are incurred, reimbursement funds shall be provided as follows: (A) Any statute mandating these costs shall provide an appropriation therefor. (B) Any executive order mandating these costs shall be accompanied by a bill appropriating the funds therefor, or alternatively, an appropriation for these costs shall be included in the Budget Bill for the next succeeding fiscal year. The executive order shall cite that item of appropriation in the Budget Bill or that appropriation in any other bill which is intended to serve as the source from which the Controller may pay the claims of local agencies and school districts. (2) In subsequent fiscal years appropriations for these costs shall be included in the annual Governor's Budget and in the accompanying Budget Bill. In addition, appropriations to reimburse local agencies and school districts for continuing costs resulting from chaptered bills or executive orders for which claims have been awarded pursuant to subdivision (a) of Section 17551 shall be included in the annual Governor's Budget and in the accompanying Budget Bill subsequent to the enactment of the local government claims bill pursuant to Section 17600 that includes the amounts awarded relating to these chaptered bills or executive orders. (c) The amount appropriated to reimburse local agencies and school districts for costs mandated by the state shall be appropriated to the Controller for disbursement. (d) The Controller shall pay any eligible claim pursuant to this section within 60 days after the filing deadline for claims for reimbursement or 15 days after the date the appropriation for the claim is effective, whichever is later. The Controller shall disburse reimbursement funds to local agencies or school districts if the costs of these mandates are not payable to state agencies, or to state agencies that would otherwise collect the costs of these mandates from local agencies or school districts in the form of fees, premiums, or payments. When disbursing reimbursement funds to local agencies or school districts, the Controller shall disburse them as follows: (1) For initial reimbursement claims, the Controller shall issue claiming instructions to the relevant local agencies pursuant to Section 17558. 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. (A) When claiming instructions are issued by the Controller pursuant to Section 17558 for each mandate determined pursuant to Section 17555 that requires state reimbursement, each local agency or school district to which the mandate is applicable shall submit claims for initial fiscal year costs to the Controller within 120 days of the issuance date for the claiming instructions. (B) When the commission is requested to review the claiming instructions pursuant to Section 17571, each local agency or school district to which the mandate is applicable shall submit a claim for reimbursement within 120 days after the commission reviews the claiming instructions for reimbursement issued by the Controller. (C) If the local agency or school district does not submit a claim for reimbursement within the 120-day period, or submits a claim pursuant to revised claiming instructions, it may submit its claim for reimbursement as specified in Section 17560. The Controller shall pay these claims from the funds appropriated therefor, provided that the Controller (i) may audit the records of any

local agency or school district to verify the actual amount of the mandated costs, and (ii) may reduce any claim that the Controller determines is excessive or unreasonable. (2) In subsequent fiscal years each local agency or school district shall submit its claims as specified in Section 17560. The Controller shall pay these claims from funds appropriated therefor, provided that the Controller (A) may audit the records of any local agency or school district to verify the actual amount of the mandated costs, (B) may reduce any claim that the Controller determines is excessive or unreasonable, and (C) shall adjust the payment to correct for any underpayments or overpayments which occurred in previous fiscal years. (3) When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated costs. All initial reimbursement claims for all fiscal years required to be filed on their initial filing date for a state-mandated local program shall be considered as one claim for the purpose of computing any late claim penalty. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount that would have been allowed had the claim been timely filed. The Controller may withhold payment of any late claim for initial reimbursement until the next deadline for funded claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. In no case shall a reimbursement claim be paid if submitted more than one year after the filing deadline specified in the Controller's claiming instructions on funded mandates contained in a claims bill.

#### **GC §17561.5: Payment of Claim with Interest**

(a) The payment of an initial reimbursement claim by the Controller shall include accrued interest at the Pooled Money Investment Account rate, if the payment is being made more than 365 days after adoption of the statewide cost estimate for an initial claim or, in the case of payment of a subsequent claim relating to that same statute or executive order, if payment is being made more than 60 days after the filing deadline for, or the actual date of receipt of, the subsequent claim, whichever is later. In those instances, interest shall begin to accrue as of the 366th day after adoption of the statewide cost estimate for an initial claim and as of the 61st day after the filing deadline for, or actual date of receipt of, the subsequent claim, whichever is later. (b) This section shall become operative on July 1, 1996.

#### **GC §17561.6: Payment**

(a) A budget act item or appropriation pursuant to this part for reimbursement of claims shall include an amount necessary to reimburse any interest due pursuant to Section 17561.5. (b) This section shall become operative on July 1, 1996.

#### **GC §17562: Review of Costs of State-Mandated Local Programs**

(a) The Legislature hereby finds and declares that the increasing revenue constraints on state and local government and the increasing costs of financing state-mandated local programs make evaluation of state-mandated local programs imperative. Accordingly, it is the intent of the Legislature to increase information regarding state mandates and establish a method for regularly reviewing the costs and benefits of state-mandated local programs. (b) The Controller shall submit a report to the Joint Legislative Budget Committee and fiscal committees by January 1 of each year. This report shall summarize, by state mandate, the total amount of claims paid per fiscal year and the amount, if any, of mandate deficiencies or surpluses. This report shall be made available in an electronic spreadsheet format. The report shall compare the annual cost of each mandate to the statewide cost estimate adopted by the commission. (c) After the commission submits its second semiannual report to the Legislature pursuant to Section 17600, the Legislative Analyst shall submit a report to the Joint Legislative Budget Committee and legislative fiscal committees on the mandates included in the commission's reports. The report shall make recommendations as to whether the mandate should be repealed, funded, suspended, or modified. (d) In its annual analysis of the Budget Bill and based on information provided pursuant to subdivision (b), the Legislative Analyst shall identify mandates that significantly exceed the statewide cost estimate adopted by the commission. The Legislative Analyst shall make recommendations on whether the mandate should be repealed, funded, suspended, or modified. (e) (1) A statewide association of local agencies or a Member of the Legislature may submit a proposal to the Legislature recommending the elimination or modification of a state-mandated local program. To make such a proposal, the association

or member shall submit a letter to the Chairs of the Assembly Committee on Local Government and the Senate Committee on Local Government specifying the mandate and the concerns and recommendations regarding the mandate. The association or member shall include in the proposal all information relevant to the conclusions. If the chairs of the committees desire additional analysis of the submitted proposal, the chairs may refer the proposal to the Legislative Analyst for review and comment. The chairs of the committees may refer up to a total of 10 of these proposals to the Legislative Analyst for review in any year. Referrals shall be submitted to the Legislative Analyst by December 1 of each year. (2) The Legislative Analyst shall review and report to the Legislature with regard to each proposal that is referred to the office pursuant to paragraph (1). The Legislative Analyst shall recommend that the Legislature adopt, reject, or modify the proposal. The report and recommendations shall be submitted annually to the Legislature by March 1 of the year subsequent to the year in which referrals are submitted to the Legislative Analyst. (3) The Department of Finance shall review all statutes enacted each year that contain provisions making inoperative Section 2229 or Section 2230 of the Revenue and Taxation Code or Section 17561 or Section 17565 that have resulted in costs or revenue losses mandated by the state that were not identified when the statute was enacted. The review shall identify the costs or revenue losses involved in complying with the statutes. The Department of Finance shall also review all statutes enacted each year that may result in cost savings authorized by the state. The Department of Finance shall submit an annual report of the review required by this subdivision, together with the recommendations as it may deem appropriate, by December 1 of each year. (f) It is the intent of the Legislature that the Assembly Committee on Local Government and the Senate Committee on Local Government hold a joint hearing each year regarding the following: (1) The reports and recommendations submitted pursuant to subdivision (e). (2) The reports submitted pursuant to Sections 17570, 17600, and 17601. (3) Legislation to continue, eliminate, or modify any provision of law reviewed pursuant to this subdivision. The legislation may be by subject area or by year or years of enactment.

**GC §17563: Use of Funds Received for Public Purpose**

Any funds received by a local agency or school district pursuant to the provisions of this chapter may be used for any public purpose.

**GC §17564: Filing of Claims: Threshold Amount**

(a) No claim shall be made pursuant to Sections 17551 and 17561, nor shall any payment be made on claims submitted pursuant to Sections 17551 and 17561, unless these claims exceed one thousand dollars (\$1,000), provided that a county superintendent of schools or county may submit a combined claim on behalf of school districts, direct service districts, or special districts within their county if the combined claim exceeds one thousand dollars (\$1,000) even if the individual school district's, direct service district's, or special district's claims do not each exceed one thousand dollars (\$1,000). The county superintendent of schools or the county shall determine if the submission of the combined claim is economically feasible and shall be responsible for disbursing the funds to each school, direct service, or special district. These combined claims may be filed only when the county superintendent of schools or the county is the fiscal agent for the districts. All subsequent claims based upon the same mandate shall only be filed in the combined form unless a school district, direct service district, or special district provides to the county superintendent of schools or county and to the Controller, at least 180 days prior to the deadline for filing the claim, a written notice of its intent to file a separate claim. (b) Claims for direct and indirect costs filed pursuant to Section 17561 shall be filed in the manner prescribed in the parameters and guidelines.

**GC §17565: Reimbursement of Subsequently Mandated Costs**

If a local agency or a school district, at its option, has been incurring costs which are subsequently mandated by the state, the state shall reimburse the local agency or school district for those costs incurred after the operative date of the mandate.

**GC §17567: Insufficiency of Appropriation: Proration of Claims**

In the event that the amount appropriated for reimbursement purposes pursuant to Section 17561 is not sufficient to pay all of the claims approved by the Controller, the Controller shall prorate claims in proportion to the dollar amount of approved claims timely filed and on hand at the time of proration. The Controller shall adjust prorated claims if supplementary funds are appropriated for this purpose. In the event that the Controller finds it necessary to prorate claims as provided by this section, the Controller shall immediately report this action to the Department of Finance, the Chairperson of the Joint Legislative Budget Committee, and the Chairperson of the respective committee in each house of the Legislature which considers appropriations in order to assure appropriation of these funds in the Budget Act. If these funds cannot be appropriated on a timely basis in the Budget Act, the Controller shall transmit this information to the commission which shall include these amounts in its report to the Legislature pursuant to Section 17600 to assure that an appropriation sufficient to pay the claims is included in the local government claims bills or other appropriation bills. If the local government claims bills required by Section 17612 have been introduced in the Legislature, the Controller shall report directly to the chairperson of the respective committee in each house of the Legislature which considers appropriations to assure inclusion of a sufficient appropriation in the claims bills.

**GC §17568: Payment of Claims Submitted After Deadline**

If a local agency or school district submits an otherwise valid reimbursement claim to the Controller after the deadline specified in Section 17560, the Controller shall reduce the reimbursement claim in an amount equal to 10 percent of the amount which would have been allowed had the reimbursement claim been timely filed, provided that the amount of this reduction shall not exceed one thousand dollars (\$1,000). In no case shall a reimbursement claim be paid which is submitted more than one year after the deadline specified in Section 17560. Estimated claims which were filed by the deadline specified in that section shall be paid in full before payments are made on estimated claims filed after the deadline. In the event the amount appropriated to the Controller for reimbursement purposes is not sufficient to pay the estimated claims approved by the Controller, the Controller shall prorate those claims in proportion to the dollar amount of approved claims filed after the deadline and shall report to the commission or the Legislature in the same manner as described in Section 17566 in order to assure appropriation of funds sufficient to pay those claims.

**GC §17570: Annual Report to Legislature**

The Legislative Analyst shall review each unfunded statutory or regulatory mandate for which claims have been approved by the Legislature pursuant to a claims bill during the preceding fiscal year. Any recommendations by the Legislative Analyst to eliminate or modify the mandates shall be contained in the annual analysis of the Budget Bill prepared by the Legislative Analyst.

**GC §17571: Review and Modification of Claiming Instructions**

The commission, upon request of a local agency or school district, shall review the claiming instructions issued by the Controller or any other authorized state agency for reimbursement of mandated costs. 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.

**GC §17575: Review of Bills**

When a bill is introduced in the Legislature, and each time a bill is amended, on and after January 1, 1985, the Legislative Counsel shall determine whether the bill mandates a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution. The Legislative Counsel shall make this determination known in the digest of the bill and shall describe in the digest the basis for this determination. The determination by the Legislative Counsel shall not be binding on the commission in making its determination pursuant to Section 17555.



**GC §17576: Amendment of Bills on Floor: Notification by Legislative Counsel**

Whenever the Legislative Counsel determines that a bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Department of Finance shall prepare an estimate of the amount of reimbursement which will be required. This estimate shall be prepared for the respective committees of each house of the Legislature which consider taxation measures and appropriation measures and shall be prepared prior to any hearing on the bill by any such committee.

**GC §17577: Amount of Estimates**

The estimate required by Section 17576 shall be the amount estimated to be required during the first fiscal year of a bill's operation in order to reimburse local agencies and school districts for costs mandated by the state by the bill.

**GC §17578: Amendment of Bills on Floor: Notification by Legislative Counsel**

In the event that a bill is amended on the floor of either house, whether by adoption of the report of a conference committee or otherwise, in such a manner as to mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, the Legislative Counsel shall immediately inform, respectively, the Speaker of the Assembly and the President of the Senate of that fact. Notification from the Legislative Counsel shall be published in the journal of the respective houses of the Legislature.

**GC §17579: Requirement for New Mandates to Specify Reimbursement Requirements: Appropriations**

(a) Any bill introduced or amended on and after January 1, 1985, for which the Legislative Counsel has determined the bill will mandate a new program or higher level of service pursuant to Section 6 of Article XIII B of the California Constitution, shall contain a section specifying that reimbursement shall be made from the fund pursuant to Section 17610 when the amount of the claim has been determined pursuant to Article 1 (commencing with Section 17550) of this chapter or that there is no mandate or that the mandate is being disclaimed and the reason therefor. (b) Any bill introduced or amended on and after January 1, 1985, may, but is not required to, contain an appropriation to provide reimbursement of costs mandated by the state.

**GC §17581: Conditions for Exemption From Implementation of Statute or Executive Order**

(a) No local agency shall be required to implement or give effect to any statute or executive order, or portion thereof, during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply: (1) The statute or executive order, or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of local agencies pursuant to Section 6 of Article XIII B of the California Constitution. (2) The statute or executive order, or portion thereof, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements. (b) Notwithstanding any other provision of law, if a local agency elects to implement or give effect to a statute or executive order described in subdivision (a), the local agency may assess fees to persons or entities which benefit from the statute or executive order. Any fee assessed pursuant to this subdivision shall not exceed the costs reasonably borne by the local agency. (c) This section shall not apply to any state-mandated local program for the trial courts, as specified in Section 77203. (d) This section shall not apply to any state-mandated local program for which the reimbursement funding counts toward the minimum General Fund requirements of Section 8 of Article XVI of the Constitution.

**GC §17581.5 Exemption From Provisions of School Bus Safety II Mandate and School Crimes Reporting II Mandate**

(a) A school district shall not be required to implement or give effect to the statutes, or portion thereof, identified in subdivision (b) during any fiscal year and for the period immediately following that fiscal year for which the Budget Act has not been enacted for the subsequent fiscal year if all of the following apply: (1) The statute or portion thereof, has been determined by the Legislature, the commission, or any court to mandate a new program or higher level of service requiring reimbursement of local agencies pursuant to Section 6 of Article XIII B of the California Constitution. (2) The statute, or portion thereof, has been specifically identified by the Legislature in the Budget Act for the fiscal year as being one for which reimbursement is not provided for that fiscal year. For purposes of this paragraph, a mandate shall be considered to have been specifically identified by the Legislature only if it has been included within the schedule of reimbursable mandates shown in the Budget Act and it is specifically identified in the language of a provision of the item providing the appropriation for mandate reimbursements. (b) This section applies only to the following mandates: (1) The School Bus Safety II mandate (Chapter 642 of the Statutes of 1992; Chapter 831 of the Statutes of 1994; and Chapter 739 of the Statutes of 1997). (2) The School Crimes Reporting II mandate (Chapter 759 of the Statutes of 1992 and Chapter 410 of the Statutes of 1995).

**GC §17600: Report on Number of Mandates and Their Costs**

At least twice each calendar year the commission shall report to the Legislature on the number of mandates it has found pursuant to Article 1 (commencing with Section 17550) and the estimated statewide costs of these mandates. This report shall identify the statewide costs estimated for each mandate and the reasons for recommending reimbursement.

**GC §17601: Report on Claims Denied**

The commission shall report to the Legislature on January 15, 1986, and each January 15 thereafter, on the number of claims it denied during the preceding calendar year and the basis on which the particular claims were denied.

**GC §17610: Costs Paid From Fund: Limit on Costs**

(a) The costs arising from a statute containing a statement that the statute mandates a new program or higher level of service and specifying that reimbursement shall be made from the fund shall, upon certification of the estimated statewide cost by the commission to the Controller, be paid from the fund, provided that the estimated statewide cost of the claim does not exceed one million dollars (\$1,000,000). The Controller shall receive, review, and pay reimbursement claims from the fund as the claims are received. Claims for initial reimbursement shall be filed with the Controller within 120 days from the date that the Controller issued claiming instructions on mandates funded by the fund. When paying a timely filed claim for initial reimbursement, the Controller shall withhold 20 percent of the amount of the claim until the claim is audited to verify the actual amount of the mandated cost. Any claim for initial reimbursement filed after the filing deadline shall be reduced by 10 percent of the amount which would have been allowed had the claim been timely filed, provided that the amount of this reduction shall not exceed one thousand dollars (\$1,000). The Controller may withhold payment of any initial reimbursement claim filed after the filing deadline until the next deadline for funding claims unless sufficient funds are available to pay the claim after all timely filed claims have been paid. (b) For purposes of this section, "estimated statewide cost" means the total amount of funds estimated to be necessary to reimburse all eligible local agencies and school districts for costs incurred as a result of the mandate during the first 12-month period following the operative date of the mandate. (c) For purposes of this section, "costs arising from a statute" means the total amount of funds necessary to reimburse eligible local agencies and school districts for costs incurred as a result of complying with a mandate for the fiscal years specified in the parameters and guidelines in accordance with Section 17557.

**GC §17612: Local Government Claims Bills: Judicial Review of Funding Deletions**

(a) Immediately upon receipt of the report submitted by the commission pursuant to Section 17600, a local government claims bill shall be introduced in the Legislature. The local government claims bill, at the time of its introduction, shall provide for an appropriation sufficient to pay the estimated costs of these mandates except where the costs have been or will be paid pursuant to Section 17610. (b) The Legislature may amend, modify, or supplement the parameters and guidelines for mandates contained in the local government claims bill. If the Legislature amends, modifies, or supplements the parameters and guidelines, it shall make a declaration in the local government claims bill specifying the basis for the amendment, modification, or supplement. (c) If the Legislature deletes from a local government claims bill funding for a mandate, the local agency or school district may file in the Superior Court of the County of Sacramento an action in declaratory relief to declare the mandate unenforceable and enjoin its enforcement.

**GC §17613: Authorization of Augmentation for Mandated Costs**

(a) The Director of Finance may, upon receipt of any report submitted pursuant to Section 17567, authorize the augmentation of the amount available for expenditure to reimburse costs mandated by the state, as defined in Section 17514, as follows: (1) For augmentation of (A) any schedule in any item to reimburse costs mandated by the state in any budget act, or (B) the amount appropriated in a local government claims bill for reimbursement of the claims of local agencies, as defined by Section 17518, from the unencumbered balance of any other item to reimburse costs mandated by the state in that budget act or another budget act or in an appropriation for reimbursement of the claims of local agencies in another local government claims bill. (2) For augmentation of (A) any schedule in any budget act item, or (B) any amount appropriated in a local government claims bill, when either of these augmentations is for reimbursement of mandated claims of school districts, as defined in Section 17519, when the source of this augmentation is (A) the unencumbered balance of any other scheduled amount in that budget act or another budget act, or (B) an appropriation in another local government claims bill, when either of these appropriations is for reimbursement of mandate claims of school districts. This paragraph applies only to appropriations that are made for the purpose of meeting the minimum funding guarantee for educational programs pursuant to Section 8 of Article XVI of the California Constitution. (b) No authorization for an augmentation pursuant to this section may be made sooner than 30 days after the notification in writing of the necessity therefor to the chairperson of the committee in each house which considers appropriations and the chairperson of the Joint Legislative Budget Committee, or not sooner than whatever lesser time as the chairperson of the joint committee, or his or her designee, may in each instance determine.

**GC §17614: State Mandates Claims Fund**

There is hereby created the State Mandates Claims Fund. Notwithstanding Section 13340, money in the fund is continuously appropriated without regard to fiscal years for the sole purpose of paying claims pursuant to Section 17610.

**GC §17615: Legislative Findings and Intent**

The Legislature finds and declares that the existing system for reimbursing local agencies and school districts for actual costs mandated by the state on an annual claim basis is time consuming, cumbersome, and expensive at both the local and state levels. The Controller must process voluminous claims with all claims subject to a desk audit and selected claims also subject to a field audit. Local agencies are required to maintain extensive documentation of all claims in anticipation of such an audit. The volume of these records is substantial and will continue to grow with no relief in sight as new programs are mandated. The cost to local agencies and school districts for filing claims, and for maintaining documentation and responding to the Controller's audits is substantial. The current administrative cost to both state and local governments represents a significant expenditure of public funds with no apparent benefit to the taxpayers. It is the intent of the Legislature to streamline the reimbursement process for costs mandated by the state by creating a system of state mandate apportionments to fund the costs of certain programs mandated by the state.

**GC §17615.1: Review of Programs for Inclusion in System**

Notwithstanding the provisions of Section 2231 of the Revenue and Taxation **Code**, the commission shall establish a procedure for reviewing, upon request, mandated cost programs for which appropriations have been made by the Legislature for the 1982-83, 1983-84, and 1984-85 fiscal years, or any three consecutive fiscal years thereafter. At the request of the Department of Finance, the Controller, or any local agency or school district receiving reimbursement for the mandated program, the commission shall review the mandated cost program to determine whether the program should be included in the State Mandates Apportionment System. If the commission determines that the State Mandates Apportionment System would accurately reflect the costs of the state mandated program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System.

**GC §17615.2: Calculation of Disbursement Amounts**

(a) Notwithstanding Section 17561, after November 30, 1985, for those programs included in the State Mandates Apportionment System, after approval by the commission, there shall be disbursed by the Controller to each local agency and school district which has submitted a reimbursement claim for costs mandated by the state in the 1982-83, 1983-84, and the 1984-85 fiscal years, or any three consecutive fiscal years thereafter, an amount computed by averaging the approved reimbursement claims for this three-year period. The amount shall first be adjusted according to any changes in the deflator. The deflator shall be applied separately to each year's costs for the three years which comprise the base period. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1985 and the Budget Act for any subsequent fiscal year thereafter. For purposes of this article, "base period" means the three fiscal years immediately succeeding the commission's approval. (b) When the Controller has made payment on claims prior to commission approval of the program for inclusion in the State Mandates Apportionment System, the payment shall be adjusted in the next apportionment to the amount which would have been subvened to the local agency or school district for that fiscal year had the State Mandates Apportionment System been in effect at the time of the initial payment.

**GC §17615.3: Annual Recalculation of Allocation**

Notwithstanding Section 17561, by November 30, 1986, and by November 30 of each year thereafter, for those programs included in the State Mandates Apportionment System, the Controller shall recalculate each allocation for each local agency and school district for the 1985-86 fiscal year, by using the actual change in the deflator for that year. That recalculated allocation shall then be adjusted by the estimated change in the deflator for the 1986 -87 fiscal year, and each fiscal year thereafter, to establish the allocation amount for the 1986-87 fiscal year, and each fiscal year thereafter. Additionally, for programs approved by the commission for inclusion in the State Mandates Apportionment System on or after January 1, 1988, the allocation for each year succeeding the three-year base period shall be adjusted according to any changes in both the deflator and workload. The Controller shall then subvene that amount after adjusting it by any amount of overpayment or underpayment in the 1985-86 fiscal year, and each fiscal year thereafter, due to a discrepancy between the actual change and the estimated change in the deflator or workload. Funds for these purposes shall be available to the extent they are provided for in the Budget Act of 1986 and the Budget Act for any subsequent fiscal year thereafter. For purposes of this article, "workload" means, for school districts and county offices of education, changes in the average daily attendance; for community colleges, changes in the number of full-time equivalent students; for cities and counties, changes in the population within their boundaries; and for special districts, changes in the population of the county in which the largest percentage of the district's population is located.

**GC §17615.4: Procedure for Newly Mandated Program**

(a) When a new mandate imposes costs which are funded either by legislation, in local government claims bills, or from the State Mandates Claim Fund, local agencies and school districts may file reimbursement claims as required by Section 17561, for a minimum of three years after the initial funding of the new mandate. (b) After actual cost claims are submitted for three fiscal years against such a new mandate, the commission shall determine, upon request of the Controller or a local entity or school district receiving reimbursement for the program, whether the amount of the base year entitlement adjusted by

changes in the deflator and workload accurately reflects the costs incurred by the local agency or school district. If the commission determines that the base year entitlement, as adjusted, does accurately reflect the costs of the program, the commission shall direct the Controller to include the program in the State Mandates Apportionment System. (c) The Controller shall make recommendations to the commission and the commission shall consider the Controller's recommendations for each new mandate submitted for inclusion in the State Mandates Apportionment System. All claims included in the State Mandates Apportionment System pursuant to this section are also subject to the audit provisions of Section 17616.

#### **GC §17615.5: Procedure Where No Base Year Entitlement Has Been Established**

(a) If any local agency or school district has an established base year entitlement which does not include costs for a particular mandate, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, adjusted pursuant to Section 17615.3 by changes in the deflator and workload, or entitlement claims covering a minimum of three consecutive years, after which time its base year entitlement may be adjusted by an amount necessary to fund the costs of that mandate. (b) If any local agency or school district has no base year entitlement, but wishes to begin claiming costs of one or more of the mandates included in the State Mandates Apportionment System, that local agency or school district may submit reimbursement claims for a minimum of three consecutive years, or entitlement claims covering the preceding three consecutive years, which shall be adjusted pursuant to Sections 17615.2 and 17615.3 by changes in the deflator and workload, after which time a base year entitlement may be established in an amount necessary to fund the costs of the mandate or mandates.

#### **GC §17615.6: Procedure Where Program is No Longer Mandatory**

If a local agency or school district realizes a decrease in the amount of costs incurred because a mandate is discontinued, or made permissive, the Controller shall determine the amount of the entitlement attributable to that mandate by determining the base year amount for that mandate for the local agency or school district plus the annual adjustments. This amount shall be subtracted from the annual subvention which would otherwise have been allocated to the local agency or school district.

#### **GC §17615.7: Procedure Where Program is Modified**

If a mandated program included in the State Mandates Apportionment System is modified or amended by the Legislature or by executive order, and the modification or amendment significantly affects the costs of the program, as determined by the commission, the program shall be removed from the State Mandate Apportionment System, and the payments reduced accordingly. Local entities or school districts may submit actual costs claims for a period of three years, after which the program may be considered for inclusion in the State Mandates Apportionment System, pursuant to the provisions of Section 17615.4.

#### **GC §17615.8: Review of Base Year Entitlement**

(a) The commission shall establish a procedure for reviewing, upon request, any apportionment or base year entitlement of a local agency or school district. (b) Local agencies and school districts which request such a review shall maintain and provide those records and documentation as the commission or its designee determines are necessary for the commission or its designee to make the required determinations. With the exception of records required to verify base year entitlements, the records may not be used to adjust current or prior apportionments, but may be used to adjust future apportionments. (c) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state does not accurately reflect the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the commission shall direct the Controller to adjust the apportionment accordingly. For the purposes of this section, an apportionment or a base year entitlement does not accurately reflect the costs incurred by a local agency or school district if it falls short of reimbursing, or overreimburses, that local agency's or school district's actual costs by 20 percent or by one thousand dollars (\$1,000), whichever is less. (d) If the commission determines that an apportionment or base year entitlement for funding costs mandated by the state accurately reflects the costs incurred by the local agency or school district for all mandates upon which that apportionment is based, the

commission may, in its discretion, direct the Controller to withhold, and, if so directed, the Controller shall withhold the costs of the commission's review from the next apportionment to the local agency or school district, if the commission review was requested by the local agency or school district.

**GC §17615.9: Review of Programs Under SMAS**

The commission shall periodically review programs funded under the State Mandate Apportionments System to evaluate the effectiveness or continued statewide need for each such mandate.

**GC §17616: Audits and Verification by Controller**

Notwithstanding the provisions of Section 2231 of the Revenue and Taxation Code, the Controller shall have the authority to do either or both of the following: (a) Audit the fiscal years comprising the base year entitlement no later than three years after the year in which the base year entitlement is established. The results of such audits shall be used to adjust the base year entitlements and any subsequent apportionments based on that entitlement, in addition to adjusting actual cost payments made for the base years audited. (b) Verify that any local agency or school district receiving funds pursuant to this article is providing the reimbursed activities.



# Office of Management and Budget

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## CIRCULAR A-21 Revised 05/10/04

### TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

**SUBJECT:** Cost Principles for Educational Institutions

1. *Purpose.* This Circular establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. The principles deal with the subject of cost determination, and make no attempt to identify the circumstances or dictate the extent of agency and institutional participation in the financing of a particular project. The principles are designed to provide that the Federal Government bear its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law. Agencies are not expected to place additional restrictions on individual items of cost. Provision for profit or other increment above cost is outside the scope of this Circular.

2. *Supersession.* The Circular supersedes Federal Management Circular 73 8, dated December 19, 1973. FMC 73 8 is revised and reissued under its original designation of OMB Circular No. A 21.

3. *Applicability.*

- a. All Federal agencies that sponsor research and development, training, and other work at educational institutions shall apply the provisions of this Circular in determining the costs incurred for such work. The principles shall also be used as a guide in the pricing of fixed price or lump sum agreements.
- b. In addition, Federally Funded Research and Development Centers associated with educational institutions shall be required to comply with the Cost Accounting Standards, rules and regulations issued by the Cost Accounting Standards Board, and set forth in 48 CFR part 99; provided that they are subject thereto under defense related contracts.

4. *Responsibilities.* The successful application of cost accounting principles requires development of mutual understanding between representatives of educational institutions and of the Federal Government as to their scope, implementation, and interpretation.

5. *Attachment.* The principles and related policy guides are set forth in the Attachment, "Principles for determining costs applicable to grants, contracts, and other agreements with educational institutions."

6. *Effective date.* The provisions of this Circular shall be effective October 1, 1979, except for subsequent amendments incorporated herein for which the effective dates were specified in these revisions (47 FR 33658, 51 FR 20908, 51 FR 43487, 56 FR 50224, 58 FR 39996, 61 FR 20880, 63 FR 29786, 63 FR 57332, 65 FR 48566 and 69 FR 25970). Institutions as of the start of their first fiscal year beginning after that date shall implement the provisions. Earlier implementation, or a delay in implementation of individual provisions, is permitted by mutual agreement between an institution and the cognizant Federal agency.

7. *Inquiries.* Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Office of Management and Budget, Washington, DC 20503, telephone (202) 395 3993.

Attachment

### PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS, CONTRACTS, AND OTHER AGREEMENTS WITH EDUCATIONAL INSTITUTIONS

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[Exhibit A](#) - List of Colleges and Universities Subject to Section J.12.h of Circular A 21

[Exhibit B](#) - Listing of Institutions that are eligible for the utility cost adjustment

[Exhibit C](#) - Examples of "major project" where direct charging of administrative or clerical staff salaries may be appropriate

[Appendix A](#) - CASB's Cost Accounting Standards (CAS)

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[Appendix C](#) - Documentation Requirements for Facilities and Administrative (F&A) Rate Proposals (21 pages, 39 kb) 

**PRINCIPLES FOR DETERMINING COSTS APPLICABLE TO GRANTS, CONTRACTS, AND OTHER AGREEMENTS WITH EDUCATIONAL INSTITUTIONS**

A. Purpose and scope.

1. Objectives. This Attachment provides principles for determining the costs applicable to research and development, training, and other sponsored work performed by colleges and universities under grants, contracts, and other agreements with the Federal Government. These agreements are referred to as sponsored agreements.
2. Policy guides. The successful application of these cost accounting principles requires development of mutual understanding between representatives of universities and of the Federal Government as to their scope, implementation, and interpretation. It is recognized that
  - a. The arrangements for Federal agency and institutional participation in the financing of a research, training, or other project are properly subject to negotiation between the agency and the institution concerned, in accordance with such governmentwide criteria or legal requirements as may be applicable.
  - b. Each institution, possessing its own unique combination of staff, facilities, and experience, should be encouraged to conduct research and educational activities in a manner consonant with its own academic philosophies and institutional objectives.
  - c. The dual role of students engaged in research and the resulting benefits to sponsored agreements are fundamental to the research effort and shall be recognized in the application of these principles.
  - d. Each institution, in the fulfillment of its obligations, should employ sound management practices.
  - e. The application of these cost accounting principles should require no significant changes in the generally accepted accounting practices of colleges and universities. However, the accounting practices of individual colleges and universities must support the accumulation of costs as required by the principles, and must provide for adequate documentation to support costs charged to sponsored agreements.
  - f. Cognizant Federal agencies involved in negotiating facilities and administrative (F&A) cost rates and auditing should assure that institutions are generally applying these cost accounting principles on a consistent basis. Where wide variations exist in the treatment of a given cost item among institutions, the reasonableness and equitableness of such treatments should be fully considered during the rate negotiations and audit.
3. Application. These principles shall be used in determining the allowable costs of work performed by colleges and

universities under sponsored agreements. The principles shall also be used in determining the costs of work performed by such institutions under subgrants, cost reimbursement subcontracts, and other awards made to them under sponsored agreements. They also shall be used as a guide in the pricing of fixed price contracts and subcontracts where costs are used in determining the appropriate price. The principles do not apply to:

- a. Arrangements under which Federal financing is in the form of loans, scholarships, fellowships, traineeships, or other fixed amounts based on such items as education allowance or published tuition rates and fees of an institution.
- b. Capitation awards.
- c. Other awards under which the institution is not required to account to the Federal Government for actual costs incurred.
- d. Conditional exemptions.

(1) OMB authorizes conditional exemption from OMB administrative requirements and cost principles circulars for certain Federal programs with statutorily authorized consolidated planning and consolidated administrative funding, that are identified by a Federal agency and approved by the head of the Executive department or establishment. A Federal agency shall consult with OMB during its consideration of whether to grant such an exemption.

(2) To promote efficiency in State and local program administration, when Federal non entitlement programs with common purposes have specific statutorily authorized consolidated planning and consolidated administrative funding and where most of the State agency's resources come from non Federal sources, Federal agencies may exempt these covered State administered, non entitlement grant programs from certain OMB grants management requirements. The exemptions would be from all but the allocability of costs provisions of OMB Circulars A 87 (Attachment A, subsection C.3), "Cost Principles for State, Local, and Indian Tribal Governments," A 21 (Section C, subpart 4), "Cost Principles for Educational Institutions," and A 122 (Attachment A, subsection A.4), "Cost Principles for Non Profit Organizations," and from all of the administrative requirements provisions of OMB Circular A 110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations," and the agencies' grants management common rule.

(3) When a Federal agency provides this flexibility, as a prerequisite to a State's exercising this option, a State must adopt its own written fiscal and administrative requirements for expending and accounting for all funds, which are consistent with the provisions of OMB Circular A 87, and extend such policies to all subrecipients. These fiscal and administrative requirements must be sufficiently specific to ensure that: funds are used in compliance with all applicable Federal statutory and regulatory provisions, costs are reasonable and necessary for operating these programs, and funds are not be used for general expenses required to carry out other responsibilities of a State or its subrecipients.

#### 4. Inquiries.

All inquiries from Federal agencies concerning the cost principles contained in this Circular, including the administration and implementation of the Cost Accounting Standards (CAS) (described in Sections C.10 through C.13) and disclosure statement (DS 2) requirements, shall be addressed by the Office of Management and Budget (OMB), Office of Federal Financial Management, in coordination with the Cost Accounting Standard Board (CASB) with respect to inquiries concerning CAS. Educational institutions' inquiries should be addressed to the cognizant agency.

#### B. Definition of terms.

1. Major functions of an institution refers to instruction, organized research, other sponsored activities and other institutional activities as defined below:

- a. Instruction means the teaching and training activities of an institution. Except for research training as provided in subsection b, this term includes all teaching and training activities, whether they are offered for credits toward a degree or certificate or on a non credit basis, and whether they are offered through regular academic departments or separate divisions, such as a summer school division or an extension division. Also considered part of this major function are departmental research, and, where agreed to, university research.

(1) Sponsored instruction and training means specific instructional or training activity established by grant, contract, or cooperative agreement. For purposes of the cost principles, this activity may be considered a major function even though an institution's accounting treatment may include it in the instruction function.

(2) Departmental research means research, development and scholarly activities that are not organized research and, consequently, are not separately budgeted and accounted for. Departmental research, for purposes of this document, is not considered as a major function, but as a part of the instruction function of the institution.

- b. Organized research means all research and development activities of an institution that are separately budgeted

and accounted for. It includes:

(1) Sponsored research means all research and development activities that are sponsored by Federal and non Federal agencies and organizations. This term includes activities involving the training of individuals in research techniques (commonly called research training) where such activities utilize the same facilities as other research and development activities and where such activities are not included in the instruction function.

(2) University research means all research and development activities that are separately budgeted and accounted for by the institution under an internal application of institutional funds. University research, for purposes of this document, shall be combined with sponsored research under the function of organized research.

c. Other sponsored activities means programs and projects financed by Federal and non Federal agencies and organizations which involve the performance of work other than instruction and organized research. Examples of such programs and projects are health service projects, and community service programs. However, when any of these activities are undertaken by the institution without outside support, they may be classified as other institutional activities.

d. Other institutional activities means all activities of an institution except:

(1) instruction, departmental research, organized research, and other sponsored activities, as defined above;

(2) F&A cost activities identified in Section F; and

(3) specialized service facilities described in Section J.47. Other institutional activities include operation of residence halls, dining halls, hospitals and clinics, student unions, intercollegiate athletics, bookstores, faculty housing, student apartments, guest houses, chapels, theaters, public museums, and other similar auxiliary enterprises. This definition also includes any other categories of activities, costs of which are "unallowable" to sponsored agreements, unless otherwise indicated in the agreements.

2. Sponsored agreement, for purposes of this Circular, means any grant, contract, or other agreement between the institution and the Federal Government.

3. Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective, in reasonable and realistic proportion to the benefit provided or other equitable relationship. A cost objective may be a major function of the institution, a particular service or project, a sponsored agreement, or a F&A cost activity, as described in Section F. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives.

4. Facilities and administrative (F&A) costs, for the purpose of this Circular, means costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. F&A costs are synonymous with "indirect" costs, as previously used in this Circular and as currently used in Appendices A and B. The F&A cost categories are described in Section F.1.

C. Basic considerations.

1. Composition of total costs. The cost of a sponsored agreement is comprised of the allowable direct costs incident to its performance, plus the allocable portion of the allowable F&A costs of the institution, less applicable credits as described in subsection 5.

2. Factors affecting allowability of costs. The tests of allowability of costs under these principles are: (a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods provided herein; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items.

3. Reasonable costs. A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are: (a) whether or not the cost is of a type generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement; (b) the restraints or requirements imposed by such factors as arm's length bargaining, Federal and State laws and regulations, and sponsored agreement terms and conditions; (c) whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the Federal Government, and the public at large; and, (d) the extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored agreements.

4. Allocable costs.

- a. A cost is allocable to a particular cost objective (i.e., a specific function, project, sponsored agreement, department, or the like) if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received or other equitable relationship. Subject to the foregoing, a cost is allocable to a sponsored agreement if (1) it is incurred solely to advance the work under the sponsored agreement; (2) it benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods, or (3) it is necessary to the overall operation of the institution and, in light of the principles provided in this Circular, is deemed to be assignable in part to sponsored projects. Where the purchase of equipment or other capital items is specifically authorized under a sponsored agreement, the amounts thus authorized for such purchases are assignable to the sponsored agreement regardless of the use that may subsequently be made of the equipment or other capital items involved.
- b. Any costs allocable to a particular sponsored agreement under the standards provided in this Circular may not be shifted to other sponsored agreements in order to meet deficiencies caused by overruns or other fund considerations, to avoid restrictions imposed by law or by terms of the sponsored agreement, or for other reasons of convenience.
- c. Any costs allocable to activities sponsored by industry, foreign governments or other sponsors may not be shifted to federally sponsored agreements.
- d. Allocation and documentation standard.

(1) Cost principles. The recipient institution is responsible for ensuring that costs charged to a sponsored agreement are allowable, allocable, and reasonable under these cost principles.

(2) Internal controls. The institution's financial management system shall ensure that no one person has complete control over all aspects of a financial transaction.

(3) Direct cost allocation principles. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding subsection b, the costs may be allocated or transferred to benefited projects on any reasonable basis, consistent with subsections d. (1) and (2).

(4) Documentation. Federal requirements for documentation are specified in this Circular, Circular A 110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations," and specific agency policies on cost transfers. If the institution authorizes the principal investigator or other individual to have primary responsibility, given the requirements of subsection d. (2), for the management of sponsored agreement funds, then the institution's documentation requirements for the actions of those individuals (e.g., signature or initials of the principal investigator or designee or use of a password) will normally be considered sufficient.

5. Applicable credits.

- a. The term "applicable credits" refers to those receipts or negative expenditures that operate to offset or reduce direct or F&A cost items. Typical examples of such transactions are: purchase discounts, rebates, or allowances; recoveries or indemnities on losses; and adjustments of overpayments or erroneous charges. This term also includes "educational discounts" on products or services provided specifically to educational institutions, such as discounts on computer equipment, except where the arrangement is clearly and explicitly identified as a gift by the vendor.
- b. In some instances, the amounts received from the Federal Government to finance institutional activities or service operations should be treated as applicable credits. Specifically, the concept of netting such credit items against related expenditures should be applied by the institution in determining the rates or amounts to be charged to sponsored agreements for services rendered whenever the facilities or other resources used in providing such services have been financed directly, in whole or in part, by Federal funds. (See Sections F.10, J.14, and J.47 for areas of potential application in the matter of direct Federal financing.)

6. Costs incurred by State and local governments. Costs incurred or paid by State or local governments on behalf of their colleges and universities for fringe benefit programs, such as pension costs and FICA and any other costs specifically incurred on behalf of, and in direct benefit to, the institutions, are allowable costs of such institutions whether or not these costs are recorded in the accounting records of the institutions, subject to the following:

- a. The costs meet the requirements of subsections 1 through 5.
- b. The costs are properly supported by cost allocation plans in accordance with applicable Federal cost accounting principles.
- c. The costs are not otherwise borne directly or indirectly by the Federal Government.

7. Limitations on allowance of costs. Sponsored agreements may be subject to statutory requirements that limit the allowance of costs. When the maximum amount allowable under a limitation is less than the total amount determined

in accordance with the principles in this Circular, the amount not recoverable under a sponsored agreement may not be charged to other sponsored agreements.

8. Collection of unallowable costs, excess costs due to noncompliance with cost policies, increased costs due to failure to follow a disclosed accounting practice and increased costs resulting from a change in cost accounting practice. The following costs shall be refunded (including interest) in accordance with applicable Federal agency regulations:

- a. Costs specifically identified as unallowable in Section J, either directly or indirectly, and charged to the Federal Government.
- b. Excess costs due to failure by the educational institution to comply with the cost policies in this Circular.
- c. Increased costs due to a noncompliant cost accounting practice used to estimate, accumulate, or report costs.
- d. Increased costs resulting from a change in accounting practice.

9. Adjustment of previously negotiated F&A cost rates containing unallowable costs. Negotiated F&A cost rates based on a proposal later found to have included costs that (a) are unallowable as specified by (i) law or regulation, (ii) Section J of this Circular, (iii) terms and conditions of sponsored agreements, or (b) are unallowable because they are clearly not allocable to sponsored agreements, shall be adjusted, or a refund shall be made, in accordance with the requirements of this section. These adjustments or refunds are designed to correct the proposals used to establish the rates and do not constitute a reopening of the rate negotiation. The adjustments or refunds will be made regardless of the type of rate negotiated (predetermined, final, fixed, or provisional).

- a. For rates covering a future fiscal year of the institution, the unallowable costs will be removed from the F&A cost pools and the rates appropriately adjusted.
- b. For rates covering a past period, the Federal share of the unallowable costs will be computed for each year involved and a cash refund (including interest chargeable in accordance with applicable regulations) will be made to the Federal Government. If cash refunds are made for past periods covered by provisional or fixed rates, appropriate adjustments will be made when the rates are finalized to avoid duplicate recovery of the unallowable costs by the Federal Government.
- c. For rates covering the current period, either a rate adjustment or a refund, as described in subsections a and b, shall be required by the cognizant agency. The choice of method shall be at the discretion of the cognizant agency, based on its judgment as to which method would be most practical.
- d. The amount or proportion of unallowable costs included in each year's rate will be assumed to be the same as the amount or proportion of unallowable costs included in the base year proposal used to establish the rate.

10. Consistency in estimating, accumulating and reporting costs.

- a. An educational institution's practices used in estimating costs in pricing a proposal shall be consistent with the educational institution's cost accounting practices used in accumulating and reporting costs.
- b. An educational institution's cost accounting practices used in accumulating and reporting actual costs for a sponsored agreement shall be consistent with the educational institution's practices used in estimating costs in pricing the related proposal or application.
- c. The grouping of homogeneous costs in estimates prepared for proposal purposes shall not per se be deemed an inconsistent application of cost accounting practices under subsection a when such costs are accumulated and reported in greater detail on an actual cost basis during performance of the sponsored agreement.
- d. Appendix A also reflects this requirement, along with the purpose, definitions, and techniques for application, all of which are authoritative.

11. Consistency in allocating costs incurred for the same purpose.

- a. All costs incurred for the same purpose, in like circumstances, are either direct costs only or F&A costs only with respect to final cost objectives. No final cost objective shall have allocated to it as a cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included as a direct cost of that or any other final cost objective. Further, no final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any F&A cost pool to be allocated to that or any other final cost objective.
- b. Appendix A reflects this requirement along with its purpose, definitions, and techniques for application, illustrations and interpretations, all of which are authoritative.

12. Accounting for unallowable costs.

- a. Costs expressly unallowable or mutually agreed to be unallowable, including costs mutually agreed to be unallowable directly associated costs, shall be identified and excluded from any billing, claim, application, or proposal applicable to a sponsored agreement.
- b. Costs which specifically become designated as unallowable as a result of a written decision furnished by a Federal official pursuant to sponsored agreement disputes procedures shall be identified if included in or used in the computation of any billing, claim, or proposal applicable to a sponsored agreement. This identification requirement applies also to any costs incurred for the same purpose under like circumstances as the costs specifically identified as unallowable under either this subsection or subsection a.
- c. Costs which, in a Federal official's written decision furnished pursuant to sponsored agreement disputes procedures, are designated as unallowable directly associated costs of unallowable costs covered by either subsection a or b shall be accorded the identification required by subsection b.
- d. The costs of any work project not contractually authorized by a sponsored agreement, whether or not related to performance of a proposed or existing sponsored agreement, shall be accounted for, to the extent appropriate, in a manner which permits ready separation from the costs of authorized work projects.
- e. All unallowable costs covered by subsections a through d shall be subject to the same cost accounting principles governing cost allocability as allowable costs. In circumstances where these unallowable costs normally would be part of a regular F&A cost allocation base or bases, they shall remain in such base or bases. Where a directly associated cost is part of a category of costs normally included in a F&A cost pool that shall be allocated over a base containing the unallowable cost with which it is associated, such a directly associated cost shall be retained in the F&A cost pool and be allocated through the regular allocation process.
- f. Where the total of the allocable and otherwise allowable costs exceeds a limitation of cost or ceiling price provision in a sponsored agreement, full direct and F&A cost allocation shall be made to the sponsored agreement cost objective, in accordance with established cost accounting practices and standards which regularly govern a given entity's allocations to sponsored agreement cost objectives. In any determination of a cost overrun, the amount thereof shall be identified in terms of the excess of allowable costs over the ceiling amount, rather than through specific identification of particular cost items or cost elements.
- g. Appendix A reflects this requirement, along with its purpose, definitions, techniques for application, and illustrations of this standard, all of which are authoritative.

### 13. Cost accounting period.

- a. Educational institutions shall use their fiscal year as their cost accounting period, except that:
  - (1) Costs of a F&A function which exists for only a part of a cost accounting period may be allocated to cost objectives of that same part of the period on the basis of data for that part of the cost accounting period if the cost is: (i) material in amount, (ii) accumulated in a separate F&A cost pool or expense pool, and (iii) allocated on the basis of an appropriate direct measure of the activity or output of the function during that part of the period.
  - (2) An annual period other than the fiscal year may, upon mutual agreement with the Federal Government, be used as the cost accounting period if the use of such period is an established practice of the educational institution and is consistently used for managing and controlling revenues and disbursements, and appropriate accruals, deferrals or other adjustments are made with respect to such annual periods.
  - (3) A transitional cost accounting period other than a year shall be used whenever a change of fiscal year occurs.
- b. An educational institution shall follow consistent practices in the selection of the cost accounting period or periods in which any types of expense and any types of adjustment to expense (including prior period adjustments) are accumulated and allocated.
- c. The same cost accounting period shall be used for accumulating costs in a F&A cost pool as for establishing its allocation base, except that the Federal Government and educational institution may agree to use a different period for establishing an allocation base, provided:
  - (1) The practice is necessary to obtain significant administrative convenience,
  - (2) The practice is consistently followed by the educational institution,
  - (3) The annual period used is representative of the activity of the cost accounting period for which the F&A costs to be allocated are accumulated, and
  - (4) The practice can reasonably be estimated to provide a distribution to cost objectives of the cost accounting period not materially different from that which otherwise would be obtained.

- d. Appendix A reflects this requirement, along with its purpose, definitions, techniques for application and illustrations, all of which are authoritative.
14. Disclosure Statement.
- a. Educational institutions that received aggregate sponsored agreements totaling \$25 million or more subject to this Circular during their most recently completed fiscal year shall disclose their cost accounting practices by filing a Disclosure Statement (DS 2), which is reproduced in Appendix B. With the approval of the cognizant agency, an educational institution may meet the DS 2 submission by submitting the DS 2 for each business unit that received \$25 million or more in sponsored agreements.
- b. The DS 2 shall be submitted to the cognizant agency with a copy to the educational institution's audit cognizant office.
- c. Educational institutions receiving \$25 million or more in sponsored agreements that are not required to file a DS 2 pursuant to 48 CFR 9903.202 1 shall file a DS 2 covering the first fiscal year beginning after the publication date of this revision, within six months after the end of that fiscal year. Extensions beyond the above due date may be granted by the cognizant agency on a case by case basis.
- d. Educational institutions are responsible for maintaining an accurate DS 2 and complying with disclosed cost accounting practices. Educational institutions must file amendments to the DS 2 when disclosed practices are changed to comply with a new or modified standard, or when practices are changed for other reasons. Amendments of a DS 2 may be submitted at any time. If the change is expected to have a material impact on the educational institution's negotiated F&A cost rates, the revision shall be approved by the cognizant agency before it is implemented. Resubmission of a complete, updated DS 2 is discouraged except when there are extensive changes to disclosed practices.
- e. Cost and funding adjustments. Cost adjustments shall be made by the cognizant agency if an educational institution fails to comply with the cost policies in this Circular or fails to consistently follow its established or disclosed cost accounting practices when estimating, accumulating or reporting the costs of sponsored agreements, if aggregate cost impact on sponsored agreements is material. The cost adjustment shall normally be made on an aggregate basis for all affected sponsored agreements through an adjustment of the educational institution's future F&A costs rates or other means considered appropriate by the cognizant agency. Under the terms of CAS covered contracts, adjustments in the amount of funding provided may also be required when the estimated proposal costs were not determined in accordance with established cost accounting practices.
- f. Overpayments. Excess amounts paid in the aggregate by the Federal Government under sponsored agreements due to a noncompliant cost accounting practice used to estimate, accumulate, or report costs shall be credited or refunded, as deemed appropriate by the cognizant agency. Interest applicable to the excess amounts paid in the aggregate during the period of noncompliance shall also be determined and collected in accordance with applicable Federal agency regulations.
- g. Compliant cost accounting practice changes. Changes from one compliant cost accounting practice to another compliant practice that are approved by the cognizant agency may require cost adjustments if the change has a material effect on sponsored agreements and the changes are deemed appropriate by the cognizant agency.
- h. Responsibilities. The cognizant agency shall:
- (1) Determine cost adjustments for all sponsored agreements in the aggregate on behalf of the Federal Government. Actions of the cognizant agency official in making cost adjustment determinations shall be coordinated with all affected Federal agencies to the extent necessary.
  - (2) Prescribe guidelines and establish internal procedures to promptly determine on behalf of the Federal Government that a DS 2 adequately discloses the educational institution's cost accounting practices and that the disclosed practices are compliant with applicable CAS and the requirements of this Circular.
  - (3) Distribute to all affected agencies any DS 2 determination of adequacy and/or noncompliance.
- D. Direct costs.
1. General. Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or F&A costs. Where an institution treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution.
2. Application to sponsored agreements. Identification with the sponsored work rather than the nature of the goods and services involved is the determining factor in distinguishing direct from F&A costs of sponsored agreements. Typical costs charged directly to a sponsored agreement are the compensation of employees for performance of



work under the sponsored agreement, including related fringe benefit costs to the extent they are consistently treated, in like circumstances, by the institution as direct rather than F&A costs; the costs of materials consumed or expended in the performance of the work; and other items of expense incurred for the sponsored agreement, including extraordinary utility consumption. The cost of materials supplied from stock or services rendered by specialized facilities or other institutional service operations may be included as direct costs of sponsored agreements, provided such items are consistently treated, in like circumstances, by the institution as direct rather than F&A costs, and are charged under a recognized method of computing actual costs, and conform to generally accepted cost accounting practices consistently followed by the institution.

#### E. F&A costs.

1. General. F&A costs are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity. See Section F.1 for a discussion of the components of F&A costs.

#### 2. Criteria for distribution.

a. Base period. A base period for distribution of F&A costs is the period during which the costs are incurred. The base period normally should coincide with the fiscal year established by the institution, but in any event the base period should be so selected as to avoid inequities in the distribution of costs.

b. Need for cost groupings. The overall objective of the F&A cost allocation process is to distribute the F&A costs described in Section F to the major functions of the institution in proportions reasonably consistent with the nature and extent of their use of the institution's resources. In order to achieve this objective, it may be necessary to provide for selective distribution by establishing separate groupings of cost within one or more of the F&A cost categories referred to in subsection 1. In general, the cost groupings established within a category should constitute, in each case, a pool of those items of expense that are considered to be of like nature in terms of their relative contribution to (or degree of remoteness from) the particular cost objectives to which distribution is appropriate. Cost groupings should be established considering the general guides provided in subsection c. Each such pool or cost grouping should then be distributed individually to the related cost objectives, using the distribution base or method most appropriate in the light of the guides set forth in subsection d.

c. General considerations on cost groupings. The extent to which separate cost groupings and selective distribution would be appropriate at an institution is a matter of judgment to be determined on a case by case basis. Typical situations which may warrant the establishment of two or more separate cost groupings (based on account classification or analysis) within an F&A cost category include but are not limited to the following:

(1) Where certain items or categories of expense relate solely to one of the major functions of the institution or to less than all functions, such expenses should be set aside as a separate cost grouping for direct assignment or selective allocation in accordance with the guides provided in subsections b and d.

(2) Where any types of expense ordinarily treated as general administration or departmental administration are charged to sponsored agreements as direct costs, expenses applicable to other activities of the institution when incurred for the same purposes in like circumstances must, through separate cost groupings, be excluded from the F&A costs allocable to those sponsored agreements and included in the direct cost of other activities for cost allocation purposes.

(3) Where it is determined that certain expenses are for the support of a service unit or facility whose output is susceptible of measurement on a workload or other quantitative basis, such expenses should be set aside as a separate cost grouping for distribution on such basis to organized research, instructional, and other activities at the institution or within the department.

(4) Where activities provide their own purchasing, personnel administration, building maintenance or similar service, the distribution of general administration and general expenses, or operation and maintenance expenses to such activities should be accomplished through cost groupings which include only that portion of central F&A costs (such as for overall management) which are properly allocable to such activities.

(5) Where the institution elects to treat fringe benefits as F&A charges, such costs should be set aside as a separate cost grouping for selective distribution to related cost objectives.

(6) The number of separate cost groupings within a category should be held within practical limits, after taking into consideration the materiality of the amounts involved and the degree of precision attainable through less selective methods of distribution.

#### d. Selection of distribution method.

(1) Actual conditions must be taken into account in selecting the method or base to be used in distributing individual cost groupings. The essential consideration in selecting a base is that it be the one best suited for assigning the pool of costs to cost objectives in accordance with benefits derived; a traceable cause and effect relationship; or logic and reason, where neither benefit nor cause and effect relationship is determinable.

(2) Where a cost grouping can be identified directly with the cost objective benefited, it should be assigned to that cost objective.

(3) Where the expenses in a cost grouping are more general in nature, the distribution may be based on a cost analysis study which results in an equitable distribution of the costs. Such cost analysis studies may take into consideration weighting factors, population, or space occupied if appropriate. Cost analysis studies, however, must (a) be appropriately documented in sufficient detail for subsequent review by the cognizant Federal agency, (b) distribute the costs to the related cost objectives in accordance with the relative benefits derived, (c) be statistically sound, (d) be performed specifically at the institution at which the results are to be used, and (e) be reviewed periodically, but not less frequently than every two years, updated if necessary, and used consistently. Any assumptions made in the study must be stated and explained. The use of cost analysis studies and periodic changes in the method of cost distribution must be fully justified.

(4) If a cost analysis study is not performed, or if the study does not result in an equitable distribution of the costs, the distribution shall be made in accordance with the appropriate base cited in Section F, unless one of the following conditions is met: (a) it can be demonstrated that the use of a different base would result in a more equitable allocation of the costs, or that a more readily available base would not increase the costs charged to sponsored agreements, or (b) the institution qualifies for, and elects to use, the simplified method for computing F&A cost rates described in Section H.

(5) Notwithstanding subsection (3), effective July 1, 1998, a cost analysis or base other than that in Section F shall not be used to distribute utility or student services costs. Instead, subsections F.4.c and F.4.d may be used in the recovery of utility costs.

e. Order of distribution.

(1) F&A costs are the broad categories of costs discussed in Section F.1.

(2) Depreciation and use allowances, operation and maintenance expenses, and general administrative and general expenses should be allocated in that order to the remaining F&A cost categories as well as to the major functions and specialized service facilities of the institution. Other cost categories may be allocated in the order determined to be most appropriate by the institutions. When cross allocation of costs is made as provided in subsection (3), this order of allocation does not apply.

(3) Normally an F&A cost category will be considered closed once it has been allocated to other cost objectives, and costs may not be subsequently allocated to it. However, a cross allocation of costs between two or more F&A cost categories may be used if such allocation will result in a more equitable allocation of costs. If a cross allocation is used, an appropriate modification to the composition of the F&A cost categories described in Section F is required.

F. Identification and assignment of F&A costs.

1. Definition of Facilities and Administration. F&A costs are broad categories of costs. "Facilities" is defined as depreciation and use allowances, interest on debt associated with certain buildings, equipment and capital improvements, operation and maintenance expenses, and library expenses. "Administration" is defined as general administration and general expenses, departmental administration, sponsored projects administration, student administration and services, and all other types of expenditures not listed specifically under one of the subcategories of Facilities (including cross allocations from other pools).

2. Depreciation and use allowances.

a. The expenses under this heading are the portion of the costs of the institution's buildings, capital improvements to land and buildings, and equipment which are computed in accordance with Section J.14.

b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated in the following manner:

(1) Depreciation or use allowances on buildings used exclusively in the conduct of a single function, and on capital improvements and equipment used in such buildings, shall be assigned to that function.

(2) Depreciation or use allowances on buildings used for more than one function, and on capital improvements and equipment used in such buildings, shall be allocated to the individual functions performed in each building on the basis of usable square feet of space, excluding common areas such as hallways, stairwells, and rest rooms.

(3) Depreciation or use allowances on buildings, capital improvements and equipment related to space (e.g., individual rooms, laboratories) used jointly by more than one function (as determined by the users of the space) shall be treated as follows. The cost of each jointly used unit of space shall be allocated to benefiting functions on the basis of:

(a) the employee full time equivalents (FTEs) or salaries and wages of those individual functions benefiting from the use of that space; or

(b) institution wide employee FTEs or salaries and wages applicable to the benefiting major functions (see Section B.1) of the institution.

(4) Depreciation or use allowances on certain capital improvements to land, such as paved parking areas, fences, sidewalks, and the like, not included in the cost of buildings, shall be allocated to user categories of students and employees on a full time equivalent basis. The amount allocated to the student category shall be assigned to the instruction function of the institution. The amount allocated to the employee category shall be further allocated to the major functions of the institution in proportion to the salaries and wages of all employees applicable to those functions.

c. Large research facilities. The following provisions apply to large research facilities that are included in F&A rate proposals negotiated after January 1, 2000, and on which the design and construction begin after July 1, 1998. Large facilities, for this provision, are defined as buildings with construction costs of more than \$10 million. The determination of the Federal participation (use) percentage in a building is based on institution's estimates of building use over its life, and is made during the planning phase for the building.

(1) When an institution has large research facilities, of which 40 percent or more of total assignable space is expected for Federal use, the institution must maintain an adequate review and approval process to ensure that construction costs are reasonable. The review process shall address and document relevant factors affecting construction costs, such as:

- Life cycle costs
- Unique research needs
- Special building needs
- Building site preparation
- Environmental consideration
- Federal construction code requirements
- Competitive procurement practices

The approval process shall include review and approval of the projects by the institution's Board of Trustees (which can also be called Board of Directors, Governors or Regents) or other independent entities.

(2) For research facilities costing more than \$25 million, of which 50 percent or more of total assignable space is expected for Federal use, the institution must document the review steps performed to assure that construction costs are reasonable. The review should include an analysis of construction costs and a comparison of these costs with relevant construction data, including the National Science Foundation data for research facilities based on its biennial survey, "Science and Engineering Facilities at Colleges and Universities." The documentation must be made available for review by Federal negotiators, when requested.

3. Interest. Interest on debt associated with certain buildings, equipment and capital improvements, as defined in Sections J.25, shall be classified as an expenditure under the category Facilities. These costs shall be allocated in the same manner as the depreciation or use allowances on the buildings, equipment and capital improvements to which the interest relates.

4. Operation and maintenance expenses.

- a. The expenses under this heading are those that have been incurred for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. They include expenses normally incurred for such items as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management; and, central receiving. The operation and maintenance expense category should also include its allocable share of fringe benefit costs, depreciation and use allowances, and interest costs.
- b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated in the same manner as described in subsection 2.b for depreciation and use allowances.
- c. For F&A rates negotiated on or after July 1, 1998, an institution that previously employed a utility special cost study in its most recently negotiated F&A rate proposal in accordance with Section E.2.d, may add a utility cost adjustment (UCA) of 1.3 percentage points to its negotiated overall F&A rate for organized research. Exhibit B displays the list of eligible institutions. The allocation of utility costs to the benefiting functions shall otherwise be made in the same manner as described in subsection F.4.b. Beginning on July 1, 2002, Federal agencies shall reassess periodically the eligibility of institutions to receive the UCA.

d. Beginning on July 1, 2002, Federal agencies may receive applications for utilization of the UCA from institutions not subject to the provisions of subsection F.4.c.

## 5. General administration and general expenses.

- a. The expenses under this heading are those that have been incurred for the general executive and administrative offices of educational institutions and other expense of a general character which do not relate solely to any major function of the institution; i.e., solely to (1) instruction, (2) organized research, (3) other sponsored activities, or (4) other institutional activities. The general administration and general expense category should also include its allocable share of fringe benefit costs, operation and maintenance expense, depreciation and use allowances, and interest costs. Examples of general administration and general expenses include: those expenses incurred by administrative offices that serve the entire university system of which the institution is a part; central offices of the institution such as the President's or Chancellor's office, the offices for institution wide financial management, business services, budget and planning, personnel management, and safety and risk management; the office of the General Counsel; and, the operations of the central administrative management information systems. General administration and general expenses shall not include expenses incurred within non university wide deans' offices, academic departments, organized research units, or similar organizational units. (See subsection 6, Departmental administration expenses.)
- b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be grouped first according to common major functions of the institution to which they render services or provide benefits. The aggregate expenses of each group shall then be allocated to serviced or benefited functions on the modified total cost basis. Modified total costs consist of the same elements as those in Section G.2. When an activity included in this F&A cost category provides a service or product to another institution or organization, an appropriate adjustment must be made to either the expenses or the basis of allocation or both, to assure a proper allocation of costs.

## 6. Departmental administration expenses.

- a. The expenses under this heading are those that have been incurred for administrative and supporting services that benefit common or joint departmental activities or objectives in academic deans' offices, academic departments and divisions, and organized research units. Organized research units include such units as institutes, study centers, and research centers. Departmental administration expenses are subject to the following limitations.

(1) Academic deans' offices. Salaries and operating expenses are limited to those attributable to administrative functions.

(2) Academic departments:

(a) Salaries and fringe benefits attributable to the administrative work (including bid and proposal preparation) of faculty (including department heads), and other professional personnel conducting research and/or instruction, shall be allowed at a rate of 3.6 percent of modified total direct costs. This category does not include professional business or professional administrative officers. This allowance shall be added to the computation of the F&A cost rate for major functions in Section G; the expenses covered by the allowance shall be excluded from the departmental administration cost pool. No documentation is required to support this allowance.

(b) Other administrative and supporting expenses incurred within academic departments are allowable provided they are treated consistently in like circumstances. This would include expenses such as the salaries of secretarial and clerical staffs, the salaries of administrative officers and assistants, travel, office supplies, stockrooms, and the like.

(3) Other fringe benefit costs applicable to the salaries and wages included in subsections (1) and (2) are allowable, as well as an appropriate share of general administration and general expenses, operation and maintenance expenses, and depreciation and/or use allowances.

(4) Federal agencies may authorize reimbursement of additional costs for department heads and faculty only in exceptional cases where an institution can demonstrate undue hardship or detriment to project performance.

- b. The following guidelines apply to the determination of departmental administrative costs as direct or F&A costs.

(1) In developing the departmental administration cost pool, special care should be exercised to ensure that costs incurred for the same purpose in like circumstances are treated consistently as either direct or F&A costs. For example, salaries of technical staff, laboratory supplies (e.g., chemicals), telephone toll charges, animals, animal care costs, computer costs, travel costs, and specialized shop costs shall be treated as direct cost wherever identifiable to a particular cost objective. Direct charging of these costs may be accomplished through specific identification of individual costs to benefiting cost objectives, or through recharge centers or specialized service facilities, as appropriate under the circumstances.

(2) The salaries of administrative and clerical staff should normally be treated as F&A costs. Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative or clerical services and individuals involved can be specifically identified with the project or activity. "Major project" is defined as a project that requires an extensive amount of administrative or clerical support, which is significantly

greater than the routine level of such services provided by academic departments. Some examples of major projects are described in Exhibit C.

(3) Items such as office supplies, postage, local telephone costs, and memberships shall normally be treated as F&A costs.

c. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated as follows:

(1) The administrative expenses of the dean's office of each college and school shall be allocated to the academic departments within that college or school on the modified total cost basis.

(2) The administrative expenses of each academic department, and the department's share of the expenses allocated in subsection (1) shall be allocated to the appropriate functions of the department on the modified total cost basis.

#### 7. Sponsored projects administration.

a. The expenses under this heading are limited to those incurred by a separate organization(s) established primarily to administer sponsored projects, including such functions as grant and contract administration (Federal and non Federal), special security, purchasing, personnel, administration, and editing and publishing of research and other reports. They include the salaries and expenses of the head of such organization, assistants, and immediate staff, together with the salaries and expenses of personnel engaged in supporting activities maintained by the organization, such as stock rooms, stenographic pools and the like. This category also includes an allocable share of fringe benefit costs, general administration and general expenses, operation and maintenance expenses, depreciation/use allowances. Appropriate adjustments will be made for services provided to other functions or organizations.

b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated to the major functions of the institution under which the sponsored projects are conducted on the basis of the modified total cost of sponsored projects.

c. An appropriate adjustment shall be made to eliminate any duplicate charges to sponsored agreements when this category includes similar or identical activities as those included in the general administration and general expense category or other F&A cost items, such as accounting, procurement, or personnel administration.

#### 8. Library expenses.

a. The expenses under this heading are those that have been incurred for the operation of the library, including the cost of books and library materials purchased for the library, less any items of library income that qualify as applicable credits under Section C.5. The library expense category should also include the fringe benefits applicable to the salaries and wages included therein, an appropriate share of general administration and general expense, operation and maintenance expense, and depreciation and use allowances. Costs incurred in the purchases of rare books (museum type books) with no value to sponsored agreements should not be allocated to them.

b. In the absence of the alternatives provided for in Section E.2.d, the expenses included in this category shall be allocated first on the basis of primary categories of users, including students, professional employees, and other users.

(1) The student category shall consist of full time equivalent students enrolled at the institution, regardless of whether they earn credits toward a degree or certificate.

(2) The professional employee category shall consist of all faculty members and other professional employees of the institution, on a full time equivalent basis.

(3) The other users category shall consist of all other users of library facilities.

c. Amount allocated in subsection b shall be assigned further as follows:

(1) The amount in the student category shall be assigned to the instruction function of the institution.

(2) The amount in the professional employee category shall be assigned to the major functions of the institution in proportion to the salaries and wages of all faculty members and other professional employees applicable to those functions.

(3) The amount in the other users category shall be assigned to the other institutional activities function of the institution.

#### 9. Student administration and services.

a. The expenses under this heading are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, student advisers, student health and infirmary services, catalogs, and commencements and convocations. The salaries of members of the academic staff whose responsibilities to the institution require administrative work that benefits sponsored projects may also be included to the extent that the portion charged to student administration is determined in accordance with Section J.10. This expense category also includes the fringe benefit costs applicable to the salaries and wages included therein, an appropriate share of general administration and general expenses, operation and maintenance, and use allowances and/or depreciation.

b. In the absence of the alternatives provided for in Section E.2.d, the expenses in this category shall be allocated to the instruction function, and subsequently to sponsored agreements in that function.

10. Offset for F&A expenses otherwise provided for by the Federal Government.

a. The items to be accumulated under this heading are the reimbursements and other payments from the Federal Government that are made to the institution to support solely, specifically, and directly, in whole or in part, any of the administrative or service activities described in subsections 2 through 9.

b. The items in this group shall be treated as a credit to the affected individual F&A cost category before that category is allocated to benefiting functions.

G. Determination and application of F&A cost rate or rates.

1. F&A cost pools.

a. (1) Subject to subsection b, the separate categories of F&A costs allocated to each major function of the institution as prescribed in Section F shall be aggregated and treated as a common pool for that function. The amount in each pool shall be divided by the distribution base described in subsection 2 to arrive at a single F&A cost rate for each function.

(2) The rate for each function is used to distribute F&A costs to individual sponsored agreements of that function. Since a common pool is established for each major function of the institution, a separate F&A cost rate would be established for each of the major functions described in Section B.1 under which sponsored agreements are carried out.

(3) Each institution's F&A cost rate process must be appropriately designed to ensure that Federal sponsors do not in any way subsidize the F&A costs of other sponsors, specifically activities sponsored by industry and foreign governments. Accordingly, each allocation method used to identify and allocate the F&A cost pools, as described in Sections E.2 and F.2 through F.9, must contain the full amount of the institution's modified total costs or other appropriate units of measurement used to make the computations. In addition, the final rate distribution base (as defined in subsection 2) for each major function (organized research, instruction, etc., as described in Section B.1) shall contain all the programs or activities that utilize the F&A costs allocated to that major function. At the time a F&A cost proposal is submitted to a cognizant Federal agency, each institution must describe the process it uses to ensure that Federal funds are not used to subsidize industry and foreign government funded programs.

b. In some instances a single rate basis for use across the board on all work within a major function at an institution may not be appropriate. A single rate for research, for example, might not take into account those different environmental factors and other conditions which may affect substantially the F&A costs applicable to a particular segment of research at the institution. A particular segment of research may be that performed under a single sponsored agreement or it may consist of research under a group of sponsored agreements performed in a common environment. The environmental factors are not limited to the physical location of the work. Other important factors are the level of the administrative support required, the nature of the facilities or other resources employed, the scientific disciplines or technical skills involved, the organizational arrangements used, or any combination thereof. Where a particular segment of a sponsored agreement is performed within an environment which appears to generate a significantly different level of F&A costs, provisions should be made for a separate F&A cost pool applicable to such work. The separate F&A cost pool should be developed during the regular course of the rate determination process and the separate F&A cost rate resulting therefrom should be utilized; provided it is determined that (1) such F&A cost rate differs significantly from that which would have been obtained under subsection a, and (2) the volume of work to which such rate would apply is material in relation to other sponsored agreements at the institution.

2. The distribution basis. F&A costs shall be distributed to applicable sponsored agreements and other benefiting activities within each major function (see Section B.1) on the basis of modified total direct costs, consisting of all salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for patient care and tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000 shall be excluded from modified total direct costs. Other items may only be excluded where necessary to avoid a serious inequity in the distribution of F&A costs. For this purpose, a F&A cost rate should be determined for each of the separate F&A cost pools developed pursuant to subsection 1. The rate in each case should be stated as the percentage that the amount of the particular F&A cost pool is of the modified total direct costs identified with such pool.

3. Negotiated lump sum for F&A costs. A negotiated fixed amount in lieu of F&A costs may be appropriate for self contained, off campus, or primarily subcontracted activities where the benefits derived from an institution's F&A services cannot be readily determined. Such negotiated F&A costs will be treated as an offset before allocation to instruction, organized research, other sponsored activities, and other institutional activities. The base on which such remaining expenses are allocated should be appropriately adjusted.

4. Predetermined rates for F&A costs. Public Law 87 638 (76 Stat. 437) authorizes the use of predetermined rates in determining the "indirect costs" (F&A costs in this Circular) applicable under research agreements with educational institutions. The stated objectives of the law are to simplify the administration of cost type research and development contracts (including grants) with educational institutions, to facilitate the preparation of their budgets, and to permit more expeditious closeout of such contracts when the work is completed. In view of the potential advantages offered by this procedure, negotiation of predetermined rates for F&A costs for a period of two to four years should be the norm in those situations where the cost experience and other pertinent facts available are deemed sufficient to enable the parties involved to reach an informed judgment as to the probable level of F&A costs during the ensuing accounting periods.

5. Negotiated fixed rates and carry forward provisions. When a fixed rate is negotiated in advance for a fiscal year (or other time period), the over or under recovery for that year may be included as an adjustment to the F&A cost for the next rate negotiation. When the rate is negotiated before the carry forward adjustment is determined, the carry forward amount may be applied to the next subsequent rate negotiation. When such adjustments are to be made, each fixed rate negotiated in advance for a given period will be computed by applying the expected F&A costs allocable to sponsored agreements for the forecast period plus or minus the carry forward adjustment (over or under recovery) from the prior period, to the forecast distribution base. Unrecovered amounts under lump sum agreements or cost sharing provisions of prior years shall not be carried forward for consideration in the new rate negotiation. There must, however, be an advance understanding in each case between the institution and the cognizant Federal agency as to whether these differences will be considered in the rate negotiation rather than making the determination after the differences are known. Further, institutions electing to use this carry forward provision may not subsequently change without prior approval of the cognizant Federal agency. In the event that an institution returns to a postdetermined rate, any over or under recovery during the period in which negotiated fixed rates and carry forward provisions were followed will be included in the subsequent postdetermined rates. Where multiple rates are used, the same procedure will be applicable for determining each rate.

6. Provisional and final rates for F&A costs. Where the cognizant agency determines that cost experience and other pertinent facts do not justify the use of predetermined rates, or a fixed rate with a carry forward, or if the parties cannot agree on an equitable rate, a provisional rate shall be established. To prevent substantial overpayment or underpayment, the provisional rate may be adjusted by the cognizant agency during the institution's fiscal year. Predetermined or fixed rates may replace provisional rates at any time prior to the close of the institution's fiscal year. If a provisional rate is not replaced by a predetermined or fixed rate prior to the end of the institution's fiscal year, a final rate will be established and upward or downward adjustments will be made based on the actual allowable costs incurred for the period involved.

7. Fixed rates for the life of the sponsored agreement.

a. Federal agencies shall use the negotiated rates for F&A costs in effect at the time of the initial award throughout the life of the sponsored agreement. "Life" for the purpose of this subsection means each competitive segment of a project. A competitive segment is a period of years approved by the Federal funding agency at the time of the award. If negotiated rate agreements do not extend through the life of the sponsored agreement at the time of the initial award, then the negotiated rate for the last year of the sponsored agreement shall be extended through the end of the life of the sponsored agreement. Award levels for sponsored agreements may not be adjusted in future years as a result of changes in negotiated rates.

b. When an educational institution does not have a negotiated rate with the Federal Government at the time of the award (because the educational institution is a new grantee or the parties cannot reach agreement on a rate), the provisional rate used at the time of the award shall be adjusted once a rate is negotiated and approved by the cognizant agency.

8. Limitation on reimbursement of administrative costs.

a. Notwithstanding the provisions of subsection 1.a, the administrative costs charged to sponsored agreements awarded or amended (including continuation and renewal awards) with effective dates beginning on or after the start of the institution's first fiscal year which begins on or after October 1, 1991, shall be limited to 26% of modified total direct costs (as defined in subsection 2) for the total of General Administration and General Expenses, Departmental Administration, Sponsored Projects Administration, and Student Administration and Services (including their allocable share of depreciation and/or use allowances, interest costs, operation and maintenance expenses, and fringe benefits costs, as provided by Sections F.5, F.6, F.7 and F.9) and all other types of expenditures not listed specifically under one of the subcategories of facilities in Section F.

b. Existing F&A cost rates that affect institutions' fiscal years which begin on or after October 1, 1991, shall be unilaterally amended by the cognizant Federal agency to reflect the cost limitation in subsection a.

- c. Permanent rates established prior to this revision that have been amended in accordance with subsection b may be renegotiated. However, no such renegotiated rate may exceed the rate which would have been in effect if the agreement had remained in effect; nor may the administrative portion of any renegotiated rate exceed the limitation in subsection a.
  - d. Institutions should not change their accounting or cost allocation methods which were in effect on May 1, 1991, if the effect is to: (i) change the charging of a particular type of cost from F&A to direct, or (ii) reclassify costs, or increase allocations, from the administrative pools identified in subsection to the other F&A cost pools or fringe benefits. Cognizant Federal agencies are authorized to permit changes where an institution's charging practices are at variance with acceptable practices followed by a substantial majority of other institutions.
9. Alternative method for administrative costs.
- a. Notwithstanding the provisions of subsection 1.a, an institution may elect to claim fixed allowance for the "Administration" portion of F&A costs. The allowance could be either 24% of modified total direct costs or a percentage equal to 95% of the most recently negotiated fixed or predetermined rate for the cost pools included under "Administration" as defined in Section F.1, whichever is less, provided that no accounting or cost allocation changes with the effects described in subsection 8.d have occurred. Under this alternative, no cost proposal need be prepared for the "Administration" portion of the F&A cost rate nor is further identification or documentation of these costs required (see subsection c). Where a negotiated F&A cost agreement includes this alternative, an institution shall make no further charges for the expenditure categories described in Sections F.5, F.6, F.7 and F.9.
  - b. In negotiations of rates for subsequent periods, an institution that has elected the option of subsection a may continue to exercise it at the same rate without further identification or documentation of costs, provided that no accounting or cost allocation changes with the effects described in subsection 8.d have occurred.
  - c. If an institution elects to accept a threshold rate, it is not required to perform a detailed analysis of its administrative costs. However, in order to compute the facilities components of its F&A cost rate, the institution must reconcile its F&A cost proposal to its financial statements and make appropriate adjustments and reclassifications to identify the costs of each major function as defined in Section B.1, as well as to identify and allocate the facilities components. Administrative costs that are not identified as such by the institution's accounting system (such as those incurred in academic departments) will be classified as instructional costs for purposes of reconciling F&A cost proposals to financial statements and allocating facilities costs.
10. Individual rate components.

In order to satisfy the requirements of Section J.14 and to provide mutually agreed upon information for management purposes, each F&A cost rate negotiation or determination shall include development of a rate for each F&A cost pool as well as the overall F&A cost rate.

11. Negotiation and approval of F&A rate.

- a. Cognizant agency assignments. "A cognizant agency" means the Federal agency responsible for negotiating and approving F&A rates for an educational institution on behalf of all Federal agencies.

(1) Cost negotiation cognizance is assigned to the Department of Health and Human Services (HHS) or the Department of Defense's Office of Naval Research (DOD), normally depending on which of the two agencies (HHS or DOD) provides more funds to the educational institution for the most recent three years. Information on funding shall be derived from relevant data gathered by the National Science Foundation. In cases where neither HHS nor DOD provides Federal funding to an educational institution, the cognizant agency assignment shall default to HHS. Notwithstanding the method for cognizance determination described above, other arrangements for cognizance of a particular educational institution may also be based in part on the types of research performed at the educational institution and shall be decided based on mutual agreement between HHS and DOD.

(2) Cognizant assignments as of December 31, 1995, shall continue in effect through educational institutions' fiscal years ending during 1997, or the period covered by negotiated agreements in effect on December 31, 1995, whichever is later, except for those educational institutions with cognizant agencies other than HHS or DOD. Cognizance for these educational institutions shall transfer to HHS or DOD at the end of the period covered by the current negotiated rate agreement. After cognizance is established, it shall continue for a five year period.

- b. Acceptance of rates. The negotiated rates shall be accepted by all Federal agencies. Only under special circumstances, when required by law or regulation, may an agency use a rate different from the negotiated rate for a class of sponsored agreements or a single sponsored agreement.
- c. Correcting deficiencies. The cognizant agency shall negotiate changes needed to correct systems deficiencies relating to accountability for sponsored agreements. Cognizant agencies shall address the concerns of other affected agencies, as appropriate.



- d. Resolving questioned costs. The cognizant agency shall conduct any necessary negotiations with an educational institution regarding amounts questioned by audit that are due the Federal Government related to costs covered by a negotiated agreement.
- e. Reimbursement. Reimbursement to cognizant agencies for work performed under Circular A 21 may be made by reimbursement billing under the Economy Act, 31 U.S.C. 1535.
- f. Procedure for establishing facilities and administrative rates. The cognizant agency shall arrange with the educational institution to provide copies of rate proposals to all interested agencies. Agencies wanting such copies should notify the cognizant agency. Rates shall be established by one of the following methods:
- (1) Formal negotiation. The cognizant agency is responsible for negotiating and approving rates for an educational institution on behalf of all Federal agencies. Non cognizant Federal agencies, which award sponsored agreements to an educational institution, shall notify the cognizant agency of specific concerns (i.e., a need to establish special cost rates) that could affect the negotiation process. The cognizant agency shall address the concerns of all interested agencies, as appropriate. A pre negotiation conference may be scheduled among all interested agencies, if necessary. The cognizant agency shall then arrange a negotiation conference with the educational institution.
- (2) Other than formal negotiation. The cognizant agency and educational institution may reach an agreement on rates without a formal negotiation conference; for example, through correspondence or use of the simplified method described in this Circular.
- g. Formalizing determinations and agreements. The cognizant agency shall formalize all determinations or agreements reached with an educational institution and provide copies to other agencies having an interest.
- h. Disputes and disagreements. Where the cognizant agency is unable to reach agreement with an educational institution with regard to rates or audit resolution, the appeal system of the cognizant agency shall be followed for resolution of the disagreement.
12. Standard Format for Submission. For facilities and administrative (F&A) rate proposals submitted on or after July 1, 2001, educational institutions shall use the standard format, shown in Appendix C, to submit their F&A rate proposal to the cognizant agency. The cognizant agency may, on an institution by institution basis, grant exceptions from all or portions of Part II of the standard format requirement. This requirement does not apply to educational institutions that use the simplified method for calculating F&A rates, as described in Section H.

H. Simplified method for small institutions.

1. General.

- a. Where the total direct cost of work covered by Circular A 21 at an institution does not exceed \$10 million in a fiscal year, the use of the simplified procedure described in subsections 2 or 3, may be used in determining allowable F&A costs. Under this simplified procedure, the institution's most recent annual financial report and immediately available supporting information shall be utilized as basis for determining the F&A cost rate applicable to all sponsored agreements. The institution may use either the salaries and wages (see subsection 2) or modified total direct costs (see subsection 3) as distribution basis.
- b. The simplified procedure should not be used where it produces results that appear inequitable to the Federal Government or the institution. In any such case, F&A costs should be determined through use of the regular procedure.

2. Simplified procedure Salaries and wages base.

- a. Establish the total amount of salaries and wages paid to all employees of the institution.
- b. Establish an F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:

(1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and scholarships).

(2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.

(3) Library.

(4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under subsection (1) have previously been allocated to other

institutional activities, they may be included in the F&A cost pool. The total amount of salaries and wages included in the F&A cost pool must be separately identified.

- c. Establish a salary and wage distribution base, determined by deducting from the total of salaries and wages as established in subsection a the amount of salaries and wages included under subsection b.
  - d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.
  - e. Apply the F&A cost rate to direct salaries and wages for individual agreements to determine the amount of F&A costs allocable to such agreements.
3. Simplified procedure Modified total direct cost base.
- a. Establish the total costs incurred by the institution for the base period.
  - b. Establish a F&A cost pool consisting of the expenditures (exclusive of capital items and other costs specifically identified as unallowable) that customarily are classified under the following titles or their equivalents:
    - (1) General administration and general expenses (exclusive of costs of student administration and services, student activities, student aid, and scholarships).
    - (2) Operation and maintenance of physical plant; and depreciation and use allowances; after appropriate adjustment for costs applicable to other institutional activities.
    - (3) Library.
    - (4) Department administration expenses, which will be computed as 20 percent of the salaries and expenses of deans and heads of departments.

In those cases where expenditures classified under subsection (1) have previously been allocated to other institutional activities, they may be included in the F&A cost pool. The modified total direct costs amount included in the F&A cost pool must be separately identified.
  - c. Establish a modified total direct cost distribution base, as defined in Section G.2, that consists of all institution's direct functions.
  - d. Establish the F&A cost rate, determined by dividing the amount in the F&A cost pool, subsection b, by the amount of the distribution base, subsection c.
  - e. Apply the F&A cost rate to the modified total direct costs for individual agreements to determine the amount of F&A costs allocable to such agreements.
- J. General provisions for selected items of cost.

Sections 1 through 54 provide principles to be applied in establishing the allowability of certain items involved in determining cost. These principles should apply irrespective of whether a particular item of cost is properly treated as direct cost or F&A cost. Failure to mention a particular item of cost is not intended to imply that it is either allowable or unallowable; rather, determination as to allowability in each case should be based on the treatment provided for similar or related items of cost. In case of a discrepancy between the provisions of a specific sponsored agreement and the provisions below, the agreement should govern.

1. *Advertising and public relations costs.*

- a. The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.
- b. The term public relations includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.
- c. The only allowable advertising costs are those that are solely for:
  - (1) The recruitment of personnel required for the performance by the institution of obligations arising under a sponsored agreement (See also subsection b. of section J.42, Recruiting);
  - (2) The procurement of goods and services for the performance of a sponsored agreement;

(3) The disposal of scrap or surplus materials acquired in the performance of a sponsored agreement except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; or

(4) Other specific purposes necessary to meet the requirements of the sponsored agreement.

d. The only allowable public relations costs are:

(1) Costs specifically required by the sponsored agreement;

(2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of sponsored agreements (these costs are considered necessary as part of the outreach effort for the sponsored agreement); or

(3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc.

e. Costs identified in subsections c and d if incurred for more than one sponsored agreement or for both sponsored work and other work of the institution, are allowable to the extent that the principles in sections D. ("Direct Costs") and E. ("F & A Costs") are observed.

f. Unallowable advertising and public relations costs include the following:

(1) All advertising and public relations costs other than as specified in subsections 1.c, 1.d and 1.e.

(2) Costs of meetings, conventions, convocations, or other events related to other activities of the institution, including:

(a) Costs of displays, demonstrations, and exhibits;

(b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and

(c) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;

(3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs;

(4) Costs of advertising and public relations designed solely to promote the institution.

## 2. *Advisory councils.*

Costs incurred by advisory councils or committees are allowable as a direct cost where authorized by the Federal awarding agency or as an indirect cost where allocable to sponsored agreements.

## 3. *Alcoholic beverages.*

Costs of alcoholic beverages are unallowable.

## 4. *Alumni/ae activities.*

Costs incurred for, or in support of, alumni/ae activities and similar services are unallowable.

## 5. *Audit costs and related services.*

a. The costs of audits required by, and performed in accordance with, the Single Audit Act, as implemented by Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" are allowable. Also see 31 USC 7505(b) and section \_\_\_.230 ("Audit Costs") of Circular A-133.

b. Other audit costs are allowable if included in an indirect cost rate proposal, or if specifically approved by the awarding agency as a direct cost to an award.

c. The cost of agreed-upon procedures engagements to monitor subrecipients who are exempted from A-133 under section \_\_\_.200(d) are allowable, subject to the conditions listed in A-133, section \_\_\_.230 (b)(2).

## 6. *Bad Debt.*

Bad debts, including losses (whether actual or estimated) arising from uncollectable accounts and other claims, related collection costs, and related legal costs are unallowable.

7. *Bonding costs.*

- a. Bonding costs arise when the Federal Government requires assurance against financial loss to itself or others by reason of the act or default of the institution. They arise also in instances where the institution requires similar assurance. Included are such bonds as bid, performance, payment, advance payment, infringement, and fidelity bonds.
- b. Costs of bonding required pursuant to the terms of the award are allowable.
- c. Costs of bonding required by the institution in the general conduct of its operations are allowable to the extent that such bonding is in accordance with sound business practice and the rates and premiums are reasonable under the circumstances.

8. *Commencement and convocation costs.*

Costs incurred for commencements and convocations are unallowable, except as provided for in Section F.9.

9. *Communication costs.*

Costs incurred for telephone services, local and long distance telephone calls, telegrams, postage, messenger, electronic or computer transmittal services and the like are allowable.

10. *Compensation for personal services.*

- a. General. Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. Such amounts include salaries, wages, and fringe benefits (see subsection f). These costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, consistently applied, and provided that the charges for work performed directly on sponsored agreements and for other work allocable as F&A costs are determined and supported as provided below. Charges to sponsored agreements may include reasonable amounts for activities contributing and intimately related to work under the agreements, such as delivering special lectures about specific aspects of the ongoing activity, writing reports and articles, participating in appropriate seminars, consulting with colleagues and graduate students, and attending meetings and conferences. Incidental work (that in excess of normal for the individual), for which supplemental compensation is paid by an institution under institutional policy, need not be included in the payroll distribution systems described below, provided such work and compensation are separately identified and documented in the financial management system of the institution.

- b. Payroll distribution.

- (1) General Principles.

- (a) The distribution of salaries and wages, whether treated as direct or F&A costs, will be based on payrolls documented in accordance with the generally accepted practices of colleges and universities. Institutions may include in a residual category all activities that are not directly charged to sponsored agreements, and that need not be distributed to more than one activity for purposes of identifying F&A costs and the functions to which they are allocable. The components of the residual category are not required to be separately documented.

- (b) The apportionment of employees' salaries and wages which are chargeable to more than one sponsored agreement or other cost objective will be accomplished by methods which will-

- (1) be in accordance with Sections A.2 and C;

- (2) produce an equitable distribution of charges for employee's activities; and

- (3) distinguish the employees' direct activities from their F&A activities.

- (c) In the use of any methods for apportioning salaries, it is recognized that, in an academic setting, teaching, research, service, and administration are often inextricably intermingled. A precise assessment of factors that contribute to costs is not always feasible, nor is it expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.

- (d) There is no single best method for documenting the distribution of charges for personal services. Methods for apportioning salaries and wages, however, must meet the criteria specified in subsection b.(2). Examples of acceptable methods are contained in subsection c. Other methods that meet the criteria specified in subsection b.(2) also shall be deemed acceptable, if a mutually satisfactory alternative agreement is reached.

## (2) Criteria for Acceptable Methods.

## (a) The payroll distribution system will

- (i) be incorporated into the official records of the institution;
- (ii) reasonably reflect the activity for which the employee is compensated by the institution; and
- (iii) encompass both sponsored and all other activities on an integrated basis, but may include the use of subsidiary records. (Compensation for incidental work described in subsection a need not be included.)

(b) The method must recognize the principle of after the fact confirmation or determination so that costs distributed represent actual costs, unless a mutually satisfactory alternative agreement is reached. Direct cost activities and F&A cost activities may be confirmed by responsible persons with suitable means of verification that the work was performed. Confirmation by the employee is not a requirement for either direct or F&A cost activities if other responsible persons make appropriate confirmations.

(c) The payroll distribution system will allow confirmation of activity allocable to each sponsored agreement and each of the categories of activity needed to identify F&A costs and the functions to which they are allocable. The activities chargeable to F&A cost categories or the major functions of the institution for employees whose salaries must be apportioned (see subsection b.(1)b)), if not initially identified as separate categories, may be subsequently distributed by any reasonable method mutually agreed to, including, but not limited to, suitably conducted surveys, statistical sampling procedures, or the application of negotiated fixed rates.

(d) Practices vary among institutions and within institutions as to the activity constituting a full workload. Therefore, the payroll distribution system may reflect categories of activities expressed as a percentage distribution of total activities.

(e) Direct and F&A charges may be made initially to sponsored agreements on the basis of estimates made before services are performed. When such estimates are used, significant changes in the corresponding work activity must be identified and entered into the payroll distribution system. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term, such as an academic period.

(f) The system will provide for independent internal evaluations to ensure the system's effectiveness and compliance with the above standards.

(g) For systems which meet these standards, the institution will not be required to provide additional support or documentation for the effort actually performed.

## c. Examples of Acceptable Methods for Payroll Distribution:

(1) Plan Confirmation: Under this method, the distribution of salaries and wages of professorial and professional staff applicable to sponsored agreements is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution. A plan confirmation system used for salaries and wages charged directly or indirectly to sponsored agreements will meet the following standards:

(a) A system of budgeted, planned, or assigned work activity will be incorporated into the official records of the institution and encompass both sponsored and all other activities on an integrated basis. The system may include the use of subsidiary records.

(b) The system will reasonably reflect only the activity for which the employee is compensated by the institution (compensation for incidental work described in subsection a need not be included). Practices vary among institutions and within institutions as to the activity constituting a full workload. Hence, the system will reflect categories of activities expressed as a percentage distribution of total activities. (See Section H for treatment of F&A costs under the simplified method for small institutions.)

(c) The system will reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and the functions to which they are allocable. The system may treat F&A cost activities initially within a residual category and subsequently determine them by alternate methods as discussed in subsection b.(2)(c).

(d) The system will provide for modification of an individual's salary or salary distribution commensurate with a significant change in the employee's work activity. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term, such as an academic period. Whenever it is apparent that a significant change in work activity that is directly or indirectly charged to sponsored agreements will occur or has

occurred, the change will be documented over the signature of a responsible official and entered into the system.

(e) At least annually a statement will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed, stating that salaries and wages charged to sponsored agreements as direct charges, and to residual, F&A cost or other categories are reasonable in relation to work performed.

(f) The system will provide for independent internal evaluation to ensure the system's integrity and compliance with the above standards.

(g) In the use of this method, an institution shall not be required to provide additional support or documentation for the effort actually performed.

(2) After the fact Activity Records: Under this system the distribution of salaries and wages by the institution will be supported by activity reports as prescribed below.

(a) Activity reports will reflect the distribution of activity expended by employees covered by the system (compensation for incidental work as described in subsection a need not be included).

(b) These reports will reflect an after the fact reporting of the percentage distribution of activity of employees. Charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences are indicated by activity records.

(c) Reports will reasonably reflect the activities for which employees are compensated by the institution. To confirm that the distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the reports will be signed by the employee, principal investigator, or responsible official(s) using suitable means of verification that the work was performed.

(d) The system will reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and the functions to which they are allocable. The system may treat F&A cost activities initially within a residual category and subsequently determine them by alternate methods as discussed in subsection b.(2)(c).

(e) For professorial and professional staff, the reports will be prepared each academic term, but no less frequently than every six months. For other employees, unless alternate arrangements are agreed to, the reports will be prepared no less frequently than monthly and will coincide with one or more pay periods.

(f) Where the institution uses time cards or other forms of after the fact payroll documents as original documentation for payroll and payroll charges, such documents shall qualify as records for this purpose, provided that they meet the requirements in subsections (a) through (e).

(3) Multiple Confirmation Records: Under this system, the distribution of salaries and wages of professorial and professional staff will be supported by records which certify separately for direct and F&A cost activities as prescribed below.

(a) For employees covered by the system, there will be direct cost records to reflect the distribution of that activity expended which is to be allocable as direct cost to each sponsored agreement. There will also be F&A cost records to reflect the distribution of that activity to F&A costs. These records may be kept jointly or separately (but are to be certified separately, see below).

(b) Salary and wage charges may be made initially on the basis of estimates made before the services are performed, provided that such charges are promptly adjusted if significant differences occur.

(c) Institutional records will reasonably reflect only the activity for which employees are compensated by the institution (compensation for incidental work as described in subsection a need not be included).

(d) The system will reflect activity applicable to each sponsored agreement and to each category needed to identify F&A costs and the functions to which they are allocable.

(e) To confirm that distribution of activity represents a reasonable estimate of the work performed by the employee during the period, the record for each employee will include:

(1) the signature of the employee or of a person having direct knowledge of the work, confirming that the record of activities allocable as direct costs of each sponsored agreement is appropriate; and,

(2) the record of F&A costs will include the signature of responsible person(s) who use suitable means of verification that the work was performed and is consistent with the overall distribution of the employee's compensated activities. These signatures may all be on the same document.

(f) The reports will be prepared each academic term, but no less frequently than every six months.

(g) Where the institution uses time cards or other forms of after the fact payroll documents as original documentation for payroll and payroll charges, such documents shall qualify as records for this purposes, provided they meet the requirements in subsections (a) through (f).

d. Salary rates for faculty members.

(1) Salary rates for academic year. Charges for work performed on sponsored agreements by faculty members during the academic year will be based on the individual faculty member's regular compensation for the continuous period which, under the policy of the institution concerned, constitutes the basis of his salary. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. In no event will charges to sponsored agreements, irrespective of the basis of computation, exceed the proportionate share of the base salary for that period. This principle applies to all members of the faculty at an institution. Since intra university consulting is assumed to be undertaken as a university obligation requiring no compensation in addition to full time base salary, the principle also applies to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the same institution. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work performed by the consultant is in addition to his regular departmental load, any charges for such work representing extra compensation above the base salary are allowable provided that such consulting arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency.

(2) Periods outside the academic year.

(a) Except as otherwise specified for teaching activity in subsection (b), charges for work performed by faculty members on sponsored agreements during the summer months or other period not included in the base salary period will be determined for each faculty member at a rate not in excess of the base salary divided by the period to which the base salary relates, and will be limited to charges made in accordance with other parts of this section. The base salary period used in computing charges for work performed during the summer months will be the number of months covered by the faculty member's official academic year appointment.

(b) Charges for teaching activities performed by faculty members on sponsored agreements during the summer months or other periods not included in the base salary period will be based on the normal policy of the institution governing compensation to faculty members for teaching assignments during such periods.

(3) Part time faculty. Charges for work performed on sponsored agreements by faculty members having only part time appointments will be determined at a rate not in excess of that regularly paid for the part time assignments. For example, an institution pays \$5000 to a faculty member for half time teaching during the academic year. He devoted one half of his remaining time to a sponsored agreement. Thus, his additional compensation, chargeable by the institution to the agreement, would be one half of \$5000, or \$2500.

e. Noninstitutional professional activities. Unless an arrangement is specifically authorized by a Federal sponsoring agency, an institution must follow its institution wide policies and practices concerning the permissible extent of professional services that can be provided outside the institution for noninstitutional compensation. Where such institution wide policies do not exist or do not adequately define the permissible extent of consulting or other noninstitutional activities undertaken for extra outside pay, the Federal Government may require that the effort of professional staff working on sponsored agreements be allocated between (1) institutional activities, and (2) noninstitutional professional activities. If the sponsoring agency considers the extent of noninstitutional professional effort excessive, appropriate arrangements governing compensation will be negotiated on a case by case basis.

f. Fringe benefits.

(1) Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, military leave, and the like, are allowable, provided such costs are distributed to all institutional activities in proportion to the relative amount of time or effort actually devoted by the employees. See subsection 11.f.(4) for treatment of sabbatical leave.

(2) Fringe benefits in the form of employer contributions or expenses for social security, employee insurance, workmen's compensation insurance, tuition or remission of tuition for individual employees are allowable, provided such benefits are granted in accordance with established educational institutional policies, and are distributed to all institutional activities on an equitable basis. Tuition benefits for family members other than the employee are unallowable for fiscal years beginning after September 30, 1998. See Section J.45.b, Scholarships and student aid costs, for treatment of tuition remission provided to students.

(3) Rules for pension plan costs are as follows:

(a) Costs of the institution's pension plan which are incurred in accordance with the established policies of the institution are allowable, provided: (i) such policies meet the test of reasonableness, (ii) the methods of cost

allocation are equitable for all activities, (iii) the amount of pension cost assigned to each fiscal year is determined in accordance with subsection (b), and (iv) the cost assigned to a given fiscal year is paid or funded for all plan participants within six months after the end of that year. However, increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are unallowable.

(b) The amount of pension cost assigned to each fiscal year shall be determined in accordance with generally accepted accounting principles. Institutions may elect to follow the "Cost Accounting Standard for Composition and Measurement of Pension Cost" (48 Part 9904 412).

(c) Premiums paid for pension plan termination insurance pursuant to the Employee Retirement Income Security Act (ERISA) of 1974 (Pub. L. 93 406) are allowable. Late payment charges on such premiums are unallowable. Excise taxes on accumulated funding deficiencies and prohibited transactions of pension plan fiduciaries imposed under ERISA are also unallowable.

(4) Rules for sabbatical leave are as follows:

(a) Costs of leave of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable provided the institution has a uniform policy on sabbatical leave for persons engaged in instruction and persons engaged in research. Such costs will be allocated on an equitable basis among all related activities of the institution.

(b) Where sabbatical leave is included in fringe benefits for which a cost is determined for assessment as a direct charge, the aggregate amount of such assessments applicable to all work of the institution during the base period must be reasonable in relation to the institution's actual experience under its sabbatical leave policy.

(5) Fringe benefits may be assigned to cost objectives by identifying specific benefits to specific individual employees or by allocating on the basis of institution wide salaries and wages of the employees receiving the benefits. When the allocation method is used, separate allocations must be made to selective groupings of employees, unless the institution demonstrates that costs in relationship to salaries and wages do not differ significantly for different groups of employees. Fringe benefits shall be treated in the same manner as the salaries and wages of the employees receiving the benefits. The benefits related to salaries and wages treated as direct costs shall also be treated as direct costs; the benefits related to salaries and wages treated as F&A costs shall be treated as F&A costs.

g. Institution furnished automobiles.

That portion of the cost of institution furnished automobiles that relates to personal use by employees (including transportation to and from work) is unallowable regardless of whether the cost is reported as taxable income to the employees.

h. Severance pay.

(1) Severance pay is compensation in addition to regular salary and wages which is paid by an institution to employees whose services are being terminated. Costs of severance pay are allowable only to the extent that such payments are required by law, by employer-employee agreement, by established policy that constitutes in effect an implied agreement on the institution's part, or by circumstances of the particular employment.

(2) Severance payments that are due to normal recurring turnover and which otherwise meet the conditions of subsection (1) may be allowed provided the actual costs of such severance payments are regarded as expenses applicable to the current fiscal year and are equitably distributed among the institution's activities during that period.

(3) Severance payments that are due to abnormal or mass terminations are of such conjectural nature that allowability must be determined on a case-by-case basis. However, the Federal Government recognizes its obligation to participate, to the extent of its fair share, in any specific payment.

(4) Costs incurred in excess of the institution's normal severance pay policy applicable to all persons employed by the institution upon termination of employment are unallowable.

11. *Contingency provisions.*

Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable, except as noted in the cost principles in this circular regarding self-insurance, pensions, severance and post-retirement health costs.

12. *Deans of faculty and graduate schools.*

The salaries and expenses of deans of faculty and graduate schools, or their equivalents, and their staffs, are allowable.



13. *Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement.*

## a. Definitions.

"Conviction," as used herein, means a judgment or conviction of a criminal offense by any court of competent jurisdiction, whether entered upon verdict or a plea, including a conviction due to a plea of nolo contendere.

"Costs," include, but are not limited to, administrative and clerical expenses; the cost of legal services, whether performed by in house or private counsel; the costs of the services of accountants, consultants, or others retained by the institution to assist it; costs of employees, officers and trustees, and any similar costs incurred before, during, and after commencement of a judicial or administrative proceeding that bears a direct relationship to the proceedings.

"Fraud," as used herein, means –

(1) acts of fraud or corruption or attempts to defraud the Federal Government or to corrupt its agents;

(2) acts that constitute a cause for debarment or suspension (as specified in agency regulations), and (3) acts which violate the False Claims Act, 31 U.S.C., sections 3729 3731, or the Anti kickback Act, 41 U.S.C., sections 51 and 54.

"Penalty," does not include restitution, reimbursement, or compensatory damages.

"Proceeding," includes an investigation.

b. (1) Except as otherwise described herein, costs incurred in connection with any criminal, civil or administrative proceeding (including filing of a false certification) commenced by the Federal Government, or a State, local or foreign government, are not allowable if the proceeding

(a) relates to a violation of, or failure to comply with, a Federal, State, local or foreign statute or regulation, by the institution (including its agents and employees); and

(b) results in any of the following dispositions:

(i) In a criminal proceeding, a conviction.

(ii) In a civil or administrative proceeding involving an allegation of fraud or similar misconduct, a determination of institutional liability.

(iii) In the case of any civil or administrative proceeding, the imposition of a monetary penalty.

(iv) A final decision by an appropriate Federal official to debar or suspend the institution, to rescind or void an award, or to terminate an award for default by reason of a violation or failure to comply with a law or regulation.

(v) A disposition by consent or compromise, if the action could have resulted in any of the dispositions described in subsections (i) through (iv).

(2) If more than one proceeding involves the same alleged misconduct, the costs of all such proceedings shall be unallowable if any one of them results in one of the dispositions shown in subsection b.

c. If a proceeding referred to in subsection b. is commenced by the Federal Government and is resolved by consent or compromise pursuant to an agreement entered into by the institution and the Federal Government, then the costs incurred by the institution in connection with such proceedings that are otherwise not allowable under subsection b. may be allowed to the extent specifically provided in such agreement.

d. If a proceeding referred to in subsection b. is commenced by a State, local or foreign government, the authorized Federal official may allow the costs incurred by the institution for such proceedings, if such authorized official determines that the costs were incurred as a result of –

(1) a specific term or condition of a federally sponsored agreement; or

(2) specific written direction of an authorized official of the sponsoring agency.

e. Costs incurred in connection with proceedings described in subsection b, but which are not made unallowable by that subsection, may be allowed by the Federal Government, but only to the extent that:

(1) The costs are reasonable in relation to the activities required to deal with the proceeding and the underlying cause of action;

(2) Payment of the costs incurred, as allowable and allocable costs, is not prohibited by any other provision(s) of the sponsored agreement;

(3) The costs are not otherwise recovered from the Federal Government or a third party, either directly as a result of the proceeding or otherwise; and,

(4) The percentage of costs allowed does not exceed the percentage determined by an authorized Federal official to be appropriate considering the complexity of procurement litigation, generally accepted principles governing the award of legal fees in civil actions involving the United States as a party, and such other factors as may be appropriate. Such percentage shall not exceed 80 percent. However, if an agreement reached under subsection c has explicitly considered this 80 percent limitation and permitted a higher percentage, then the full amount of costs resulting from that agreement shall be allowable.

- f. Costs incurred by the institution in connection with the defense of suits brought by its employees or ex employees under section 2 of the Major Fraud Act of 1988 (Pub. L. 100 700), including the cost of all relief necessary to make such employee whole, where the institution was found liable or settled, are unallowable.
- g. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with defense against Federal Government claims or appeals, or the prosecution of claims or appeals against the Federal Government, are unallowable.
- h. Costs of legal, accounting, and consultant services, and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the sponsored agreements.
- i. Costs, which may be unallowable under this section, including directly associated costs, shall be segregated and accounted for by the institution separately. During the pendency of any proceeding covered by subsections b and f, the Federal Government shall generally withhold payment of such costs. However, if in the best interests of the Federal Government, the Federal Government may provide for conditional payment upon provision of adequate security, or other adequate assurance, and agreement by the institution to repay all unallowable costs, plus interest, if the costs are subsequently determined to be unallowable.

14. *Depreciation and use allowances.*

- a. Institutions may be compensated for the use of their buildings, capital improvements, and equipment, provided that they are used, needed in the institutions' activities, and properly allocable to sponsored agreements. Such compensation shall be made by computing either depreciation or use allowance. Use allowances are the means of providing such compensation when depreciation or other equivalent costs are not computed. The allocation for depreciation or use allowance shall be made in accordance with Section F.2. Depreciation and use allowances are computed applying the following rules:
  - b. The computation of depreciation or use allowances shall be based on the acquisition cost of the assets involved. The acquisition cost of an asset donated to the institution by a third party shall be its fair market value at the time of the donation.
  - c. For this purpose, the acquisition cost will exclude:
    - (1) the cost of land;
    - (2) any portion of the cost of buildings and equipment borne by or donated by the Federal Government, irrespective of where title was originally vested or where it is presently located; and
    - (3) any portion of the cost of buildings and equipment contributed by or for the institution where law or agreement prohibits recovery.
  - d. In the use of the depreciation method, the following shall be observed:
    - (1) The period of useful service (useful life) established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment, technological developments in the particular area, and the renewal and replacement policies followed for the individual items or classes of assets involved.
    - (2) The depreciation method used to charge the cost of an asset (or group of assets) to accounting periods shall reflect the pattern of consumption of the asset during its useful life.

In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight-line method shall be presumed to be the appropriate method.

Depreciation methods once used shall not be changed unless approved in advance by the cognizant Federal

agency. The depreciation methods used to calculate the depreciation amounts for F&A rate purposes shall be the same methods used by the institution for its financial statements. This requirement does not apply to those institutions (e.g., public institutions of higher education) which are not required to record depreciation by applicable generally accepted accounting principles (GAAP).

(3) Where the depreciation method is introduced to replace the use allowance method, depreciation shall be computed as if the asset had been depreciated over its entire life (i.e., from the date the asset was acquired and ready for use to the date of disposal or withdrawal from service). The aggregate amount of use allowances and depreciation attributable to an asset (including imputed depreciation applicable to periods prior to the conversion to the use allowance method as well as depreciation after the conversion) may be less than, and in no case, greater than the total acquisition cost of the asset.

(4) The entire building, including the shell and all components, may be treated as a single asset and depreciated over a single useful life. A building may also be divided into multiple components. Each component item may then be depreciated over its estimated useful life. The building components shall be grouped into three general components of a building: building shell (including construction and design costs), building services systems (e.g., elevators, HVAC, plumbing system and heating and air-conditioning system) and fixed equipment (e.g., sterilizers, casework, fume hoods, cold rooms and glassware/washers). In exceptional cases, a Federal cognizant agency may authorize a institution to use more than these three groupings. When a institution elects to depreciate its buildings by its components, the same depreciation methods must be used for F&A purposes and financial statement purposes, as described in subsection d.2.

(5) Where the depreciation method is used for a particular class of assets, no depreciation may be allowed on any such assets that have outlived their depreciable lives. (See also subsection e.(3))

e. Under the use allowance method, the following shall be observed:

(1) The use allowance for buildings and improvements (including improvements such as paved parking areas, fences, and sidewalks) shall be computed at an annual rate not exceeding two percent of acquisition cost.

The use allowance for equipment shall be computed at an annual rate not exceeding six and two-thirds percent of acquisition cost. Use allowance recovery is limited to the acquisition cost of the assets. For donated assets, use allowance recovery is limited to the fair market value of the assets at the time of donation.

(2) In contrast to the depreciation method, the entire building must be treated as a single asset without separating its "shell" from other building components under the use allowance method. The entire building must be treated as a single asset, and the two-percent use allowance limitation must be applied to all parts of the building.

The two-percent limitation, however, need not be applied to equipment or other assets that are merely attached or fastened to the building but not permanently fixed and are used as furnishings, decorations or for specialized purposes (e.g., dentist chairs and dental treatment units, counters, laboratory benches bolted to the floor, dishwashers, modular furniture, and carpeting). Such equipment and assets will be considered as not being permanently fixed to the building if they can be removed without the need for costly or extensive alterations or repairs to the building to make the space usable for other purposes. Equipment and assets that meet these criteria will be subject to the 6 2/3 percent equipment use allowance.

(3) A reasonable use allowance may be negotiated for any assets that are considered to be fully depreciated, after taking into consideration the amount of depreciation previously charged to the Federal Government, the estimated useful life remaining at the time of negotiation, the effect of any increased maintenance charges, decreased efficiency due to age, and any other factors pertinent to the utilization of the asset for the purpose contemplated.

(4) Notwithstanding subsection e.(3), once a institution converts from one cost recovery methodology to another, acquisition costs not recovered may not be used in the calculation of the use allowance in subsection e.(3).

f. Except as otherwise provided in subsections b. through e., a combination of the depreciation and use allowance methods may not be used, in like circumstances, for a single class of assets (e.g., buildings, office equipment, and computer equipment).

g. Charges for use allowances or depreciation must be supported by adequate property records, and physical inventories must be taken at least once every two years to ensure that the assets exist and are usable, used, and needed. Statistical sampling techniques may be used in taking these inventories. In addition, when the depreciation method is used, adequate depreciation records showing the amount of depreciation taken each period must also be maintained.

h. This section applies to the largest college and university recipients of Federal research and development funds as displayed in Exhibit A, List of Colleges and Universities Subject to Section J.14.h of Circular A-21.

(1) Institutions shall expend currently, or reserve for expenditure within the next five years, the portion of F&A cost payments made for depreciation or use allowances under sponsored research agreements, consistent with

Section F.2, to acquire or improve research facilities. This provision applies only to Federal agreements, which reimburse F&A costs at a full negotiated rate. These funds may only be used for (a) liquidation of the principal of debts incurred to acquire assets that are used directly for organized research activities, or (b) payments to acquire, repair, renovate, or improve buildings or equipment directly used for organized research. For buildings or equipment not exclusively used for organized research activity, only appropriately proportionate amounts will be considered to have been expended for research facilities.

(2) An assurance that an amount equal to the Federal reimbursements has been appropriately expended or reserved to acquire or improve research facilities shall be submitted as part of each F&A cost proposal submitted to the cognizant Federal agency which is based on costs incurred on or after October 1, 1991. This assurance will cover the cumulative amounts of funds received and expended during the period beginning after the period covered by the previous assurance and ending with the fiscal year on which the proposal is based. The assurance shall also cover any amounts reserved from a prior period in which the funds received exceeded the amounts expended.

15. *Donations and contributions.*

a. Contributions or Donations rendered.

Contributions or donations, including cash, property, and services, made by the institution, regardless of the recipient, are unallowable.

b. Donated services received.

Donated or volunteer services may be furnished to a institution by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or F&A cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with Circular A-110.

c. Donated property.

The value of donated property is not reimbursable either as a direct or F&A cost, except that depreciation or use allowances on donated assets are permitted in accordance with Section J.14. The value of donated property may be used to meet cost sharing or matching requirements, in accordance with Circular A-110.

16. *Employee morale, health, and welfare costs and costs.*

a. The costs of employee information publications, health or first-aid clinics and/or infirmaries, recreational activities, employee counseling services, and any other expenses incurred in accordance with the institution's established practice or custom for the improvement of working conditions, employer-employee relations, employee morale, and employee performance are allowable.

b. Such costs will be equitably apportioned to all activities of the institution. Income generated from any of these activities will be credited to the cost thereof unless such income has been irrevocably set over to employee welfare organizations.

c. Losses resulting from operating food services are allowable only if the institution's objective is to operate such services on a break-even basis. Losses sustained because of operating objectives other than the above are allowable only (a) where the institution can demonstrate unusual circumstances, and (b) with the approval of the cognizant Federal agency.

17. *Entertainment costs.*

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

18. *Equipment and other capital expenditures.*

a. For purposes of this subsection, the following definitions apply:

(1) "Capital Expenditures" means expenditures for the acquisition cost of capital assets (equipment, buildings, and land), or expenditures to make improvements to capital assets that materially increase their value or useful life. Acquisition cost means the cost of the asset including the cost to put it in place. Acquisition cost for equipment, for example, means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duty, protective in transit insurance, freight, and installation may be included in, or excluded from the acquisition cost in accordance with the institution's regular accounting practices.

(2) "Equipment" means an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals or exceeds the lesser of the capitalization level established by the institution for financial statement purposes, or \$5000.

(3) "Special purpose equipment" means equipment which is used only for research, medical, scientific, or other

technical activities. Examples of special purpose equipment include microscopes, x-ray machines, surgical instruments, and spectrometers.

(4) "General purpose equipment" means equipment, which is not limited to research, medical, scientific or other technical activities. Examples include office equipment and furnishings, modular offices, telephone networks, information technology equipment and systems, air conditioning equipment, reproduction and printing equipment, and motor vehicles.

b. The following rules of allowability shall apply to equipment and other capital expenditures:

(1) Capital expenditures for general purpose equipment, buildings, and land are unallowable as direct charges, except where approved in advance by the awarding agency.

(2) Capital expenditures for special purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5000 or more have the prior approval of the awarding agency.

(3) Capital expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior approval of the awarding agency.

(4) When approved as a direct charge pursuant to subsections J.18.b(1) through (3) above, capital expenditures will be charged in the period in which the expenditure is incurred, or as otherwise determined appropriate by and negotiated with the awarding agency.

(5) Equipment and other capital expenditures are unallowable as indirect costs. However, see section J.14, Depreciation and use allowances, for rules on the allowability of use allowances or depreciation on buildings, capital improvements, and equipment. Also, see section J.43, Rental costs of buildings and equipment, for rules on the allowability of rental costs for land, buildings, and equipment.

(6) The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by continuing to claim the otherwise allowable use allowances or depreciation on the equipment, or by amortizing the amount to be written off over a period of years negotiated with the cognizant agency.

19. *Fines and penalties.*

Costs resulting from violations of, or failure of the institution to comply with, Federal, State, and local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or instructions in writing from the authorized official of the sponsoring agency authorizing in advance such payments.

20. *Fund raising and investment costs.*

- a. Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, are unallowable.
- b. Costs of investment counsel and staff and similar expenses incurred solely to enhance income from investments are unallowable.
- c. Costs related to the physical custody and control of monies and securities are allowable.

21. *Gain and losses on depreciable assets.*

a. (1) Gains and losses on the sale, retirement, or other disposition of depreciable property shall be included in the year in which they occur as credits or charges to the asset cost grouping(s) in which the property was included. The amount of the gain or loss to be included as a credit or charge to the appropriate asset cost grouping(s) shall be the difference between the amount realized on the property and the undepreciated basis of the property.

(2) Gains and losses on the disposition of depreciable property shall not be recognized as a separate credit or charge under the following conditions:

(a) The gain or loss is processed through a depreciation account and is reflected in the depreciation allowable under Section J.14.

(b) The property is given in exchange as part of the purchase price of a similar item and the gain or loss is taken into account in determining the depreciation cost basis of the new item.

(c) A loss results from the failure to maintain permissible insurance, except as otherwise provided in Section J.25.

(d) Compensation for the use of the property was provided through use allowances in lieu of depreciation.

- b. Gains or losses of any nature arising from the sale or exchange of property other than the property covered in subsection a shall be excluded in computing sponsored agreement costs.
- c. When assets acquired with Federal funds, in part or wholly, are disposed of, the distribution of the proceeds shall be made in accordance with Circular A 110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non Profit Organizations."

22. *Goods or services for personal use.*

Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

23. *Housing and personal living expenses.*

- a. Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent, etc.), housing allowances and personal living expenses for/of the institution's officers are unallowable regardless of whether the cost is reported as taxable income to the employees.
- b. The term "officers" includes current and past officers.

24. *Idle facilities and idle capacity.*

- a. As used in this section the following terms have the meanings set forth below:

(1) "Facilities" means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the institution.

(2) "Idle facilities" means completely unused facilities that are excess to the institution's current needs.

(3) "Idle capacity" means the unused capacity of partially used facilities. It is the difference between:

(a) that which a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays; and

(b) the extent to which the facility was actually used to meet demands during the accounting period. A multi-shift basis should be used if it can be shown that this amount of usage would normally be expected for the type of facility involved.

(4) "Cost of idle facilities or idle capacity" means costs such as maintenance, repair, housing, rent, and other related costs, e.g., insurance, interest, property taxes and depreciation or use allowances.

- b. The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet fluctuations in workload; or

(2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under the exception stated in this subsection, costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year, depending on the initiative taken to use, lease, or dispose of such facilities.

- c. The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. Such costs are allowable, provided that the capacity is reasonably anticipated to be necessary or was originally reasonable and is not subject to reduction or elimination by use on other sponsored agreements, subletting, renting, or sale, in accordance with sound business, economic, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be considered idle facilities.

25. *Insurance and indemnification.*

- a. Costs of insurance required or approved, and maintained, pursuant to the sponsored agreement, are allowable.

- b. Costs of other insurance maintained by the institution in connection with the general conduct of its activities, are allowable subject to the following limitations:

(1) types and extent and cost of coverage must be in accordance with sound institutional practice;

(2) costs of insurance or of any contributions to any reserve covering the risk of loss of or damage to federally owned property are unallowable, except to the extent that the Federal Government has specifically required or approved such costs; and

- (3) costs of insurance on the lives of officers or trustees are unallowable except where such insurance is part of an employee plan which is not unduly restricted.
- c. Contributions to a reserve for a self insurance program are allowable, to the extent that the types of coverage, extent of coverage, and the rates and premiums would have been allowed had insurance been purchased to cover the risks.
- d. Actual losses which could have been covered by permissible insurance (whether through purchased insurance or self insurance) are unallowable, unless expressly provided for in the sponsored agreement, except that costs incurred because of losses not covered under existing deductible clauses for insurance coverage provided in keeping with sound management practice as well as minor losses not covered by insurance, such as spoilage, breakage and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.
- e. Indemnification includes securing the institution against liabilities to third persons and other losses not compensated by insurance or otherwise. The Federal Government is obligated to indemnify the institution only to the extent expressly provided for in the sponsored agreement, except as provided in subsection d.
- f. Insurance against defects. Costs of insurance with respect to any costs incurred to correct defects in the institution's materials or workmanship are unallowable.
- g. Medical liability (malpractice) insurance is an allowable cost of research programs only to the extent that the research involves human subjects. Medical liability insurance costs shall be treated as a direct cost and shall be assigned to individual projects based on the manner in which the insurer allocates the risk to the population covered by the insurance.

26. *Interest.*

- a. Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the institution's own funds, however represented, are unallowable. However, interest on debt incurred after July 1, 1982 to acquire buildings, major reconstruction and remodeling, or the acquisition or fabrication of capital equipment costing \$10,000 or more, is allowable.
- b. Interest on debt incurred after May 8, 1996 to acquire or replace capital assets (including construction, renovations, alterations, equipment, land, and capital assets acquired through capital leases) acquired after that date and used in support of sponsored agreements is allowable, subject to the following conditions:
- (1) For facilities costing over \$500,000, the institution shall prepare, prior to acquisition or replacement of the facility, a lease-purchase analysis in accordance with the provisions of Sec. 30 through 37 of OMB Circular A-110, which shows that a financed purchase, including a capital lease is less costly to the institution than other operating lease alternatives, on a net present value basis. Discount rates used shall be equal to the institution's anticipated interest rates and shall be no higher than the fair market rate available to the institution from an unrelated ("arm's length") third-party. The lease-purchase analysis shall include a comparison of the net present value of the projected total cost comparisons of both alternatives over the period the asset is expected to be used by the institution. The cost comparisons associated with purchasing the facility shall include the estimated purchase price, anticipated operating and maintenance costs (including property taxes, if applicable) not included in the debt financing, less any estimated asset salvage value at the end of the defined period. The cost comparison for a capital lease shall include the estimated total lease payments, any estimated bargain purchase option, operating and maintenance costs, and taxes not included in the capital leasing arrangement, less any estimated credits due under the lease at the end of the defined period. Projected operating lease costs shall be based on the anticipated cost of leasing comparable facilities at fair market rates under rental agreements that would be renewed or reestablished over the period defined above, and any expected maintenance costs and allowable property taxes to be borne by the institution directly or as part of the lease arrangement.
- (2) The actual interest cost claimed is predicated upon interest rates that are no higher than the fair market rate available to the institution from an unrelated (arm's length) third party.
- (3) Investment earnings, including interest income on bond or loan principal, pending payment of the construction or acquisition costs, are used to offset allowable interest cost. Arbitrage earnings reportable to the Internal Revenue Service are not required to be offset against allowable interest costs.
- (4) Reimbursements are limited to the least costly alternative based on the total cost analysis required under subsection (1). For example, if an operating lease is determined to be less costly than purchasing through debt financing, then reimbursement is limited to the amount determined if leasing had been used. In all cases where a lease-purchase analysis is required to be performed, Federal reimbursement shall be based upon the least expensive alternative.
- (5) For debt arrangements over \$1 million, unless the institution makes an initial equity contribution to the asset

purchase of 25 percent or more, the institution shall reduce claims for interest expense by an amount equal to imputed interest earnings on excess cash flow, which is to be calculated as follows. Annually, non-Federal entities shall prepare a cumulative (from the inception of the project) report of monthly cash flows that includes inflows and outflows, regardless of the funding source. Inflows consist of depreciation expense, amortization of capitalized construction interest, and annual interest cost. For cash flow calculations, the annual inflow figures shall be divided by the number of months in the year (i.e., usually 12) that the building is in service for monthly amounts. Outflows consist of initial equity contributions, debt principal payments (less the pro rata share attributable to the unallowable costs of land) and interest payments. Where cumulative inflows exceed cumulative outflows, interest shall be calculated on the excess inflows for that period and be treated as a reduction to allowable interest cost. The rate of interest to be used to compute earnings on excess cash flows shall be the three-month Treasury bill closing rate as of the last business day of that month.

(6) Substantial relocation of federally sponsored activities from a facility financed by indebtedness, the cost of which was funded in whole or part through Federal reimbursements, to another facility prior to the expiration of a period of 20 years requires notice to the cognizant agency. The extent of the relocation, the amount of the Federal participation in the financing, and the depreciation and interest charged to date may require negotiation and/or downward adjustments of replacement space charged to Federal programs in the future.

(7) The allowable costs to acquire facilities and equipment are limited to a fair market value available to the institution from an unrelated (arm's length) third party.

c. Institutions are also subject to the following conditions:

(1) Interest on debt incurred to finance or refinance assets re-acquired after the applicable effective dates stipulated above is unallowable.

(2) Interest attributable to fully depreciated assets is unallowable.

d. The following definitions are to be used for purposes of this section:

(1) "Re-acquired" assets means assets held by the institution prior to the applicable effective dates stipulated above that have again come to be held by the institution, whether through repurchase or refinancing. It does not include assets acquired to replace older assets.

(2) "Initial equity contribution" means the amount or value of contributions made by non-Federal entities for the acquisition of the asset prior to occupancy of facilities.

(3) "Asset costs" means the capitalizable costs of an asset, including construction costs, acquisition costs, and other such costs capitalized in accordance with Generally Accepted Accounting Principles (GAAP).

#### 27. *Labor relations costs.*

Costs incurred in maintaining satisfactory relations between the institution and its employees, including costs of labor management committees, employees' publications, and other related activities, are allowable.

#### 28. *Lobbying.*

Reference is made to the common rule published at 55 FR 6736 (2/26/90), and OMB's governmentwide guidance, amendments to OMB's governmentwide guidance, and OMB's clarification notices published at 54 FR 52306 (12/20/89), 61 FR 1412 (1/19/96), 55 FR 24540 (6/15/90) and 57 FR 1772 (1/15/92), respectively. In addition, the following restrictions shall apply:

a. Notwithstanding other provisions of this Circular, costs associated with the following activities are unallowable:

(1) Attempts to influence the outcomes of any Federal, State, or local election, referendum, initiative, or similar procedure, through in kind or cash contributions, endorsements, publicity, or similar activity;

(2) Establishing, administering, contributing to, or paying the expenses of a political party, campaign, political action committee, or other organization established for the purpose of influencing the outcomes of elections;

(3) Any attempt to influence –

(i) the introduction of Federal or State legislation;

(ii) the enactment or modification of any pending Federal or State legislation through communication with any member or employee of the Congress or State legislature, including efforts to influence State or local officials to engage in similar lobbying activity; or

(iii) any government official or employee in connection with a decision to sign or veto enrolled legislation;



## (4) Any attempt to influence –

(i) the introduction of Federal or State legislation; or

(ii) the enactment or modification of any pending Federal or State legislation by preparing, distributing, or using publicity or propaganda, or by urging members of the general public, or any segment thereof, to contribute to or participate in any mass demonstration, march, rally, fund raising drive, lobbying campaign or letter writing or telephone campaign; or

(5) Legislative liaison activities, including attendance at legislative sessions or committee hearings, gathering information regarding legislation, and analyzing the effect of legislation, when such activities are carried on in support of or in knowing preparation for an effort to engage in unallowable lobbying.

## b. The following activities are excepted from the coverage of subsection a:

(1) Technical and factual presentations on topics directly related to the performance of a grant, contract, or other agreement (through hearing testimony, statements, or letters to the Congress or a State legislature, or subdivision, member, or cognizant staff member thereof), in response to a documented request (including a Congressional Record notice requesting testimony or statements for the record at a regularly scheduled hearing) made by the recipient member, legislative body or subdivision, or a cognizant staff member thereof, provided such information is readily obtainable and can be readily put in deliverable form, and further provided that costs under this section for travel, lodging or meals are unallowable unless incurred to offer testimony at a regularly scheduled Congressional hearing pursuant to a written request for such presentation made by the Chairman or Ranking Minority Member of the Committee or Subcommittee conducting such hearings;

(2) Any lobbying made unallowable by subsection a.(3) to influence State legislation in order to directly reduce the cost, or to avoid material impairment of the institution's authority to perform the grant, contract, or other agreement; or

(3) Any activity specifically authorized by statute to be undertaken with funds from the grant, contract, or other agreement.

## c. When an institution seeks reimbursement for F&amp;A costs, total lobbying costs shall be separately identified in the F&amp;A cost rate proposal, and thereafter treated as other unallowable activity costs in accordance with the procedures of Section B.1.d.

## d. Institutions shall submit as part of their annual F&amp;A cost rate proposal a certification that the requirements and standards of this section have been complied with.

## e. Institutions shall maintain adequate records to demonstrate that the determination of costs as being allowable or unallowable pursuant to this section complies with the requirements of this Circular.

## f. Time logs, calendars, or similar records shall not be required to be created for purposes of complying with this section during any particular calendar month when:

(1) the employee engages in lobbying (as defined in subsections a and b) 25 percent or less of the employee's compensated hours of employment during that calendar month; and

(2) within the preceding five year period, the institution has not materially misstated allowable or unallowable costs of any nature, including legislative lobbying costs. When conditions (1) and (2) are met, institutions are not required to establish records to support the allowability of claimed costs in addition to records already required or maintained. Also, when conditions (1) and (2) are met, the absence of time logs, calendars, or similar records will not serve as a basis for disallowing costs by contesting estimates of lobbying time spent by employees during a calendar month.

## g. Agencies shall establish procedures for resolving in advance, in consultation with OMB, any significant questions or disagreements concerning the interpretation or application of this section. Any such advance resolutions shall be binding in any subsequent settlements, audits, or investigations with respect to that grant or contract for purposes of interpretation of this Circular, provided, however, that this shall not be construed to prevent a contractor or grantee from contesting the lawfulness of such a determination.

## h. Executive lobbying costs.

Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the Executive Branch of the Federal Government to give consideration or to act regarding a sponsored agreement or a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a Federal employee or officer to give consideration or to act regarding a federally sponsored agreement or regulatory matter on any basis other than the merits of the matter.

29. *Losses on other sponsored agreements or contracts.*

Any excess of costs over income under any other sponsored agreement or contract of any nature is unallowable. This includes, but is not limited to, the institution's contributed portion by reason of cost sharing agreements or any under recoveries through negotiation of flat amounts for F&A costs.

30. *Maintenance and repair costs.*

Costs incurred for necessary maintenance, repair, or upkeep of buildings and equipment (including Federal property unless otherwise provided for) which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition, are allowable. Costs incurred for improvements which add to the permanent value of the buildings and equipment or appreciably prolong their intended life shall be treated as capital expenditures (see section 18.a(1)).

31. *Material and supplies costs.*

- a. Costs incurred for materials, supplies, and fabricated parts necessary to carry out a sponsored agreement are allowable.
- b. Purchased materials and supplies shall be charged at their actual prices, net of applicable credits. Withdrawals from general stores or stockrooms should be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied. Incoming transportation charges are a proper part of materials and supplies costs.
- c. Only materials and supplies actually used for the performance of a sponsored agreement may be charged as direct costs.
- d. Where federally donated or furnished materials are used in performing the sponsored agreement, such materials will be used without charge.

32. *Meetings and Conferences.*

Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences. But see section J.17, Entertainment costs.

33. *Memberships, subscriptions and professional activity costs.*

- a. Costs of the institution's membership in business, technical, and professional organizations are allowable.
- b. Costs of the institution's subscriptions to business, professional, and technical periodicals are allowable.
- c. Costs of membership in any civic or community organization are unallowable.
- d. Costs of membership in any country club or social or dining club or organization are unallowable.

34. *Patent costs.*

- a. The following costs relating to patent and copyright matters are allowable:
  - (1) cost of preparing disclosures, reports, and other documents required by the sponsored agreement and of searching the art to the extent necessary to make such disclosures;
  - (2) cost of preparing documents and any other patent costs in connection with the filing and prosecution of a United States patent application where title or royalty-free license is required by the Federal Government to be conveyed to the Federal Government; and
  - (3) general counseling services relating to patent and copyright matters, such as advice on patent and copyright laws, regulations, clauses, and employee agreements (but see sections J.37, Professional service costs, and J.44, Royalties and other costs for use of patents).
- b. The following costs related to patent and copyright matter are unallowable:
  - (i) Cost of preparing disclosures, reports, and other documents and of searching the art to the extent necessary to make disclosures not required by the award
  - (ii) Costs in connection with filing and prosecuting any foreign patent application, or any United States patent application, where the sponsored agreement award does not require conveying title or a royalty-free license to the Federal Government, (but see section J.44, Royalties and other costs for use of patents).

35. *Plant and homeland security costs.*

Necessary and reasonable expenses incurred for routine and homeland security to protect facilities, personnel, and work products are allowable. Such costs include, but are not limited to, wages and uniforms of personnel engaged in security activities; equipment; barriers; contractual security services; consultants; etc. Capital expenditures for homeland and plant security purposes are subject to section J.18, Equipment and other capital expenditures, of this Circular.

36. *Preagreement costs.*

Costs incurred prior to the effective date of the sponsored agreement, whether or not they would have been allowable thereunder if incurred after such date, are unallowable unless approved by the sponsoring agency.

37. *Professional service costs.*

- a. Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the institution, are allowable, subject to subparagraphs b and c when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government. In addition, legal and related services are limited under section J.13.
- b. In determining the allowability of costs in a particular case, no single factor or any special combination of factors is necessarily determinative. However, the following factors are relevant:
  - (1) The nature and scope of the service rendered in relation to the service required.
  - (2) The necessity of contracting for the service, considering the institution's capability in the particular area.
  - (3) The past pattern of such costs, particularly in the years prior to sponsored agreements.
  - (4) The impact on the institution's business (i.e., what new problems have arisen).
  - (5) Whether the proportion of Federal work to the institution's total business is such as to influence the institution in favor of incurring the cost, particularly where the services rendered are not of a continuing nature and have little relationship to work under Federal grants and contracts.
  - (6) Whether the service can be performed more economically by direct employment rather than contracting.
  - (7) The qualifications of the individual or concern rendering the service and the customary fees charged, especially on non-sponsored agreements.
  - (8) Adequacy of the contractual agreement for the service (e.g., description of the service, estimate of time required, rate of compensation, and termination provisions).
- c. In addition to the factors in subparagraph b, retainer fees to be allowable must be supported by evidence of bona fide services available or rendered.

38. *Proposal costs.*

Proposal costs are the costs of preparing bids or proposals on potential federally and non federally funded sponsored agreements or projects, including the development of data necessary to support the institution's bids or proposals. Proposal costs of the current accounting period of both successful and unsuccessful bids and proposals normally should be treated as F&A costs and allocated currently to all activities of the institution, and no proposal costs of past accounting periods will be allocable to the current period. However, the institution's established practices may be to treat proposal costs by some other recognized method. Regardless of the method used, the results obtained may be accepted only if found to be reasonable and equitable.

39. *Publication and printing costs.*

- a. Publication costs include the costs of printing (including the processes of composition, plate-making, press work, binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling. Publication costs also include page charges in professional publications.
- b. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs to all benefiting activities of the institution.
- c. Page charges for professional journal publications are allowable as a necessary part of research costs where:
  - (1) The research papers report work supported by the Federal Government: and

(2) The charges are levied impartially on all research papers published by the journal, whether or not by federally sponsored authors.

40. *Rearrangement and alteration costs.*

Costs incurred for ordinary or normal rearrangement and alteration of facilities are allowable. Special arrangement and alteration costs incurred specifically for the project are allowable with the prior approval of the sponsoring agency.

41. *Reconversion costs.*

Costs incurred in the restoration or rehabilitation of the institution's facilities to approximately the same condition existing immediately prior to commencement of a sponsored agreement, fair wear and tear excepted, are allowable.

42. *Recruiting costs.*

- a. Subject to subsections b, c, and d, and provided that the size of the staff recruited and maintained is in keeping with workload requirements, costs of "help wanted" advertising, operating costs of an employment office necessary to secure and maintain an adequate staff, costs of operating an aptitude and educational testing program, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees, are allowable to the extent that such costs are incurred pursuant to a well managed recruitment program. Where the institution uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.
- b. In publications, costs of help wanted advertising that includes color, includes advertising material for other than recruitment purposes, or is excessive in size (taking into consideration recruitment purposes for which intended and normal institutional practices in this respect), are unallowable.
- c. Costs of help wanted advertising, special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel from other institutions that do not meet the test of reasonableness or do not conform with the established practices of the institution, are unallowable.
- d. Where relocation costs incurred incident to recruitment of a new employee have been allowed either as an allocable direct or F&A cost, and the newly hired employee resigns for reasons within his control within 12 months after hire, the institution will be required to refund or credit such relocation costs to the Federal Government.

43. *Rental costs of buildings and equipment.*

- a. Subject to the limitations described in subsections b. through d. of this section, rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the property leased. Rental arrangements should be reviewed periodically to determine if circumstances have changed and other options are available.
- b. Rental costs under "sale and lease back" arrangements are allowable only up to the amount that would be allowed had the institution continued to own the property. This amount would include expenses such as depreciation or use allowance, maintenance, taxes, and insurance.
- c. Rental costs under "less-than-arms-length" leases are allowable only up to the amount (as explained in subsection b) that would be allowed had title to the property vested in the institution. For this purpose, a less-than-arms-length lease is one under which one party to the lease agreement is able to control or substantially influence the actions of the other. Such leases include, but are not limited to those between —
  - (1) divisions of a institution;
  - (2) non-Federal entities under common control through common officers, directors, or members; and
  - (3) a institution and a director, trustee, officer, or key employee of the institution or his immediate family, either directly or through corporations, trusts, or similar arrangements in which they hold a controlling interest. For example, a institution may establish a separate corporation for the sole purpose of owning property and leasing it back to the institution.
- d. Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only up to the amount (as explained in subsection b) that would be allowed had the institution purchased the property on the date the lease agreement was executed. The provisions of Financial Accounting Standards Board Statement 13, Accounting for Leases, shall be used to determine whether a lease is a capital lease. Interest costs related to capital leases are allowable to the extent they meet the criteria in section J.26. Unallowable costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the institution

purchased the facility.

44. *Royalties and other costs for use of patents.*

- a. Royalties on a patent or copyright or amortization of the cost of acquiring by purchase a copyright, patent, or rights thereto, necessary for the proper performance of the award are allowable unless:
  - (1) The Federal Government has a license or the right to free use of the patent or copyright.
  - (2) The patent or copyright has been adjudicated to be invalid, or has been administratively determined to be invalid.
  - (3) The patent or copyright is considered to be unenforceable.
  - (4) The patent or copyright is expired.
- b. Special care should be exercised in determining reasonableness where the royalties may have been arrived at as a result of less-than-arm's-length bargaining, e.g.:
  - (1) Royalties paid to persons, including corporations, affiliated with the institution.
  - (2) Royalties paid to unaffiliated parties, including corporations, under an agreement entered into in contemplation that a sponsored agreement award would be made.
  - (3) Royalties paid under an agreement entered into after an award is made to a institution.
- c. In any case involving a patent or copyright formerly owned by the institution, the amount of royalty allowed should not exceed the cost which would have been allowed had the institution retained title thereto.

45. *Scholarships and student aid costs.*

- a. Costs of scholarships, fellowships, and other programs of student aid are allowable only when the purpose of the sponsored agreement is to provide training to selected participants and the charge is approved by the sponsoring agency. However, tuition remission and other forms of compensation paid as, or in lieu of, wages to students performing necessary work are allowable provided that --
  - (1) The individual is conducting activities necessary to the sponsored agreement;
  - (2) Tuition remission and other support are provided in accordance with established educational institutional policy and consistently provided in a like manner to students in return for similar activities conducted in nonsponsored as well as sponsored activities; and
  - (3) During the academic period, the student is enrolled in an advanced degree program at the institution or affiliated institution and the activities of the student in relation to the Federally sponsored research project are related to the degree program;
  - (4) the tuition or other payments are reasonable compensation for the work performed and are conditioned explicitly upon the performance of necessary work; and
  - (5) it is the institution's practice to similarly compensate students in nonsponsored as well as sponsored activities.
- b. Charges for tuition remission and other forms of compensation paid to students as, or in lieu of, salaries and wages shall be subject to the reporting requirements stipulated in Section J.10, and shall be treated as direct or F&A cost in accordance with the actual work being performed. Tuition remission may be charged on an average rate basis.

46. *Selling and marketing.*

Costs of selling and marketing any products or services of the institution are unallowable (unless allowed under subsection J.1 as allowable public relations costs or under subsection J.38 as allowable proposal costs).

47. *Specialized service facilities.*

- a. The costs of services provided by highly complex or specialized facilities operated by the institution, such as computers, wind tunnels, and reactors are allowable, provided the charges for the services meet the conditions of either subsection 47.b. or 47.c. and, in addition, take into account any items of income or Federal financing that qualify as applicable credits under subsection C.5. of this Circular.
- b. The costs of such services, when material, must be charged directly to applicable awards based on actual usage of the services on the basis of a schedule of rates or established methodology that

(1) does not discriminate against federally supported activities of the institution, including usage by the institution for internal purposes, and

(2) is designed to recover only the aggregate costs of the services. The costs of each service shall consist normally of both its direct costs and its allocable share of all F&A costs. Rates shall be adjusted at least biennially, and shall take into consideration over/under applied costs of the previous period(s).

c. Where the costs incurred for a service are not material, they may be allocated as F&A costs.

d. Under some extraordinary circumstances, where it is in the best interest of the Federal Government and the institution to establish alternative costing arrangements, such arrangements may be worked out with the cognizant Federal agency.

#### 48. *Student activity costs.*

Costs incurred for intramural activities, student publications, student clubs, and other student activities, are unallowable, unless specifically provided for in the sponsored agreements.

#### 49. *Taxes.*

a. In general, taxes which the institution is required to pay and which are paid or accrued in accordance with generally accepted accounting principles are allowable. Payments made to local governments in lieu of taxes which are commensurate with the local government services received are allowable, except for--

(1) taxes from which exemptions are available to the institution directly or which are available to the institution based on an exemption afforded the Federal Government, and in the latter case when the sponsoring agency makes available the necessary exemption certificates; and

(2) special assessments on land which represent capital improvements.

b. Any refund of taxes, interest, or penalties, and any payment to the institution of interest thereon, attributable to taxes, interest, or penalties which were allowed as sponsored agreement costs, will be credited or paid to the Federal Government in the manner directed by the Federal Government. However, any interest actually paid or credited to an institution incident to a refund of tax, interest, and penalty will be paid or credited to the Federal Government only to the extent that such interest accrued over the period during which the institution has been reimbursed by the Federal Government for the taxes, interest, and penalties.

#### 50. *Termination costs applicable to sponsored agreements.*

Termination of awards generally gives rise to the incurrence of costs, or the need for special treatment of costs, which would not have arisen had the sponsored agreement not been terminated. Cost principles covering these items are set forth below. They are to be used in conjunction with the other provisions of this Circular in termination situations.

a. The cost of items reasonably usable on the institution's other work shall not be allowable unless the institution submits evidence that it would not retain such items at cost without sustaining a loss. In deciding whether such items are reasonably usable on other work of the institution, the awarding agency should consider the institution's plans and orders for current and scheduled activity.

Contemporaneous purchases of common items by the institution shall be regarded as evidence that such items are reasonably usable on the institution's other work. Any acceptance of common items as allocable to the terminated portion of the sponsored agreement shall be limited to the extent that the quantities of such items on hand, in transit, and on order are in excess of the reasonable quantitative requirements of other work.

b. If in a particular case, despite all reasonable efforts by the institution, certain costs cannot be discontinued immediately after the effective date of termination, such costs are generally allowable within the limitations set forth in this Circular, except that any such costs continuing after termination due to the negligent or willful failure of the institution to discontinue such costs shall be unallowable.

c. Loss of useful value of special tooling, machinery, and equipment is generally allowable if:

(1) Such special tooling, special machinery, or equipment is not reasonably capable of use in the other work of the institution,

(2) The interest of the Federal Government is protected by transfer of title or by other means deemed appropriate by the awarding agency, and

(3) The loss of useful value for any one terminated sponsored agreement is limited to that portion of the acquisition cost which bears the same ratio to the total acquisition cost as the terminated portion of the sponsored

agreement bears to the entire terminated sponsored agreement award and other sponsored agreements for which the special tooling, machinery, or equipment was acquired.

- d. Rental costs under unexpired leases are generally allowable where clearly shown to have been reasonably necessary for the performance of the terminated sponsored agreement less the residual value of such leases, if:

(1) the amount of such rental claimed does not exceed the reasonable use value of the property leased for the period of the sponsored agreement and such further period as may be reasonable, and

(2) the institution makes all reasonable efforts to terminate, assign, settle, or otherwise reduce the cost of such lease. There also may be included the cost of alterations of such leased property, provided such alterations were necessary for the performance of the sponsored agreement, and of reasonable restoration required by the provisions of the lease.

- e. Settlement expenses including the following are generally allowable:

(1) Accounting, legal, clerical, and similar costs reasonably necessary for:

(a) The preparation and presentation to the awarding agency of settlement claims and supporting data with respect to the terminated portion of the sponsored agreement, unless the termination is for default (see Subpart \_\_\_61 of Circular A-110); and

(b) The termination and settlement of subawards.

(2) Reasonable costs for the storage, transportation, protection, and disposition of property provided by the Federal Government or acquired or produced for the sponsored agreement, except when institutions are reimbursed for disposals at a predetermined amount in accordance with Subparts \_\_\_32 through \_\_\_37 of Circular A-110.

(3) F&A costs related to salaries and wages incurred as settlement expenses in subsections b.(1) and (2). Normally, such F&A costs shall be limited to fringe benefits, occupancy cost, and immediate supervision.

- f. Claims under subawards, including the allocable portion of claims which are common to the sponsored agreement and to other work of the institution, are generally allowable.

An appropriate share of the institution's F&A costs may be allocated to the amount of settlements with subcontractors and/or subgrantees, provided that the amount allocated is otherwise consistent with the basic guidelines contained in section E, F&A costs. The F&A costs so allocated shall exclude the same and similar costs claimed directly or indirectly as settlement expenses.

#### 51. *Training costs.*

The cost of training provided for employee development is allowable.

#### 52. *Transportation costs.*

Costs incurred for freight, express, cartage, postage, and other transportation services relating either to goods purchased, in process, or delivered, are allowable. When such costs can readily be identified with the items involved, they may be charged directly as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, inbound transportation cost may be charged to the appropriate F&A cost accounts if the institution follows a consistent, equitable procedure in this respect. Outbound freight, if reimbursable under the terms of the sponsored agreement, should be treated as a direct cost.

#### 53. *Travel costs.*

- a. General.

Travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the institution. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the institution's non-federally sponsored activities.

- b. Lodging and subsistence.

Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the institution in its regular operations as the result of the institution's written travel policy. In the absence of an acceptable, written institution policy regarding travel costs, the rates and amounts established under subchapter I of Chapter 57, Title 5, United States Code ("Travel and Subsistence Expenses; Mileage

Allowances"), or by the Administrator of General Services, or by the President (or his or her designee) pursuant to any provisions of such subchapter shall apply to travel under sponsored agreements (48 CFR 31.205-46(a)).

c. Commercial air travel.

(1) Airfare costs in excess of the customary standard commercial airfare (coach or equivalent), Federal Government contract airfare (where authorized and available), or the lowest commercial discount airfare are unallowable except when such accommodations would:

- (a) require circuitous routing;
- (b) require travel during unreasonable hours; (c) excessively prolong travel;
- (d) result in additional costs that would offset the transportation savings; or
- (e) offer accommodations not reasonably adequate for the traveler's medical needs. The institution must justify and document these conditions on a case-by-case basis in order for the use of first-class airfare to be allowable in such cases.

(2) Unless a pattern of avoidance is detected, the Federal Government will generally not question a institution's determinations that customary standard airfare or other discount airfare is unavailable for specific trips if the institution can demonstrate either of the following:

- (a) that such airfare was not available in the specific case; or
- (b) that it is the institution's overall practice to make routine use of such airfare.

d. Air travel by other than commercial carrier.

Costs of travel by institution-owned, -leased, or -chartered aircraft include the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, insurance, and other related costs. The portion of such costs that exceeds the cost of allowable commercial air travel, as provided for in subsection 53.c., is unallowable.

54. *Trustees.*

Travel and subsistence costs of trustees (or directors) are allowable. The costs are subject to restrictions regarding lodging, subsistence and air travel costs provided in Section 53.

K. Certification of charges.

1. To assure that expenditures for sponsored agreements are proper and in accordance with the agreement documents and approved project budgets, the annual and/or final fiscal reports or vouchers requesting payment under the agreements will include a certification, signed by an authorized official of the university, which reads essentially as follows: "I certify that all expenditures reported (or payment requested) are for appropriate purposes and in accordance with the provisions of the application and award documents."

2. Certification of F&A costs.

a. Policy.

(1) No proposal to establish F&A cost rates shall be acceptable unless such costs have been certified by the educational institution using the Certificate of F&A Costs set forth in subsection b. The certificate must be signed on behalf of the institution by an individual at a level no lower than vice president or chief financial officer of the institution that submits the proposal.

(2) No F&A cost rate shall be binding upon the Federal Government if the most recent required proposal from the institution has not been certified. Where it is necessary to establish F&A cost rates, and the institution has not submitted a certified proposal for establishing such rates in accordance with the requirements of this section, the Federal Government shall unilaterally establish such rates. Such rates may be based upon audited historical data or such other data that have been furnished to the cognizant Federal agency and for which it can be demonstrated that all unallowable costs have been excluded. When F&A cost rates are unilaterally established by the Federal Government because of failure of the institution to submit a certified proposal for establishing such rates in accordance with this section, the rates established will be set at a level low enough to ensure that potentially unallowable costs will not be reimbursed.

b. Certificate. The certificate required by this section shall be in the following form:

Certificate of F&A Costs

This is to certify that to the best of my knowledge and belief:



(1) I have reviewed the F&A cost proposal submitted herewith;

(2) All costs included in this proposal [identify date] to establish billing or final F&A costs rate for [identify period covered by rate] are allowable in accordance with the requirements of the Federal agreement(s) to which they apply and with the cost principles applicable to those agreements.

(3) This proposal does not include any costs which are unallowable under applicable cost principles such as (without limitation): advertising and public relations costs, contributions and donations, entertainment costs, fines and penalties, lobbying costs, and defense of fraud proceedings; and

(4) All costs included in this proposal are properly allocable to Federal agreements on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements.

For educational institutions that are required to file a DS-2 in accordance with Section C.14, the following statement shall be added to the "Certificate of F&A Costs":

(5) The rate proposal is prepared using the same cost accounting practices that are disclosed in the DS-2, including its amendments and revisions, filed with and approved by the cognizant agency.

I declare under penalty of perjury that the foregoing is true and correct.

Institution: \_\_\_\_\_

Signature: \_\_\_\_\_

Name of Official: \_\_\_\_\_

Title: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

**Exhibit A** -- List of Colleges and Universities Subject to Section J.12.h of Circular A-21.

1. Johns Hopkins University
2. Stanford University
3. Massachusetts Institute of Technology
4. University of Washington
5. University of California-Los Angeles
6. University of Michigan
7. University of California-San Diego
8. University of California-San Francisco
9. University of Wisconsin-Madison
10. Columbia University
11. Yale University
12. Harvard University
13. Cornell University
14. University of Pennsylvania
15. University of California-Berkeley
16. University of Minnesota
17. Pennsylvania State University
18. University of Southern California
19. Duke University
20. Washington University
21. University of Colorado
22. University of Illinois-Urbana
23. University of Rochester
24. University of North Carolina-Chapel Hill
25. University of Pittsburgh
26. University of Chicago
27. University of Texas-Austin
28. University of Arizona

29. New York University
30. University of Iowa
31. Ohio State University
32. University of Alabama-Birmingham
33. Case Western Reserve
34. Baylor College of Medicine
35. California Institute of Technology
36. Yeshiva University
37. University of Massachusetts
38. Vanderbilt University
39. Purdue University
40. University of Utah
41. Georgia Institute of Technology
42. University of Maryland-College Park
43. University of Miami
44. University of California-Davis
45. Boston University
46. University of Florida
47. Carnegie-Mellon University
48. Northwestern University
49. Indiana University
50. Michigan State University
51. University of Virginia
52. University of Texas-SW Medical Center
53. University of California-Irvine
54. Princeton University
55. Tulane University of Louisiana
56. Emory University
57. University of Georgia
58. Texas A&M University-all campuses
59. New Mexico State University
60. North Carolina State University-Raleigh
61. University of Illinois-Chicago
62. Utah State University
63. Virginia Commonwealth University
64. Oregon State University
65. SUNY-Stony Brook
66. University of Cincinnati
67. CUNY-Mount Sinai School of Medicine
68. University of Connecticut
69. Louisiana State University
70. Tufts University
71. University of California-Santa Barbara
72. University of Hawaii-Manoa
73. Rutgers State University of New Jersey
74. Colorado State University
75. Rockefeller University
76. University of Maryland-Baltimore
77. Virginia Polytechnic Institute & State University
78. SUNY-Buffalo
79. Brown University
80. University of Medicine & Dentistry of New Jersey
81. University of Texas-Health Science Center San Antonio
82. University of Vermont

83. University of Texas-Health Science Center Houston
84. Florida State University
85. University of Texas-MD Anderson Cancer Center
86. University of Kentucky
87. Wake Forest University
88. Wayne State University
89. Iowa State University of Science & Technology
90. University of New Mexico
91. Georgetown University
92. Dartmouth College
93. University of Kansas
94. Oregon Health Sciences University
95. University of Texas-Medical Branch-Galveston
96. University of Missouri-Columbia
97. Temple University
98. George Washington University
99. University of Dayton

**Exhibit B** -- Listing of institutions that are eligible for the utility cost adjustment.

1. Baylor University
2. Boston College
3. Boston University
4. California Institute of Technology
5. Carnegie-Mellon University
6. Case Western University
7. Columbia University
8. Cornell University (Endowed)
9. Cornell University (Statutory)
10. Cornell University (Medical)
11. Dayton University
12. Emory University
13. George Washington University (Medical)
14. Georgetown University
15. Harvard Medical School
16. Harvard University (Main Campus)
17. Harvard University (School of Public Health)
18. Johns Hopkins University
19. Massachusetts Institute of Technology
20. Medical University of South Carolina
21. Mount Sinai School of Medicine
22. New York University (except New York University Medical Center)
23. New York University Medical Center
24. North Carolina State University
25. Northeastern University
26. Northwestern University
27. Oregon Health Sciences University
28. Oregon State University
29. Rice University
30. Rockefeller University
31. Stanford University
32. Tufts University
33. Tulane University
34. Vanderbilt University
35. Virginia Commonwealth University

36. Virginia Polytechnic Institute and State University
37. University of Arizona
38. University of CA, Berkeley
39. University of CA, Irvine
40. University of CA, Los Angeles
41. University of CA, San Diego
42. University of CA, San Francisco
43. University of Chicago
44. University of Cincinnati
45. University of Colorado, Health Sciences Center
46. University of Connecticut, Health Sciences Center
47. University of Health Science and The Chicago Medical School
48. University of Illinois, Urbana
49. University of Massachusetts, Medical Center
50. University of Medicine & Dentistry of New Jersey
51. University of Michigan
52. University of Pennsylvania
53. University of Pittsburgh
54. University of Rochester
55. University of Southern California
56. University of Tennessee, Knoxville
57. University of Texas, Galveston
58. University of Texas, Austin
59. University of Texas Southwestern Medical Center
60. University of Virginia
61. University of Vermont & State Agriculture College
62. University of Washington
63. Washington University
64. Yale University
65. Yeshiva University

**Exhibit C** -- Examples of "major project" where direct charging of administrative or clerical staff salaries may be appropriate.

\* Large, complex programs such as General Clinical Research Centers, Primate Centers, Program Projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.

\* Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies).

\* Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.

\* Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).

\* Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research fields sites that are remote from campus.

\* Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications.

These examples are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries would always be appropriate for the situations illustrated in the examples. For instance, the examples would be appropriate when the costs of such activities are incurred in unlike circumstances, i.e., the actual activities charged direct are not the same as the actual activities normally included in the institution's facilities and administrative (F&A) cost pools or, if the same, the indirect activity costs are immaterial in amount. It would be inappropriate to charge the cost of such activities directly to specific sponsored agreements if, in similar circumstances, the costs of performing the same type of activity for other sponsored agreements were included as allocable costs in the institution's F&A cost pools. Application of negotiated predetermined F&A cost rates may also

be inappropriate if such activity costs charged directly were not provided for in the allocation base that was used to determine the predetermined F&A cost rates.

#### **Appendix A** Part 99005 -- Cost Accounting Standards for Educational Institutions.

CAS 9905.501 -- Consistency in estimating, accumulating and reporting costs by educational institutions.

#### Purpose

The purpose of this standard is to ensure that each educational institution's practices used in estimating costs for a proposal are consistent with cost accounting practices used by the educational institution in accumulating and reporting costs. Consistency in the application of cost accounting practices is necessary to enhance the likelihood that comparable transactions are treated alike. With respect to individual sponsored agreements, the consistent application of cost accounting practices will facilitate the preparation of reliable cost estimates used in pricing a proposal and their comparison with the costs of performance of the resulting sponsored agreement. Such comparisons provide one important basis for financial control over costs during sponsored agreement performance and aid in establishing accountability for costs in the manner agreed to by both parties at the time of agreement. The comparisons also provide an improved basis for evaluating estimating capabilities.

#### Definitions

(a) The following are definitions of terms which are prominent in this standard.

- (1) Accumulating costs means the collecting of cost data in an organized manner, such as through a system of accounts.
- (2) Actual cost means an amount determined on the basis of cost incurred (as distinguished from forecasted cost), including standard cost properly adjusted for applicable variance.
- (3) Estimating costs means the process of forecasting a future result in terms of cost, based upon information available at the time.
- (4) Indirect cost pool means a grouping of incurred costs identified with two or more objectives but not identified specifically with any final cost objective.
- (5) Pricing means the process of establishing the amount or amounts to be paid in return for goods or services.
- (6) Proposal means any offer or other submission used as a basis for pricing a sponsored agreement, sponsored agreement modification or termination settlement or for securing payments thereunder.
- (7) Reporting costs means the providing of cost information to others.

#### Fundamental Requirement

An educational institution's practices used in estimating costs in pricing a proposal shall be consistent with the educational institution's cost accounting practices used in accumulating and reporting costs.

An educational institution's cost accounting practices used in accumulating and reporting actual costs for a sponsored agreement shall be consistent with the educational institution's practices used in estimating costs in the related proposal or application.

The grouping of homogeneous costs in estimates prepared for proposal purposes shall not per se be deemed an inconsistent application of cost accounting practices of this paragraph when such costs are accumulated in reported in greater detail on an actual costs basis during performance of the sponsored agreement.

#### Techniques for application

(a) The standard allows grouping of homogeneous costs in order to cover those cases where it is not practicable to estimate sponsored agreement costs by individual cost element. However, costs estimated for proposal purposes shall be presented in such a manner and in such detail that any significant cost can be compared with the actual cost accumulated and reported therefor. In any event, the cost accounting practices used in estimating costs in pricing a proposal and in accumulating and reporting costs on the resulting sponsored agreement shall be consistent with respect to:

- (1) The classification of elements of cost as direct or indirect; (2) the indirect cost pools to which each element of cost is charged or proposed to be charged; and (3) the methods of allocating indirect costs to the sponsored agreement.

(b) Adherence to the requirement of this standard shall be determined as of the date of award of the sponsored agreement, unless the sponsored agreement has submitted cost or pricing data pursuant to 10 U.S.C. 2306(a) or 41

U.S.C. 254(d) (Pub. L. 87-653), in which case adherence to the requirement of this standard shall be determined as of the date of final agreement on price, as shown on the signed certificate of current cost or pricing data. Notwithstanding 9905.501-40(b), changes in established cost accounting practices during sponsored agreement performance may be made in accordance with Part 9903 (48 CFR 9903).

(c) The standard does not prescribe the amount of detail required in accumulating and reporting costs. The basic requirement which must be met, however, is that for any significant amount of estimated cost, the sponsored agreement must be able to accumulate and report actual cost at a level which permits sufficient and meaningful comparison with its estimates. The amount of detail required may vary considerably depending on how the proposed costs were estimated, the data presented in justification or lack thereof, and the significance of each situation. Accordingly, it is neither appropriate nor practical to prescribe a single set of accounting practices which would be consistent in all situations with the practices of estimating costs. Therefore, the amount of accounting and statistical detail to be required and maintained in accounting for estimated costs has been and continues to be a matter to be decided by Government procurement authorities on the basis of the individual facts and circumstances.

CAS 9905.502 -- Consistency in allocating costs incurred for the same purpose by educational institutions.

#### Purpose

The purpose of this standard is to require that each type of cost is allocated only once and on only one basis to any sponsored agreement or other cost objective. The criteria for determining the allocation of costs to a sponsored agreement or other cost objective should be the same for all similar objectives. Adherence to these cost accounting concepts is necessary to guard against the overcharging of some cost objectives and to prevent double counting. Double counting occurs most commonly when cost items are allocated directly to a cost objective without eliminating like cost items from indirect cost pools which are allocated to that cost objective.

#### Definitions

(a) The following are definitions of terms which are prominent in this standard.

- (1) Allocate means to assign an item of cost, or a group of items of cost, to one or more cost objectives. This term includes both direct assignment of cost and the reassignment of a share from an indirect cost pool.
- (2) Cost objective means a function, organizational subdivision, sponsored agreement, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capitalized projects, etc.
- (3) Direct cost means any cost which is identified specifically with a particular final cost objective. Direct costs are not limited to items which are incorporated in the end product as material or labor. Costs identified specifically with a sponsored agreement are direct costs of that sponsored agreement. All costs identified specifically with other final cost objectives of the educational institution are direct costs of those cost objectives.
- (4) Final cost objective means a cost objective which has allocated to it both direct and indirect costs, and in the educational institution's accumulation system, is one of the final accumulation points.
- (5) Indirect cost means any cost not directly identified with a single final cost objective, but identified with two or more final cost objectives or with at least one intermediate cost objective.
- (6) Indirect cost pool means a grouping of incurred costs identified with two or more cost objectives but not identified with any final cost objective.
- (7) Intermediate cost objective means a cost objective that is used to accumulate indirect costs or service center costs that are subsequently allocated to one or more indirect cost pools and/or final cost objectives.

#### Fundamental Requirement

All costs incurred for the same purpose, in like circumstances, are either direct costs only or indirect costs only with respect to final cost objectives. No final cost objective shall have allocated to it as an indirect cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included as a direct cost of that or any other final cost objective. Further, no final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any indirect cost pool to be allocated to that or any other final cost objective.

#### Techniques for application

(a) The Fundamental Requirement is stated in terms of cost incurred and is equally applicable to estimates of costs to be incurred as used in sponsored agreement proposals.

(b) The Disclosure Statement to be submitted by the educational institution will require that the educational institution set forth its cost accounting practices with regard to the distinction between direct and indirect costs. In addition, for those types of cost which are sometimes accounted for as direct and sometimes accounted for as indirect, the educational institution will set forth in its Disclosure Statement the specific criteria and circumstances for making such distinctions. In essence, the Disclosure Statement submitted by the educational institution, by distinguishing

between direct and indirect costs, and by describing the criteria and circumstances for allocating those items which are sometimes direct and sometimes indirect, will be determinative as to whether or not costs are incurred for the same purpose. Disclosure Statement as used herein refers to the statement required to be submitted by educational institutions in Section C.14.

(c) In the event that an educational institution has not submitted a Disclosure Statement, the determination of whether specific costs are directly allocable to sponsored agreements shall be based upon the educational institution's cost accounting practices used at the time of sponsored agreement proposal.

(d) Whenever costs which serve the same purpose cannot equitably be indirectly allocated to one or more final cost objectives in accordance with the educational institution's disclosed accounting practices, the educational institution may either (1) use a method for reassigning all such costs which would provide an equitable distribution to all final cost objectives, or (2) directly assign all such costs to final cost objectives with which they are specifically identified. In the event the educational institution decides to make a change for either purpose, the Disclosure Statement shall be amended to reflect the revised accounting practices involved.

(e) Any direct cost of minor dollar amount may be treated as an indirect cost for reasons of practicality where the accounting treatment for such cost is consistently applied to all final cost objectives, provided that such treatment produces results which are substantially the same as the results which would have been obtained if such cost had been treated as a direct cost.

#### Illustrations

(a) Illustrations of costs which are incurred for the same purpose:

(1) An educational institution normally allocates all travel as an indirect cost and previously disclosed this accounting practice to the Government. For purposes of a new proposal, the educational institution intends to allocate the travel costs of personnel whose time is accounted for as direct labor directly to the sponsored agreement. Since travel costs of personnel whose time is accounted for as direct labor working on other sponsored agreements are costs which are incurred for the same purpose, these costs may no longer be included within indirect cost pools for purposes of allocation to any covered Government sponsored agreement. The educational institution's Disclosure Statement must be amended for the proposed changes in accounting practices.

(2) An educational institution normally allocates purchasing activity costs indirectly and allocates this cost to instruction and research on the basis of modified total costs. A proposal for a new sponsored agreement requires a disproportionate amount of subcontract administration to be performed by the purchasing activity. The educational institution prefers to continue to allocate purchasing activity costs indirectly. In order to equitably allocate the total purchasing activity costs, the educational institution may use a method for allocating all such costs which would provide an equitable distribution to all applicable indirect cost pools. For example, the educational institution may use the number of transactions processed rather than its former allocation base of modified total costs. The educational institution's Disclosure Statement must be amended for the proposed changes in accounting practices.

(b) Illustrations of costs which are not incurred for the same purpose:

(1) An educational institution normally allocates special test equipment costs directly to sponsored agreements. The costs of general purpose test equipment are normally included in the indirect cost pool which is allocated to sponsored agreements. Both of these accounting practices were previously disclosed to the Government. Since both types of costs involved were not incurred for the same purpose in accordance with the criteria set forth in the educational institution's Disclosure Statement, the allocation of general purpose test equipment costs from the indirect cost pool to the sponsored agreement, in addition to the directly allocated special test equipment costs, is not considered a violation of the standard.

(2) An educational institution proposes to perform a sponsored agreement which will require three firemen on 24-hour duty at a fixed-post to provide protection against damage to highly inflammable materials used on the sponsored agreement. The educational institution presently has a firefighting force of 10 employees for general protection of its facilities. The educational institution's costs for these latter firemen are treated as indirect costs and allocated to all sponsored agreements; however, it wants to allocate the three fixed-post firemen directly to the particular sponsored agreement requiring them and also allocate a portion of the cost of the general firefighting force to the same sponsored agreement. The educational institution may do so but only on condition that its disclosed practices indicate that the costs of the separate classes of firemen serve different purposes and that it is the educational institution's practice to allocate the general firefighting force indirectly and to allocate fixed-post firemen directly.

#### Interpretation

(a) Consistency in Allocating Costs Incurred for the Same Purpose by Educational Institutions, provides, in this standard, that " \* \* \* no final cost objective shall have allocated to it as a direct cost any cost, if other costs incurred for the same purpose, in like circumstances, have been included in any indirect cost pool to be allocated to that or any other final cost objective."

(b) This interpretation deals with the way this standard applies to the treatment of costs incurred in preparing, submitting, and supporting proposals. In essence, it is addressed to whether or not, under the standard, all such costs are incurred for the same purpose, in like circumstances.

(c) Under this standard, costs incurred in preparing, submitting, and supporting proposals pursuant to a specific requirement of an existing sponsored agreement are considered to have been incurred in different circumstances from the circumstances under which costs are incurred in preparing proposals which do not result from such specific requirement. The circumstances are different because the costs of preparing proposals specifically required by the provisions of an existing sponsored agreement relate only to that sponsored agreement while other proposal costs relate to all work of the educational institution.

(d) This interpretation does not preclude the allocation, as indirect costs, of costs incurred in preparing all proposals. The cost accounting practices used by the educational institution, however, must be followed consistently and the method used to reallocate such costs, of course, must provide an equitable distribution to all final cost objectives.

CAS 9905.505 -- Accounting for unallowable costs -- Educational institutions.

#### Purpose

(a) The purpose of this standard is to facilitate the negotiation, audit, administration and settlement of sponsored agreements by establishing guidelines covering (1) identification of costs specifically described as unallowable, at the time such costs first become defined or authoritatively designated as unallowable, and (2) the cost accounting treatment to be accorded such identified unallowable costs in order to promote the consistent application of sound cost accounting principles covering all incurred costs. The standard is predicated on the proposition that costs incurred in carrying on the activities of an educational institution -- regardless of the allowability of such costs under Government sponsored agreements -- are allocable to the cost objectives with which they are identified on the basis of their beneficial or causal relationships.

(b) This standard does not govern the allowability of costs. This is a function of the appropriate procurement or reviewing authority.

#### Definitions

(a) The following are definitions of terms which are prominent in this standard.

(1) Directly associated cost means any cost which is generated solely as a result of the incurrence of another cost, and which would not have been incurred had the other cost not been incurred.

(2) Expressly unallowable cost means a particular item or type of cost which, under the express provisions of an applicable law, regulation, or sponsored agreement, is specifically named and stated to be unallowable.

(3) Indirect cost means any cost not directly identified with a single final cost objective, but identified with two or more final cost objectives or with at least one intermediate cost objective.

(4) Unallowable cost means any cost which, under the provisions of any pertinent law, regulation, or sponsored agreement, cannot be included in prices, cost reimbursements, or settlements under a Government sponsored agreement to which it is allocable.

#### Fundamental requirement

(a) Costs expressly unallowable or mutually agreed to be unallowable, including costs mutually agreed to be unallowable directly associated costs, shall be identified and excluded from any billing, claim, application, or proposal applicable to a Government sponsored agreement.

(b) Costs which specifically become designated as unallowable as a result of a written decision furnished by a Federal official pursuant to sponsored agreement disputes procedures shall be identified if included in or used in the computation of any billing, claim, or proposal applicable to a sponsored agreement. This identification requirement applies also to any costs incurred for the same purpose under like circumstances as the costs specifically identified as unallowable under either this paragraph or paragraph (a) of this subsection.

(c) Costs which, in a Federal official's written decision furnished pursuant to disputes procedures, are designated as unallowable directly associated costs of unallowable costs covered by either paragraph (a) or (b) of this subsection shall be accorded the identification required by paragraph b. of this subsection.

(d) The costs of any work project not contractually authorized, whether or not related to performance of a proposed or existing contract, shall be accounted for, to the extent appropriate, in a manner which permits ready separation from the costs of authorized work projects.

(e) All unallowable costs covered by paragraphs (a) through (d) of this subsection shall be subject to the same cost



accounting principles governing cost allocability as allowable costs. In circumstances where these unallowable costs normally would be part of a regular indirect-cost allocation base or bases, they shall remain in such base or bases. Where a directly associated cost is part of a category of costs normally included in an indirect-cost pool that will be allocated over a base containing the unallowable cost with which it is associated, such a directly associated cost shall be retained in the indirect-cost pool and be allocated through the regular allocation process.

(f) Where the total of the allocable and otherwise allowable costs exceeds a limitation-of-cost or ceiling-price provision in a sponsored agreement, full direct and indirect cost allocation shall be made to the cost objective, in accordance with established cost accounting practices and Standards which regularly govern a given entity's allocations to Government sponsored agreement cost objectives. In any determination of unallowable cost overrun, the amount thereof shall be identified in terms of the excess of allowable costs over the ceiling amount, rather than through specific identification of particular cost items or cost elements.

#### Techniques for application

(a) The detail and depth of records required as backup support for proposals, billings, or claims shall be that which is adequate to establish and maintain visibility of identified unallowable costs (including directly associated costs), their accounting status in terms of their allocability to sponsored agreement cost objectives, and the cost accounting treatment which has been accorded such costs. Adherence to this cost accounting principle does not require that allocation of unallowable costs to final cost objectives be made in the detailed cost accounting records. It does require that unallowable costs be given appropriate consideration in any cost accounting determinations governing the content of allocation bases used for distributing indirect costs to cost objectives. Unallowable costs involved in the determination of rates used for standard costs, or for indirect-cost bidding or billing, need be identified only at the time rates are proposed, established, revised or adjusted.

(b) The visibility requirement of paragraph (a) of this subsection, may be satisfied by any form of cost identification which is adequate for purposes of sponsored agreement cost determination and verification. The standard does not require such cost identification for purposes which are not relevant to the determination of Government sponsored agreement cost. Thus, to provide visibility for incurred costs, acceptable alternative practices would include (1) the segregation of unallowable costs in separate accounts maintained for this purpose in the regular books of account, (2) the development and maintenance of separate accounting records or workpapers, or (3) the use of any less formal cost accounting techniques which establishes and maintains adequate cost identification to permit audit verification of the accounting recognition given unallowable costs. Educational institutions may satisfy the visibility requirements for estimated costs either (1) by designation and description (in backup data, workpapers, etc.) of the amounts and types of any unallowable costs which have specifically been identified and recognized in making the estimates, or (2) by description of any other estimating technique employed to provide appropriate recognition of any unallowable costs pertinent to the estimates.

(c) Specific identification of unallowable costs is not required in circumstances where, based upon considerations of materiality, the Government and the educational institution reach agreement on an alternate method that satisfies the purpose of the standard.

#### Illustrations

(a) An auditor recommends disallowance of certain direct labor and direct material costs, for which a billing has been submitted under a sponsored agreement, on the basis that these particular costs were not required for performance and were not authorized by the sponsored agreement. The Federal officer issues a written decision which supports the auditor's position that the questioned costs are unallowable. Following receipt of the Federal officer's decision, the educational institution must clearly identify the disallowed direct labor and direct material costs in the educational institution's accounting records and reports covering any subsequent submission which includes such costs. Also, if the educational institution's base for allocation of any indirect cost pool relevant to the subject sponsored agreement consists of direct labor, direct material, total prime cost, total cost input, etc., the educational institution must include the disallowed direct labor and material costs in its allocation base for such pool. Had the Federal officer's decision been against the auditor, the educational institution would not, of course, have been required to account separately for the costs questioned by the auditor.

(b) An educational institution incurs, and separately identifies, as a part of a service center or expense pool, certain costs which are expressly unallowable under the existing and currently effective regulations. If the costs of the service center or indirect expense pool are regularly a part of the educational institution's base for allocation of general administration and general expenses (GA&GE) or other indirect expenses, the educational institution must allocate the GA&GE or other indirect expenses to sponsored agreements and other final cost objectives by means of a base which includes the identified unallowable indirect costs.

(c) An auditor recommends disallowance of certain indirect costs. The educational institution claims that the costs in question are allowable under the provisions of Office Of Management and Budget Circular A-21, Cost Principles For Educational Institutions; the auditor disagrees. The issue is referred to the Federal officer for resolution pursuant to the sponsored agreement disputes clause. The Federal officer issues a written decision supporting the auditor's position that the total costs questioned are unallowable under the Circular. Following receipt of the Federal officer's decision, the educational institution must identify the disallowed costs and specific other costs incurred for the same purpose in like circumstances in any subsequent estimating, cost accumulation or reporting for Government

sponsored agreements, in which such costs are included. If the Federal officer's decision had supported the educational institution's contention, the costs questioned by the auditor would have been allowable and the educational institution would not have been required to provide special identification.

(d) An educational institution incurred certain unallowable costs that were charged indirectly as general administration and general expenses (GA&GE). In the educational institution's proposals for final indirect cost rates to be applied in determining allowable sponsored agreement costs, the educational institution identified and excluded the expressly unallowable costs. In addition, during the course of negotiation of indirect cost rates to be used for bidding and billing purposes, the educational institution agreed to classify as unallowable cost, various directly associated costs of the identifiable unallowable costs. On the basis of negotiations and agreements between the educational institution and the Federal officer's authorized representatives, indirect cost rates were established, based on the net balance of allowable GA&GE. Application of the rates negotiated to proposals, and to billings, for covered sponsored agreements constitutes compliance with the standard.

(e) An employee, whose salary, travel, and subsistence expenses are charged regularly to the general administration and general expenses (GA&GE) pool, takes several business associates on what is clearly a business entertainment trip. The entertainment costs of such trips is expressly unallowable because it constitutes entertainment expense prohibited by OMB Circular A-21, and is separately identified by the educational institution. The educational institution does not regularly include its GA&GE in any indirect-expense allocation base. In these circumstances, the employee's travel and subsistence expenses would be directly associated costs for identification with the unallowable entertainment expense. However, unless this type of activity constituted a significant part of the employee's regular duties and responsibilities on which his salary was based, no part of the employee's salary would be required to be identified as a directly associated cost of the unallowable entertainment expense.

CAS 9905.506 -- Cost accounting period -- Educational institutions.

#### Purpose

The purpose of this standard is to provide criteria for the selection of the time periods to be used as cost accounting periods for sponsored agreement cost estimating, accumulating, and reporting. This standard will reduce the effects of variations in the flow of costs within each cost accounting period. It will also enhance objectivity, consistency, and verifiability, and promote uniformity and comparability in sponsored agreement cost measurements.

#### Definitions

(a) The following are definitions of terms which are prominent in this standard.

(1) Allocate means to assign an item of cost, or a group of items of cost, to one or more cost objectives. This term includes both direct assignment of cost and the reassignment of a share from an indirect cost pool.

(2) Cost Objective means a function, organizational subdivision, sponsored agreement, or other work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capitalized projects, etc.

(3) Fiscal year means the accounting period for which annual financial statements are regularly prepared, generally a period of 12 months, 52 weeks, or 53 weeks.

(4) Indirect cost pool means a grouping of incurred costs identified with two or more cost objectives but not identified specifically with any final cost objective.

#### Fundamental requirement

Educational institutions shall use their fiscal year as their cost accounting period, except that:

Costs of an indirect function which exists for only a part of a cost accounting period may be allocated to cost objectives of that same part of the period.

An annual period other than the fiscal year may be used as the cost accounting period if its use is an established practice of the educational institution.

A transitional cost accounting period other than a year shall be used whenever a change of fiscal year occurs.

An educational institution shall follow consistent practices in the selection of the cost accounting period or periods in which any types of expense and any types of adjustment to expense (including prior-period adjustments) are accumulated and allocated.

The same cost accounting period shall be used for accumulating costs in an indirect cost pool as for establishing its allocation base, except that the contracting parties may agree to use a different period for establishing an allocation

base.

#### Techniques for application

(a) The cost of an indirect function which exists for only a part of a cost accounting period may be allocated on the basis of data for that part of the cost accounting period if the cost is (1) material in amount, (2) accumulated in a separate indirect cost pool or expense pool, and (3) allocated on the basis of an appropriate direct measure of the activity or output of the function during that part of the period.

(b) The practices required by this standard shall include appropriate practices for deferrals, accruals, and other adjustments to be used in identifying the cost accounting periods among which any types of expense and any types of adjustment to expense are distributed. If an expense, such as insurance or employee leave, is identified with a fixed, recurring, annual period which is different from the educational institution's cost accounting period, the standard permits continued use of that different period. Such expenses shall be distributed to cost accounting periods in accordance with the educational institution's established practices for accruals, deferrals, and other adjustments.

(c) Indirect cost allocation rates, based on estimates, which are used for the purpose of expediting the closing of sponsored agreements which are terminated or completed prior to the end of a cost accounting period need not be those finally determined or negotiated for that cost accounting period. They shall, however, be developed to represent a full cost accounting period, except as provided in paragraph (a) of this subsection.

(d) An educational institution may, upon mutual agreement with the Government, use as its cost accounting period a fixed annual period other than its fiscal year, if the use of such a period is an established practice of the educational institution and is consistently used for managing and controlling revenues and disbursements, and appropriate accruals, deferrals or other adjustments are made with respect to such annual periods.

(e) The parties may agree to use an annual period which does not coincide precisely with the cost accounting period for developing the data used in establishing an allocation base: Provided,

(1) The practice is necessary to obtain significant administrative convenience, (2) the practice is consistently followed by the educational institution, (3) the annual period used is representative of the activity of the cost accounting period for which the indirect costs to be allocated are accumulated, and (4) the practice can reasonably be estimated to provide a distribution to cost objectives of the cost accounting period not materially different from that which otherwise would be obtained.

(f) When a transitional cost accounting period is required, educational institution may select any one of the following: (1) the period, less than a year in length, extending from the end of its previous cost accounting period to the beginning of its next regular cost accounting period, (2) a period in excess of a year, but not longer than 15 months, obtained by combining the period described in subparagraph (f)(1) of this subsection with the previous cost accounting period, or (3) a period in excess of a year, but not longer than 15 months, obtained by combining the period described in subparagraph (f)(1) of this subsection with the next regular cost accounting period. A change in the educational institution's cost accounting period is a change in accounting practices for which an adjustment in the sponsored agreement price may be required.

#### Illustrations

(a) An educational institution allocates indirect expenses for Organized Research on the basis of a modified total direct cost base. In a proposal for a sponsored agreement, it estimates the allocable expenses based solely on the estimated amount of indirect costs allocated to Organized Research and the amount of the modified total direct cost base estimated to be incurred during the 8 months in which performance is scheduled to be commenced and completed. Such a proposal would be in violation of the requirements of this standard that the calculation of the amounts of both the indirect cost pools and the allocation bases be based on the educational institution's cost accounting period.

(b) An educational institution whose cost accounting period is the calendar year, installs a computer service center to begin operations on May 1. The operating expense related to the new service center is expected to be material in amount, will be accumulated in an intermediate cost objective, and will be allocated to the benefitting cost objectives on the basis of measured usage. The total operating expenses of the computer service center for the 8-month part of the cost accounting period may be allocated to the benefitting cost objectives of that same 8-month period.

(c) An educational institution changes its fiscal year from a calendar year to the 12-month period ending May 31. For financial reporting purposes, it has a 5-month transitional "fiscal year." The same 5-month period must be used as the transitional cost accounting period; it may not be combined, because the transitional period would be longer than 15 months. The new fiscal year must be adopted thereafter as its regular cost accounting period. The change in its cost accounting period is a change in accounting practices; adjustments of the sponsored agreement prices may thereafter be required.

(d) Financial reports are prepared on a calendar year basis on a university-wide basis. However, the contracting segment does all internal financial planning, budgeting, and internal reporting on the basis of a twelve month period ended June 30. The contracting parties agree to use the period ended June 30 and they agree to overhead rates on the June 30 basis. They also agree on a technique for prorating fiscal year assignment of the university's

central system office expenses between such June 30 periods. This practice is permitted by the standard.

(e) Most financial accounts and sponsored agreement cost records are maintained on the basis of a fiscal year which ends November 30 each year. However, employee vacation allowances are regularly managed on the basis of a "vacation year" which ends September 30 each year. Vacation expenses are estimated uniformly during each "vacation year." Adjustments are made each October to adjust the accrued liability to actual, and the estimating rates are modified to the extent deemed appropriate. This use of a separate annual period for determining the amounts of vacation expense is permitted.

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