

COMMISSION ON STATE MANDATES

INCORRECT REDUCTION CLAIM FORM

This form is to be used to initiate an individual or consolidated claim, or to join a consolidated claim, pursuant to Government Code section 17558 et seq. and Title 2, California Code of Regulations, section 1181.1 et seq.

GENERAL INSTRUCTIONS

- To obtain a determination that the Office of the State Controller incorrectly reduced a reimbursement claim, a claimant shall file an incorrect reduction claim with the Commission on State Mandates (Commission). Local governments may file incorrect reduction claims and amendments thereto with the Commission, which shall be filed with the Commission no later than three years following the date a claimant first receives from the Office of State Controller a final state audit report, letter, or other written notice of adjustment to a reimbursement claim, which complies with Government Code section 17558.5(c) by specifying the claim components adjusted, the amounts adjusted, interest changes on claims adjusted to reduce the overall reimbursement to the claimant, and the reason for the adjustment. ([Gov. Code section 17558.7\(a\)](#) and [17558.5\(c\)](#); [Cal. Code Regs., tit. 2, section 1185.1\(c\)](#), emphasis added.)
- Each incorrect reduction claim or notice of intent to join a consolidated incorrect reduction claim shall pertain to alleged incorrect reductions in a reimbursement claim(s) filed by one claimant. The incorrect reduction claim may be for more than one fiscal year. ([Cal. Code Regs., tit. 2, section 1185.1\(d\)](#))
- Complete sections 1 through 13 of the incorrect reduction claim form, as indicated and note that the first page of the incorrect reduction claim form is the first page of the filing. Do not attach a cover letter, but include all background and arguments in Section 6. Written Detailed Narrative. Type all responses. Failure to complete any of these sections will result in this incorrect reduction claim being returned as incomplete. ([Cal. Code Regs., tit. 2, section 1185.2\(a\)](#).) Pursuant to [Government Code section 17558.7](#), [California Code of Regulations, title 2, section 1185.2\(b\)](#), and [1185.3\(d\)](#), any incorrect reduction claim, or portion of an incorrect reduction claim, or consolidated incorrect reduction claim, or portion of a consolidated incorrect reduction claim that the Commission lacks jurisdiction to hear for any reason, including that the incorrect reduction claim or consolidated incorrect reduction claim was not filed within the period of limitation required by [section 1185.1\(c\)](#) of these regulations, may be rejected or dismissed by the executive director with a written notice stating the reason therefor.
- Please file the incorrect reduction claim, consistent with the Commission's regulations ([Cal. Code Regs., tit. 2, section 1181.3](#)) by either of the following methods:

E-filing. All new incorrect reduction claim filings and supporting written materials shall be filed via the Commission's e-filing system, available on the Commission's website (<https://www.csm.ca.gov>). Documents e-filed with the Commission shall be in a legible and searchable format using a "true PDF" (i.e., documents digitally created in PDF, converted to PDF or printed to PDF) or optical character recognition (OCR) function, as necessary. Incorrect reduction claims shall be filed on this form prescribed by the Commission and shall be digitally signed by the claimant, using the digital

signature technology and authentication process contained herein. The completed incorrect reduction claim form shall be e-filed separately from any accompanying documents. Accompanying documents shall be e-filed together in a single file in accordance with section 1181.3(c)(2). The filer is responsible for maintaining the signed original new filing or written material for the duration of the incorrect reduction claim process, including any period of appeal (this may be an electronic document, depending on how the filer creates and maintains its records). ***No additional copies are required when e-filing the request.***

Hard Copy Filing and Service in Cases of Undue Hardship or Significant Prejudice. If e-filing legible and searchable PDF documents, as described in section 1181.3(c)(3) of the Commission's regulations, would cause the filer undue hardship or significant prejudice, the filer may submit a written request to the executive director to file in hard copy and may file the request by first class mail, overnight delivery, or personal service. Only upon prior approval by the executive director of a written request for a significant hardship or prejudice exception to the e-filing requirement, may a filing be made via hard copy.

Within 10 days of the filing of an incorrect reduction claim, Commission staff will notify the claimant or claimant representative whether the submission is complete or incomplete. Incorrect reduction claims will be considered incomplete if any of the required sections are not included or are illegible. If a completed incorrect reduction claim is not received within thirty 30 calendar days from the date the incomplete incorrect reduction claim was returned, the executive director may disallow the original incorrect reduction claim filing date. ([Cal. Code Regs., tit.2, section 1185.2](#) and [1185.3](#).)

OPTING OUT PROCEDURES FOR A CLAIMANT-INITIATED CONSOLIDATION

To opt out of a consolidated incorrect reduction claim, a joint-claimant shall file a written notice with the Commission within fifteen (15) days of service of the Office of State Controller's comments. A copy of the notice must be served on all parties and interested parties on the mailing list. Proof of service shall be filed with the notice pursuant to the Commission's regulations in [section 1181.3](#). No later than one (1) year after opting out, or within the statute of limitations under [section 1185.1\(c\)](#) of the Commission's regulations, whichever is later, a claimant that opts out of a consolidated claim shall file an individual incorrect reduction claim pursuant to Commission requirements in order to preserve its right to challenge a reduction made by the Controller on that same mandate. If a claimant opts out of a consolidated incorrect reduction claim and an individual incorrect reduction claim for that entity is already on file with the Commission, the individual filing is automatically reinstated.

You may request an incorrect reduction form from our website at www.csm.ca.gov. If you have questions, please contact us: Email: csminfo@csm.ca.gov; Telephone: (916) 323-3562; or Website: www.csm.ca.gov